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BEST PACIFIC

Best Pacific International Holdings Limited

超盈國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2111)

REVISION OF THE ANNUAL CAPS FOR THE FRAMEWORK AGREEMENT BETWEEN BPTHL AND MAS CAPITAL

Revision of the Annual Caps for the Framework Agreement

Reference is made to the Announcement in relation to, among other things, the Framework Agreement between BPTHL and the JV Partner in relation to the sales of the Products by BPTHL Group to MAS Group for a term of three years commencing on the date of completion of the Group's acquisition of 51% of the issued share capital of the JV Company from the JV Partner (i.e. 1 August 2018).

In view of the more-than-expected sales of the Products by BPTHL Group to MAS Group, the Board is pleased to announce that on 31 December 2019, BPTHL and the JV Partner entered into the Supplemental Agreement to revise the 2019 Annual Cap and 2020 Annual Cap to US\$65 million (equivalent to approximately HK\$507 million) and US\$84 million (equivalent to approximately HK\$655.2 million) respectively, and to decide the 2021 Annual Cap to be US\$55 million (equivalent to approximately HK\$429 million).

Save for the Annuals Caps as amended under the Supplemental Agreement as abovementioned, all other terms of the Framework Agreement remain unchanged.

Implications under the Listing Rules

As at the date of this announcement, the JV Company is held as to 51% by BPSL (Thulhiriya) and as to 49% by the JV Partner. Accordingly, members of MAS Group (including the JV Partner) are connected persons of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules, and the transactions contemplated under the Framework Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company shall re-comply with the announcement and independent shareholders' approval requirements (as applicable) upon any change to the Annual Caps for the Framework Agreement.

As (i) the Board has approved the Supplemental Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement (including the New Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Supplemental Agreement is subject to the reporting, announcement and annual review requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Framework Agreement between BPTHL and the JV Partner in relation to the sales of the Products by BPTHL Group to MAS Group for a term of three years commencing on the date of completion of the Group's acquisition of 51% of the issued share capital of the JV Company from the JV Partner (i.e. 1 August 2018).

REVISION OF THE ANNUAL CAPS FOR THE FRAMEWORK AGREEMENT

In view of the more-than-expected sales of the Products by BPTHL Group to MAS Group, the Board is pleased to announce that on 31 December 2019, BPTHL and the JV Partner entered into the Supplemental Agreement to revise the 2019 Annual Cap and 2020 Annual Cap, and to decide the 2021 Annual Cap as below:

2019 Annual Cap	US\$65 million (equivalent to approximately HK\$507 million)
2020 Annual Cap	US\$84 million (equivalent to approximately HK\$655.2 million)
2021 Annual Cap	US\$55 million (equivalent to approximately HK\$429 million)

Save for the Annuals Caps as amended under the Supplemental Agreement as abovementioned, all other terms of the Framework Agreement remain unchanged. For principal terms of the Framework Agreement, please refer to the section headed "The Framework Agreement" on pages 8 to 9 of the Announcement.

HISTORICAL TRANSACTION AMOUNTS AND THE ANNUAL CAPS FOR THE FRAMEWORK AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

	For the year ended 31 December 2018 (from 1 August 2018 to 31 December 2018)	For the year ending 31 December 2019 (from 1 January 2019 to 31 December 2019)	For the year ending 31 December 2020 (from 1 January 2020 to 31 December 2020)	For the year ending 31 December 2021 (from 1 January 2021 to 31 July 2021)
Historical transaction amounts	US\$33,108,650 (audited)	For the eleven months ended 30 November 2019: approximately US\$59,900,000 (unaudited)	Not applicable	Not applicable
Original Annual Caps under the Framework Agreement	US\$57,000,000 (equivalent to approximately HK\$444,600,000)	US\$63,000,000 (equivalent to approximately HK\$491,400,000)	US\$70,000,000 (equivalent to approximately HK\$546,000,000)	Not applicable

	For the year ended 31 December 2018 (from 1 August 2018 to 31 December 2018)	For the year ending 31 December 2019 (from 1 January 2019 to 31 December 2019)	For the year ending 31 December 2020 (from 1 January 2020 to 31 December 2020)	For the year ending 31 December 2021 (from 1 January 2021 to 31 July 2021)
New Annual Caps under the Supplemental Agreement	Not applicable	US\$65,000,000 (equivalent to approximately HK\$507,000,000)	US\$84,000,000 (equivalent to approximately HK\$655,200,000)	US\$55,000,000 (equivalent to approximately HK\$429,000,000)

The 2019 Annual Cap, 2020 Annual Cap and 2021 Annual Cap were determined based on (i) the historical transaction amounts of the sales of the Products by BPTHL Group to MAS Group under the Framework Agreement for the financial year ended 31 December 2018 and the eleven months ended 30 November 2019, (ii) the original Annual Caps for the transactions contemplated under the Framework Agreement, and (iii) certain buffers to allow for any further increase in the sales volume and/or selling prices of the Products as anticipated by the management.

Based on the information available to the Company as at the date of this announcement, the original Annual Cap for the year ending 31 December 2019 for the Framework Agreement has not yet been exceeded.

INTERNAL CONTROL

In order to ensure that the terms of the Framework Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms and not more favourable than those offered to independent customers in similar transactions, as well as the selling prices of the Products to be sold by BPTHL Group to MAS Group will be in accordance with the Framework Agreement, as internal control, the Group has adopted certain measures by which the Directors (including the independent non-executive Directors) consider to be sufficient, details of which please refer to the paragraph headed “Internal control and pricing policy” on page 10 of the Announcement.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

In view of the more-than-expected sales of the Products by BPTHL Group to MAS Group, the Board expects that the original Annual Caps of US\$63 million and US\$70 million for the years ending 31 December 2019 and 2020 respectively for the transactions contemplated under the Framework Agreement will not be sufficient and proposes the same to be revised. Besides, when the Framework Agreement was entered into in December 2017, the 2021 Annual Cap was not decided as the date of completion of the Group’s acquisition of 51% of the issued share capital of the JV Company could not be ascertained. As such, BPTHL and the JV Partner entered into the Supplemental Agreement to revise the 2019 Annual Cap and 2020 Annual Cap and to decide the 2021 Annual Cap. Save for the Annual Caps as amended under the Supplemental Agreement, all other terms of the Framework Agreement remain unchanged.

The terms of the Supplemental Agreement (including the New Annual Caps) were determined after arm’s length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement (including the New Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND BPTHL

The Group is principally engaged in the manufacture and trading of elastic fabric, elastic webbing and lace.

BPTHL, being a direct wholly-owned subsidiary of the Company, is an investment holding company of the Group.

INFORMATION ON THE JV PARTNER

The JV Partner is a company incorporated under the laws of Sri Lanka holding 49% of the issued share capital of the JV Company. It is a direct wholly-owned subsidiary of MAS Holdings and is one of the Group's current customers. As at the date hereof, the principal business activities of MAS Group are to manufacture and export garments and the JV Partner is the regional operating headquarters holding various subsidiaries carrying out manufacturing and export of garments and textiles.

CONNECTED RELATIONSHIP AND IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the JV Company is held as to 51% by BPSL (Thulhiriya) and as to 49% by the JV Partner. Accordingly, members of MAS Group (including the JV Partner) are connected persons of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules, and the transactions contemplated under the Framework Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company shall re-comply with the announcement and independent shareholders' approval requirements (as applicable) upon any change to the Annual Caps for the Framework Agreement.

As (i) the Board has approved the Supplemental Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement (including the New Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Supplemental Agreement is subject to the reporting, announcement and annual review requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

To avoid any potential conflict of interests, Mr. Zhang Haitao, being the director of the Company and the JV Company, has abstained from voting on the board resolutions approving the Supplemental Agreement and the transactions contemplated thereunder (including the New Annual Caps).

DEFINITIONS

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

- “2019 Annual Cap”** the annual cap for the transactions contemplated under the Framework Agreement for the financial year ending 31 December 2019, as amended under the Supplemental Agreement
- “2020 Annual Cap”** the annual cap for the transactions contemplated under the Framework Agreement for the financial year ending 31 December 2020, as amended under the Supplemental Agreement
- “2021 Annual Cap”** the annual cap for the transactions contemplated under the Framework Agreement for the financial year ending 31 December 2021, as determined under the Supplemental Agreement
- “Announcement”** the announcement of the Company dated 4 December 2017
- “Affiliate(s)”** any one or more business entities which, directly or indirectly, are controlling, controlled by, or under common control with either party, and for the purpose of this definition, “control” shall mean the ownership of 33% or more of the share capital of a company or having management control of a company
- “Annual Cap(s)”** the annual cap(s) for the transactions contemplated under the Framework Agreement
- “Board”** the board of Directors
- “BPSL (Thulhiriya)”** Best Pacific International Sri Lanka (Thulhiriya) Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
- “BPTHL”** Best Pacific Textile Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
- “BPTHL Group”** BPTHL and its Affiliates from time to time
- “Company”** Best Pacific International Holdings Limited (Stock Code: 2111), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 4 December 2017 entered into between BPTHL and the JV Partner in relation to the supply of the Products by BPTHL Group to MAS Group, as amended by the Supplemental Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“JV Company”	Trischel Fabric (Private) Limited, a company incorporated in Sri Lanka with limited liability and an indirect non-wholly owned subsidiary of the Company
“JV Partner” or “MAS Capital”	MAS Capital (Private) Limited, a company incorporated in Sri Lanka with limited liability and a direct wholly-owned subsidiary of MAS Holdings
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAS Group”	the JV Partner and its Affiliates (including MAS Holdings and its subsidiaries) from time to time
“MAS Holdings”	MAS Holdings (Private) Limited, a company incorporated in Sri Lanka with limited liability and the holding company of the JV Partner, which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is held under a trust by the name of Jacey Trust Services (Private) Limited as trustee
“New Annual Caps”	2019 Annual Cap, 2020 Annual Cap and 2021 Annual Cap
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Products”	synthetic textiles and textile related products manufactured by BPTHL Group from time to time which shall include synthetic fabrics
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sri Lanka”	the Democratic Socialist Republic of Sri Lanka

“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Supplemental Agreement ”	the supplemental agreement dated 31 December 2019 entered into between BPTHL and the JV Partner in relation to the revision of the 2019 Annual Cap and 2020 Annual Cap as well as determination of the 2021 Annual Cap under the Framework Agreement
“ US\$ ”	United States dollars, the lawful currency of the United States of America
“ % ”	per cent

For illustration purpose only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.80 and rounded to thousand. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rates.

By Order of the Board
Best Pacific International Holdings Limited
Lu Yuguang
Chairman and executive Director

Hong Kong, 31 December 2019

As at the date of this announcement, the Board comprises Mr. Lu Yuguang, Mr. Zhang Haitao, Mr. Wu Shaolun, Ms. Zheng Tingting, Mr. Cheung Yat Ming, Mr. Ding Baoshan* and Mr. Sai Chun Yu*.*

** Independent non-executive Director*