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bossini

BOSSINI INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 592)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Summary

Laws International is wholly owned by the brothers and sister of Mr. Law who are also the uncles and mother of Mr. Orr. Mr. Law and Mr. Orr are Directors. Mr. Law is also a substantial shareholder of the Company. Under Rule 14A.11(4) of the Listing Rules, Laws International is considered a connected person of the Company.

Bossini Enterprises, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Laws International on 2 June 2004 for the purchase of the Products. The Non-Exempt Continuing Connected Transactions constitute connected transactions for the Company under the Listing Rules and will be subject to reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

An independent board committee comprising independent non-executive Directors will be appointed to consider the terms of the Purchase Agreement and the respective caps in respect of the Non-Exempt Continuing Connected Transactions. An independent financial adviser will be appointed to advise the independent board committee of the Company on the fairness and reasonableness of the terms of the Purchase Agreement and the respective caps in respect of the Non-Exempt Continuing Connected Transactions. A circular containing, among others, further details of the Purchase Agreement and the Non-Exempt Continuing Connected Transactions, a letter from the independent board committee, a letter of advice from the independent financial adviser to the independent board committee and a notice for convening the Special General Meeting to approve the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions will be sent to the Shareholders as soon as practicable.

1. THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Purchase Agreement

Date of agreement : 2 June 2004

Parties : (1) Bossini Enterprises as purchaser
(2) Laws International as supplier

Subject : Pursuant to the Purchase Agreement, Bossini Enterprises, a wholly-owned subsidiary of the Company, will, and/or will procure other members of the Group to, purchase the Products from Laws International and its subsidiaries

- Term : The Purchase Agreement will be effective as from 1 April 2004 and will continue until 31 March 2007 (both dates inclusive) subject to the approval of the independent Shareholders at the Special General Meeting. Both parties may renew the Purchase Agreement in writing for successive 3 years' term upon the expiry on 31 March 2007 subject to compliance with the Listing Rules
- Price : To be determined by reference to the prevailing market prices of the raw materials and accessories used in the Products, the labour costs, the order size, 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 of the quality of the Products to be supplied by the relevant suppliers

The purchase of Products by Bossini Enterprises from Laws International in its ordinary and usual course of business first commenced in April 2003. For the financial year ended 31 March 2004, the dollar value of the Products that the Group had purchased from Laws International amounted to approximately HK\$157,000,000. Such purchases from Laws International represented approximately 18% of the aggregate purchases of the Products by the Group for the financial year ended 31 March 2004. No contract, in writing or otherwise, in respect the purchase of the Products by the Group from Laws International has been made during the period from 31 March 2004 up to the date of this announcement.

The Board will ensure the Company's compliance with the requirements of the Listing Rules in respect of the purchase of Products by the Group from Laws International. Prior to the obtaining of the independent Shareholders' approval at the Special General Meeting, the Board will ensure that the amount of the purchase orders placed by the Group with Laws International will not exceed HK\$10,000,000 or 2.5% of the applicable percentage ratios under the Listing Rules, whichever is the higher.

The Board proposes that the annual value of the purchases of the Products from Laws International by the Group under the Purchase Agreement for the financial years ending 31 March 2005, 31 March 2006 and 31 March 2007 will not exceed HK\$236,000,000, HK\$330,000,000 and HK\$429,000,000 respectively. The basis of the cap amounts is determined with reference to: (i) the historical figures of the purchases of the Products from Laws International by the Group; (ii) the anticipated business growth of the Group of more than 30% per year in the next three years due to the increasing demand for the Products as a whole in view of the recovery of the economy and globalization through expansion into other overseas markets; and (iii) the expected increase in the volume of orders to be placed by the Group with Laws International in light of its satisfactory performance during its first year of service ended 31 March 2004.

Reason for the Non-exempt Continuing Connected Transactions

Laws International is wholly owned by the brothers and sister of Mr. Law who are also the uncles and mother of Mr. Orr. Mr. Law and Mr. Orr are Directors. Mr. Law is also a substantial shareholder of the Company. Under Rule 14A.11(4) of the Listing Rules, Laws International is considered a connected person of the Company.

The Group has been purchasing the Products from Laws International since April 2003. As Laws International was not regarded as a connected person of the Company under the Listing Rules in effect prior to 31 March 2004, the transactions between the Group and Laws International were not subject to any disclosure requirements under the Listing Rules prior to 31 March 2004.

Before engaging Laws International for the supply of the Products, the Company purchased the Products from other suppliers who are not connected persons of the Company. The Group intends to continue to engage Laws International as Laws International is able to provide reliable delivery of the Products with quality that meet with the Group's requirements at prices comparable to those offered by other suppliers.

The Directors consider that the terms of the Purchase Agreement have been negotiated on an arm's length basis and on normal commercial terms between the Group and Laws International and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

The Non-Exempt Continuing Connected Transactions constitute connected transactions for the Company under the Listing Rules and are subject to reporting, announcement and independent shareholders' approval pursuant to Rule 14A.35 of the Listing Rules.

Annual Caps

The Company will seek the approval of the independent Shareholders of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions on the following conditions:

- (a) The annual value of purchases of the Products from Laws International by the Group for each of the financial years ending 31 March 2005, 31 March 2006 and 31 March 2007 will not exceed HK\$236,000,000, HK\$330,000,000 and HK\$429,000,000 respectively.
- (b) (i) The Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Company than terms available from independent suppliers; and
 - (ii) The Non-Exempt Continuing Connected Transactions will be entered into in accordance with the Purchase Agreement and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (c) Brief details of the Non-Exempt Continuing Connected Transactions will be disclosed in Company's next and each successive annual report, each accompanied with a statement of opinion of the independent non-executive Directors in such manner as referred to in paragraph (d) below.
- (d) The independent non-executive Directors will review annually the Non-Exempt Continuing Connected Transactions, and they will confirm in the Company's annual report for the financial year in question that such Non-Exempt Continuing Connected Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above.

- (e) The auditors of the Company will review annually the Non-Exempt Continuing Connected Transactions, and confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant period, during which the Non-Exempt Continuing Connected Transactions were conducted, stating that:
- (i) the Non-Exempt Continuing Connected Transactions have been approved by the Board;
 - (ii) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the terms of the Purchase Agreement;
 - (iii) the value of the Non-Exempt Continuing Connected Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and
 - (iv) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the pricing policy of the Group,
- and where for whatever reasons, if the auditors of the Company decline to accept the engagement or are unable to provide the auditors' letter, the Board will contact the Listing Division of the Stock Exchange immediately.
- (f) The Company will provide auditors of the Company with full access to the relevant records of the Non-Exempt Continuing Connected Transactions for the purpose of auditors' review as referred to in (e) above.
- (g) The Company will comply with the applicable provisions of the Listing Rules governing connected transactions (including prompt notification to the Stock Exchange and publication of an announcement in newspapers) or will apply for waiver from strict compliance with the relevant requirements in the event that the total amount of any of the Non-Exempt Continuing Connected Transactions exceeds their respective caps, or that there is any material amendment to the terms of the Non-Exempt Continuing Connected Transactions.

2. GENERAL

The Group is principally engaged in the retailing and distribution of garments under the brand names of “**bossini**” and “**sparkle**”. Laws International and its subsidiaries are principally engaged in the design, manufacture and sale of garment products.

An independent board committee comprising the independent non-executive Directors will be appointed to consider the terms of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions. An independent financial adviser will be appointed to advise the independent board committee of the Company on the fairness and reasonableness of the terms of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions. A circular containing, among others, (i) further details of the Purchase Agreement and the Non-exempt Continuing Connected Transactions (ii) a letter from the independent board committee (iii) a letter of advice from the independent financial adviser to the independent board committee and (iv) a notice for convening the Special General Meeting to approve the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions on the basis set out above will be sent to the Shareholders as soon as practicable.

As at the date of this announcement, Mr. Law Ka Sing, Ms. Pansy Chau Wai Man, Mr. Simon Orr Kuen Fung, Mr. Fung Ping Chuen, Mr. Dickie Fu Shing Kwan and Ms. Chan So Kuen are executive Directors. Mr. David Cheung Sik Ho and Mrs. Winnie Wong Leung Wing Yue are independent non-executive Directors.

3. DEFINITIONS

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

“Board”	the board of Directors
“Bossini Enterprises”	Bossini Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Company”	Bossini International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning as given in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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, a Director and a substantial shareholder of the Company who holds approximately 73.44% of the issued share capital of the Company as at the date of this announcement
“Mr. Orr”	Mr. Orr Kuen Fung, Simon, a Director
“Non-Exempt Continuing Connected Transactions”	the purchase of the Products from Laws International by the Group to be conducted from time to time on a regular basis pursuant to the Purchase Agreement
“Products”	garments which bear the brand name of “bossini” or “sparkle”
“Purchase Agreement”	the purchase agreement entered into between Bossini Enterprises and Laws International on 2 June 2004
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares

“Special General Meeting”	the special general meeting of the Shareholders to be convened to consider and, if thought fit, approve the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 2 June 2004

The full text of this announcement will be available on the Internet at <http://www.irasia.com/listco/hk/bossini>.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*