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bossini

BOSSINI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 592)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 7 February 2007, Bossini Enterprises and Laws International entered into the Purchase Agreement. Bossini Enterprises is a wholly-owned subsidiary of the Company. 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. Accordingly, transactions between Bossini Enterprises and Laws International will constitute connected transactions for the Company under 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 under Rule 14A.35 of the Listing Rules.

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 adviser 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.

A circular containing, amongst others, 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.

THE PURCHASE AGREEMENT

- Date: 7 February 2007
- Parties: (1) Bossini Enterprises as purchaser
(2) Laws International as supplier
- Subject: Pursuant to the Purchase Agreement, Bossini Enterprises will, and will procure other members of the Group to, purchase the Products from Laws International and its subsidiaries.
- Term: Subject to the approval by the Independent Shareholders at the Special General Meeting, the Purchase Agreement will take effect from 1 April 2007 and expire on 30 June 2009.
- 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 30-day credit terms after delivery of the Products.

With the change of the financial year end date from 31 March to 30 June commencing from the financial year of 2006/2007, the Directors propose that the cap amounts of the Purchases under the Purchase Agreement for the period from 1 April 2007 to 30 June 2007 and each of the two financial years ending 30 June 2009 will not exceed:

- (i) HK\$74,000,000.00 for the 3-month period from 1 April 2007 to 30 June 2007;
- (ii) HK\$287,000,000.00 for the financial year ending 30 June 2008; and
- (iii) HK\$345,000,000.00 for the financial year ending 30 June 2009.

The cap amounts are determined with reference to the historical figures of the transaction amounts between Bossini Enterprises and Laws International for the two years ended 31 March 2006 and the 9 months ended 31 December 2006 and the anticipated business volume of the Group for the two financial years ending 30 June 2009 being maintained at the current level of transactions between Bossini Enterprises and Laws International and/or its associates plus a growth of approximately 20% for anticipated increases in demand for the Products. With recovery in the Hong Kong economy since the Asian economic crisis and the 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 for the three financial years ending 31 March 2007 were disclosed in the circular of the Company dated 30 June 2004 and were approved by the then independent shareholders at the special general meeting of the Company held on 19 July 2004. The historical transaction amounts between Bossini Enterprises and Laws International for the two financial years ended 31 March 2006 and the 9 months ended 31 December 2006 were as follows:

	For the year ended 31 March 2005	For the year ended 31 March 2006	For the 9 months ended 31 December 2006
	Amount	Amount	Amount*
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Purchases	232.3	256.3	167.8

* *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 since April 2003. The Directors consider that the transactions with Laws International 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 Laws International for the Purchases; and (ii) too costly and impractical to make regular disclosure of 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. 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. Accordingly, transactions between Bossini Enterprises and Laws International will constitute connected transactions for the Company under the 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.

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 Laws International. 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 therefore seek the approval by the Independent Shareholders of the Purchase Agreement and the proposed cap amounts in relation to the Purchases for a period from 1 April 2007 to 30 June 2009 on terms in compliance with Rules 14A.37 to 14A.41 of the Listing Rules. Laws International, Mr. Law and their respective associates will abstain from voting in the special general meeting to be convened for the approval of the Purchases.

GENERAL

The Group is principally engaged in the retailing and distribution of garments under the brand names of "bossini", "bossinistyle" 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 formed to advise the Independent Shareholders on the terms of the Purchase Agreement and an independent financial adviser 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.

A 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 Laws International, Mr. Law and their respective 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 of the Company 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
"Circular"	the circular to be despatched to the Shareholders regarding the Purchase Agreement and the relevant cap amounts in relation to the Purchases
"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
"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, Laws International and their respective 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 69.52% 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 name of “ bossini ”, “ bossinistyle ” or “ sparkle ”
“Purchase Agreement”	the purchase agreement entered into between Bossini Enterprises and Laws International on 7 February 2007
“Purchases”	the transactions contemplated under the Purchase Agreement
“Shareholders”	holders of the shares of the Company
“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, 7 February 2007

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

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