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Bestway Global Holding Inc.

榮威國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3358)

CONTINUING CONNECTED TRANSACTIONS

THE PURCHASE FRAMEWORK AGREEMENT

The Board is pleased to announce that, on December 5, 2019, the Company and the Connected Suppliers entered into the Purchase Framework Agreement in relation to the purchase of the Products by the Company and supply of the Products by the Connected Suppliers.

LISTING RULES IMPLICATIONS

The Connected Suppliers, being companies controlled by the family members of Mr. Zhu Qiang, the Chairman and executive Director of the Company, are connected persons of the Company under the Listing Rules.

Therefore the transactions contemplated under the Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable Percentage Ratios in respect of the transactions contemplated under the Purchase Framework Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. THE PURCHASE FRAMEWORK AGREEMENT

On December 5, 2019, the Company and the Connected Suppliers entered into the Purchase Framework Agreement in relation to the purchase of the Products by the Company and supply of the Products by the Connected Suppliers.

(i) Principal terms of the Purchase Framework Agreement:

- Date : December 5, 2019

- Parties : (1) the Company as purchaser
(2) the Connected Suppliers as suppliers

- Duration : 3 years from January 1, 2020 to December 31, 2022.

- Subject Matter : The Connected Suppliers shall supply the Products to the Group for its products manufacturing at prevailing market prices. The Parties shall enter into separate contracts to govern the underlying transactions according to the principles and conditions set out in the Purchase Framework Agreement.

- Pricing Terms : The aggregate purchase amount regarding the Products payable under the Purchase Framework Agreement is determined as follows:
 - (1) tender process, which would include tenders from at least two independent suppliers of the Products. The chief officer of the procurement department will evaluate the following factors to determine if the tender proposal proposed by the Connected Suppliers is the most favourable:
 - the terms of tender proposals proposed by the other bidders, including tender price and other responses to specifications prescribed by the Group;
 - the background, qualifications and financial position of the other bidders; and
 - the experience of the other bidders in producing similar products.

(2) upon completion of the tender process specified in paragraph (1) above, if the proposal of the Connected Supplier is the most favourable one, the Company would then negotiate the terms of the purchase with the relevant Connected Supplier on an arms' length basis based on the following principles:

- to determine the prevailing market prices by reference to the tender prices obtained through the tender process as well as the prices of similar products in similar quantities quoted by independent suppliers under normal commercial terms in the ordinary course of business in the vicinity;
- the terms of the purchase (including the price and payment terms) of transactions between the relevant Connected Supplier and independent third parties; and
- the terms of the purchase (including the price) shall in any event be no less favourable than those offered by independent suppliers.

The Company and the Board would regularly review the pricing and tender process to ensure the above arrangements and principles have been duly implemented and complied with, including measures below:

- on a monthly basis, review statistics in relation to the actual transaction amounts incurred under the Continuing Connected Transactions;

- on a quarterly basis, monitor the actual transaction amounts incurred to ensure that the proposed annual caps will not be exceeded, and, in the event that the actual transaction amounts are expected to exceed the proposed annual caps, the senior management of the Company will report to the Board so that the Company will promptly take necessary actions and procedures to comply with relevant requirements under the Listing Rules;
- constantly review the amount incurred by the Group for purchasing the Products from the Connected Suppliers and to ensure that such amount incurred are consistent with the pricing policies under the Purchase Framework Agreement;
- constantly monitor the market price movements within the industry and evaluate the amount incurred by the Group for purchasing the Products from the Connected Suppliers; and
- the independent non-executive Directors shall conduct annual review of the Continuing Connected Transactions and the auditors of the Company shall report on the Continuing Connected Transactions annually and in compliance with the requirements under the Listing Rules.

(ii) Historical Amounts

For the years ended December 31, 2017, December 31, 2018 and eleven months ended November 30, 2019, the total amount incurred by the Group for purchase of the Products were approximately RMB42.9 million, RMB46.3 million and RMB40.0 million, respectively.

(iii) Annual Caps of the Purchase Framework Agreement and Basis of the Annual Caps

The annual caps in respect of the transactions contemplated under the Purchase Framework Agreement for each of the three financial years ending December 31, 2020, December 31, 2021 and December 31, 2022 are RMB70 million, RMB84 million and RMB100 million. The annual caps were determined with reference to (i) historical transaction amount with the similar parties for the Products for the two years ended December 31, 2018 and eleven months ended November 30, 2019; (ii) historical annual caps of transaction amount with suppliers who are connected persons of the Company for the Products for the three years ending on December 31, 2019 and (iii) the anticipated increase in purchase volume of the Products by the Group based on the increase in procurement volume (approximately 15% increment annually from the year ended December 31, 2016 to the year ended December 31, 2018) and sales orders (approximately 20% increment annually from the year ended December 31, 2016 to the year ended December 31, 2018).

B. REASONS FOR ENTERING INTO THE PURCHASE FRAMEWORK AGREEMENT

The Group has been procuring, and is expected to continue to procure, the Products from the Connected Suppliers for the manufacturing of the Group's products. The Board believes a strong relationship with experienced suppliers is a strength, and the Group has established long standing business relationship with the Connected Suppliers, the entering into of the Purchase Framework Agreement would help the Group to secure access to suppliers with more convenient and efficient logistical network, more reliable product quality and better service quality. The Board also considers that the Purchase Framework Agreement ensures a steady supply of these Products which is important to the Group's operation.

C. INFORMATION OF THE COMPANY AND THE CONNECTED SUPPLIERS

The Company

The Company and its subsidiaries are principally engaged in the manufacturing and sales of high quality and innovative PVC sporting and leisure products in Europe, North America, PRC and other global markets. The Company is ultimately controlled by Mr. Zhu Qiang.

Haian Mingwei

Haian Mingwei is held as to 90% by Mr. Zhu Qiang's family member Mr. Du Shun Yi and is a connected person of the Company pursuant to Rule 14A.21(1)(b) of the Listing Rules. Haian Mingwei is principally engaged in the manufacturing and sales of injection molding and printed products.

Haian Shitong

Haian Shitong is held as to 80% by Mr. Zhu Qiang's family member Ms. Yin Jing Yuan and is a connected person of the Company pursuant to Rule 14A.21(1)(b) of the Listing Rules. Haian Shitong is principally engaged in the manufacturing and sales of injection molding and printed products.

Haian Yaming

Haian Yaming is wholly owned by Mr. Zhu Qiang's family member Ms. Yang Jia Yi and is a connected person of the Company pursuant to Rule 14A.21(1)(b) of the Listing Rules. Haian Yaming is principally engaged in the manufacturing and sales of injection molding products.

Nantong Jiemao

Nantong Jiemao is held as to 95% by Mr. Zhu Qiang's family member Ms. Liu Hong Ying and is a connected person of the Company pursuant to Rule 14A.21(1)(b) of the Listing Rules. Nantong Jiemao is principally engaged in the manufacturing and sales of injection molding and printed products.

Shanghai Jiufeng

Shanghai Jiufeng is held as to 90% by Mr. Zhu Qiang's family member Mr. Yang Tian Yun and is a connected person of the Company pursuant to Rule 14A.21(1)(b) of the Listing Rules. Shanghai Jiufeng is principally engaged in the manufacturing and sales of injection molding and printed products.

Shanghai Mingwei

Shanghai Mingwei is wholly owned by Mr. Zhu Qiang's family member Mr. Du Shun Yi and is a connected person of the Company pursuant to Rule 14A.21(1)(b) of the Listing Rules. Shanghai Mingwei is principally engaged in the manufacturing and sales of injection molding and printed products.

D. LISTING RULES IMPLICATIONS

The Connected Suppliers, being companies controlled by the family members of Mr. Zhu Qiang, the Chairman and executive Director of the Company, are connected persons of the Company under the Listing Rules.

Therefore the transactions contemplated under the Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable Percentage Ratios in respect of the transactions contemplated under the Purchase Framework Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhu Qiang, the chairman and executive Director of the Company, is deemed to have material interests in the transactions contemplated under the Purchase Framework Agreement and has abstained from voting on the Board resolutions in relation to the approval of the Purchase Framework Agreement and the transactions contemplated thereunder. Except for Mr. Zhu Qiang, none of the Directors has material interest in the transactions contemplated under the Purchase Framework Agreement and was required to abstain from voting on the related Board resolutions.

The Directors (including the independent non-executive Directors) are of the view that the Purchase Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and an arm's length basis between the Group and the Connected Suppliers, and that the terms of the Purchase Framework Agreement and its annual cap are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

E. DEFINITIONS

“Board”	means the board of directors of the Company
“Company”	means Bestway Global Holding Inc., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 3358)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Supplier”	means each of Haian Mingwei, Haian Shitong, Haian Yaming, Nantong Jiema, Shanghai Jiufeng and Shanghai Mingwei and collectively, the “Connected Suppliers”
“Continuing Connected Transactions”	means the transactions contemplated under the Purchase Framework Agreement
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries

“Haian Mingwei”	means 海安明威包裝科技有限公司 (Haian Mingwei Packaging Technology Limited Co.)*, a company incorporated in the PRC with limited liability
“Haian Shitong”	means 海安事通塑膠製品有限公司 (Haina Shitong Plastic Products Limited Co.)*, a company incorporated in the PRC with limited liability
“Haian Yaming”	means 海安亞鳴塑膠製品有限公司 (Haian Yaming Plastic Products Limited Co.)*, a company incorporated in the PRC with limited liability
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Nantong Jiemao”	means 南通捷茂塑膠有限公司 (Nantong Jiemao Plastic Limited Co.)*, a company incorporated in the PRC with limited liability
“Parties”	means the Company and the Connected Suppliers
“Percentage Ratios”	means the percentage ratios set out in Rule 14.07 of the Listing Rules
“PRC”	means the People’s Republic of China, which, for the purposes of this announcement, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the PRC
“Products”	means injection molding and printed products
“Purchase Framework Agreement”	means the purchase framework agreement entered into between the Company and the Connected Suppliers on December 5, 2019 in relation to the purchase and supply of the Products
“RMB”	means Renminbi, the lawful currency of the PRC
“Shanghai Jiufeng”	means 上海九豐塑料製品有限公司 (Shanghai Jiufeng Plastic Production Factory)*, a company incorporated in the PRC with limited liability

“Shanghai Mingwei”	means 上海明威印務有限公司 (Shanghai Mingwei Printing Limited Co.)*, a company incorporated in the PRC with limited liability
“Shareholder(s)”	means shareholder(s) of the Company
“%”	means per cent

By order of the Board
Bestway Global Holding Inc.
Zhu Qiang
Chairman and Chief Executive Officer

Hong Kong, December 5, 2019

As at the date of this announcement, the Board of the Company comprises Mr. Zhu Qiang as chairman and executive Director; Mr. Liu Feng, Mr. Tan Guozheng and Mr. Duan Kaifeng as executive Directors; and Mr. Dai Guoqiang, Mr. Lam Yiu Kin and Mr. Yao Zhixian as independent non-executive Directors.

* *For identification purpose only*