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## **BOSSINI INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 592)

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 7 February 2007 in respect of the Existing Purchase Agreement entered into between Bossini Enterprises, a wholly-owned subsidiary of the Company, and Laws International for the purchase of the Products.

As the Existing Purchase Agreement will expire on 30 June 2009, Bossini Enterprises and Sky Dragon, a wholly-owned subsidiary of Laws International entered into the Purchase Agreement on 11 May 2009 to renew the terms of the Existing Purchase Agreement for a period of three years from 1 July 2009 to 30 June 2012.

Sky Dragon is a wholly-owned subsidiary of Laws International and certain directors of Laws International, who have equity interests therein, are relatives of Mr. Law, an executive Director and a substantial shareholder of the Company, hence Sky Dragon is a connected person of the Company. Accordingly, the Purchase Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. As the annual amount of the Purchases is expected to exceed 2.5%, the Purchases will be subject to reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

A circular containing, among other things, a notice convening the Special General Meeting and further details relating to the Purchase Agreement, a letter from the independent board committee and a letter from an independent financial adviser to be appointed to advise the independent board committee on the Purchases will be despatched to the Shareholders as soon as practicable.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 7 February 2007 in respect of the Existing Purchase Agreement entered into between Bossini Enterprises, a wholly-owned subsidiary of the Company and Laws International for the purchase of the Products.

The Existing Purchase Agreement will expire on 30 June 2009.

The Board has been monitoring the transactions under the Existing Purchase Agreement. In view of the continuous development and expansion of the Group, and based on the internal forecasts of forthcoming demand and operating conditions, the Board has decided to enter into the Purchase Agreement.

## **THE PURCHASE AGREEMENT**

**Date:** 11 May 2009

**Parties:** (1) Bossini Enterprises, as purchaser.

(2) Sky Dragon, as supplier.

**Subject:** Pursuant to the Purchase Agreement, Bossini Enterprises will, and will procure other members of the Group to, purchase the Products from Sky Dragon and other members of its group.

**Term:** Subject to the approval by the Independent Shareholders at the Special General Meeting, the Purchase Agreement will take effect from 1 July 2009 and expire on 30 June 2012.

**Price:** The basis of determining the prices for the Purchases will be by reference to the prevailing market prices of the raw materials and accessories used in the Products, the labour costs, the order sizes, the complexity of the design of the Products and the prevailing market demand. In general, the Company would compare the quotations obtained from various potential suppliers and determine the price to be charged after taking into consideration the quality of the Products to be supplied by the relevant suppliers.

**Condition:** The Purchase Agreement is subject to approval by the Independent Shareholders.

**Payment:** Payments for the Purchases will be on 45-day credit terms after delivery of the Products, unless otherwise specified and agreed in each individual purchase order.

The Directors propose that the cap amounts of the Purchases under the Purchase Agreement for each of the three financial years ending 30 June 2012 will not exceed:

- (i) HK\$345,000,000 for the financial year ending 30 June 2010;
- (ii) HK\$414,000,000 for the financial year ending 30 June 2011; and
- (iii) HK\$497,000,000 for the financial year ending 30 June 2012.

The cap amounts are determined with reference to the historical figures of the transaction amounts between Bossini Enterprises and Laws International for the three months ended 30 June 2007, the financial year ended 30 June 2008 and the nine months ended 31 March 2009, and the anticipated business volume of the Group for the three financial years ending 30 June 2012 being maintained at the current level plus a growth of approximately 20% for anticipated increases in demand for the Products. With the continuous economic development in the PRC, the retail markets in both Hong Kong and the PRC have experienced steady growth. In this connection, the Company is of the view that the anticipated growth of 20% per year is in line with anticipated market development.

Transactions in respect of the Purchases under the Existing Purchase Agreement were disclosed in the circular of the Company dated 1 March 2007 and were approved by the then independent shareholders at the special general meeting of the Company held on 23 March 2007. The historical transaction amounts between Bossini Enterprises and Laws International for the three months ended 30 June 2007, the financial year ended 30 June 2008 and the nine months ended 31 March 2009 were as follows:

|           | <b>For the<br/>three months ended<br/>30 June 2007<br/>Amount<br/>HK\$' million</b> | <b>For the<br/>year ended<br/>30 June 2008<br/>Amount<br/>HK\$' million</b> | <b>For the<br/>nine months ended<br/>31 March 2009<br/>Amount*<br/>HK\$' million</b> |
|-----------|---|---|--|
| Purchases | 57.5  | 194.4   | 214.8  |

\* *unaudited figures*

## **REASONS FOR THE PURCHASES**

The Group is principally engaged in the retailing and distribution of garments. The Group has been purchasing the Products from Laws International, the holding company of Sky Dragon since April 2003. The Directors consider that the transactions with Sky Dragon is in the interest of the Group, as it would be able to provide reliable delivery of quality products to the Group at prices comparable to those offered by other suppliers. The Directors consider that the Purchases are of the types that are entered into in the ordinary and usual course of business of the Company and on a frequent and regular

basis. Therefore, the Directors consider that it would be: (i) impracticable to negotiate for numerous agreements with Sky Dragon for the Purchases; and (ii) too costly and impractical to make regular disclosure for each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Hence, the Directors are of the view that the Purchase Agreement will be beneficial to the Shareholders and the Group as a whole.

Bossini Enterprises is a wholly-owned subsidiary of the Company. Sky Dragon is a wholly-owned subsidiary of Laws International and certain directors of Laws International, who have equity interests therein, are relatives of Mr. Law, an executive Director and a substantial shareholder of the Company, hence Sky Dragon is a connected person of the Company. Accordingly, transactions between Bossini Enterprises and Sky Dragon will constitute connected transactions for the Company under Rule 14A.13 of the Listing Rules.

As the annual amount of the Purchases is expected to exceed the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the Purchases will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules.

The Directors consider that the Purchases will be entered into in the usual and ordinary course of businesses of the Group and the terms of the Purchases have been negotiated and will be conducted on an arm's length basis and on normal commercial terms, between the Group and Sky Dragon. The Directors are of the view that as far as the Company and the Independent Shareholders are concerned, the Purchases and the terms thereof are fair and reasonable and in the interests of the Group and the Independent Shareholders as a whole.

The Company will seek the approval by the Independent Shareholders for entering into the Purchase Agreement and the proposed cap amounts in relation to the Purchases for the period from 1 July 2009 to 30 June 2012. Mr. Law and his associates will abstain from voting in the Special General Meeting.

## **GENERAL**

The Group is principally engaged in the retailing and distribution of garments including the brand names of "bossini" and "bossinistyle". Sky Dragon and other members of its group are principally engaged in the design, manufacture and sale of garment products.

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Purchase Agreement and an independent financial advisor will be appointed to advise the independent board committee on the terms of the Purchase Agreement and the relevant cap amounts in relation to the Purchases.

The Special General Meeting will be convened at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Purchase Agreement and the relevant cap amounts in relation to the Purchases where Mr. Law and his associates will abstain from voting. A circular containing, amongst others, further information on the Purchase Agreement and the relevant cap amounts in relation to the Purchases, the advice of the independent financial adviser to the independent board committee of the Company in relation to the Purchases, the recommendation of the independent board committee of the Company to the Shareholders in relation to the Purchases and the notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

|                               |   |
|-------------------------------|---|
| “associate”                   | has the same meaning as given to it under the Listing Rules   |
| “Board”                       | the board of Directors  |
| “Bossini Enterprises”         | Bossini Enterprises Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company   |
| “Company”                     | Bossini International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange  |
| “Director(s)”                 | the director(s) of the Company  |
| “Existing Purchase Agreement” | the agreement entered into between Bossini Enterprises and Laws International on 7 February 2007 which set out the terms for the purchase of the Products from Laws International for the three months ended 30 June 2007 and the two financial years ending 30 June 2009, the particulars of which were set out in the announcement made by the Company on 7 February 2007 |
| “Group”                       | the Company and its subsidiaries  |
| “HK\$”                        | Hong Kong dollar, the lawful currency of Hong Kong  |
| “Hong Kong”                   | the Hong Kong Special Administrative Region of the PRC  |

|                            |   |
|----------------------------|---|
| “Independent Shareholders” | the shareholders of the Company other than Mr. Law and his associates   |
| “Laws International”       | Laws International Group Limited, a company incorporated in Hong Kong with limited liability  |
| “Listing Rules”            | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Mr. Law”                  | Mr. LAW Ka Sing, an executive Director and a substantial shareholder of the Company who holds approximately 68.58% of the issued share capital of the Company as at the date of this announcement               |
| “PRC”                      | the People’s Republic of China  |
| “Products”                 | garments which bear the brand names including “ <b>bossini</b> ” and “ <b>bossinistyle</b> ”  |
| “Purchase Agreement”       | the purchase agreement entered into between Bossini Enterprises and Sky Dragon on 11 May 2009   |
| “Purchases”                | the transactions contemplated under the Purchase Agreement  |
| “Shareholders”             | holders of the shares of the Company  |
| “Sky Dragon”               | Sky Dragon International Industrial Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Laws International  |
| “Special General Meeting”  | the special general meeting of the Company to be convened to consider and, if thought fit, approve the Purchase Agreement and the relevant cap amounts in relation to the Purchases, or any adjournment thereof |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited   |
| “substantial shareholder”  | has the same meaning ascribed to it under the Listing Rules   |

“%”

per cent.

By Order of the Board  
**Bossini International Holdings Limited**  
**LAW Ka Sing**  
*Chairman*

Hong Kong, 12 May 2009

*As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. LAW Ka Sing, Ms. CHAN So Kuen, Mr. MAK Tak Cheong Edmund and Mr. WONG Yan Sang and four Independent Non-executive Directors, namely Mr. LEE Man Chun Raymond, Ms. LEUNG Mei Han, Prof. SIN Yat Ming and Mr. WONG Wai Kay.*