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BONNY INTERNATIONAL HOLDING LIMITED

博尼国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1906)

**VOLUNTARY ANNOUNCEMENT
CHANGES IN POLICY ON CONNECTED TRANSACTIONS**

Reference is made to the announcement of Bonny International Holding Limited (the “**Company**”) dated 11 May 2020 in relation to, among others, the inadvertent technical breach of Rule 14A.54 of the Listing Rules and the remedial actions taken by the Company to prevent similar events from re-occurring (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

After the remedial actions announced in the Announcement have been implemented for approximately half a year, the Company reviewed these remedial actions and its existing policy on connected transactions.

As stated in the Announcement, the Company’s policy on connected transactions requires, among other things, that all new Procurement Agreements entered pursuant to the Framework Purchasing Agreement shall be subject to the prior approval of the Board and its audit committee (the “**Audit Committee**”).

After balancing the need to ensure ongoing compliance with the Listing Rules and the efficiency in daily operations, the Company considered it reasonable and beneficial to delegate the approval of new Procurement Agreements entered pursuant to the Framework Purchasing Agreement to the Group's finance department for the following reasons:

- (1) the risk of inadvertently exceeding the Annual Cap and breaching Rule 14A.54 of the Listing Rules has been substantially reduced, given that no more Procurement Agreement for the purpose of price-locking will be entered into between the Company and Deshipu, whilst all new Procurement Agreements that the Group will enter into with Deshipu in the future will be non-price locking transactions where the Company will not be allowed to cancel and receive full refunds from Deshipu; and
- (2) since the terms of the continuing connected transactions with Deshipu as contemplated by the Framework Purchasing Agreement (including the Annual Caps) have already been approved by the Company's shareholders and the Board, delegating the approval responsibility to the Group's management personnel when the aggregated transaction amount is well below the applicable Annual Caps would not compromise the effectiveness of the Company's internal control system, and would be more efficient than subjecting all new Procurement Agreements entered pursuant to the Framework Purchasing Agreement to the prior approval of the Board and the Audit Committee.

To further enhance the Group's internal control, the Company has resolved to establish the following reporting line regarding continuing connected transactions in consultation with an external internal control reviewer:

- (1) before entering into any individual procurement agreement, the finance department shall apply for the use of the company seal. The financial manager (財務經理) shall specify in the "application form for using the company seal" (用印申請單) the accumulated transaction amount for that connected person in the financial year concerned and the price comparison information. The "application form for using the company seal" shall then be approved and signed by the chief financial officer after reviewing the accumulated transaction amount, price comparison information and contractual terms and confirming that the procurement agreement was not entered into for the purpose of price-locking, and submitted to the general manager for written approval;
- (2) the financial accountant (財務會計) of the finance department will be required to compile monthly statistical reports of connected transactions. The reports will be reviewed by the financial manager of the finance department and reported to the chief financial officer;

- (3) the finance department shall monitor the aggregated amount of the transactions with connected persons during the financial year, and report to the chief financial officer when the aggregated transaction amount reaches 75% of the annual cap with any specific connected person. The chief financial officer will in turn report to the Audit Committee and the Board regarding the transaction amounts of the connected transactions; and
- (4) the Board and the Audit Committee, having approved the terms of the relevant continuing connected transactions (including the annual caps) in the first place, will receive quarterly reports on the connected transactions from the finance department and supervise the implementation of the Group's relevant internal control measures.

(Altogether, the “**Revised CT Reporting Procedures**”)

The Revised CT Reporting Procedures took effect from 1 April 2021.

The Directors believe that such Revised CT Reporting Procedures would allow the Board and the Audit Committee to have effective supervision over the Group's conduct of continuing connected transactions without putting forth each procurement agreement to the Audit Committee and the Board for approval. The Board believes that this would sufficiently ensure that the Group's continuing connected transactions will be conducted within the terms of the relevant framework agreements, and in compliance with the Listing Rule's requirements.

By order of the Board
Bonny International Holding Limited
Jin Guojun
Chairman

Hong Kong, 16 April 2021

As at the date of this announcement, the Board comprises Mr. Jin Guojun and Mr. Zhao Hui as executive Directors; Ms. Gong Lijin and Ms. Huang Jingyi as non-executive Directors; and Mr. Wang Jian, Mr. Chan Yin Tsung and Mr. Chow Chi Hang Tony as independent non-executive Directors.