

# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Best Pacific International Holdings Limited (the "Company"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

## RENEWAL OF CONTINUING CONNECTED TRANSACTION SALES AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders



FDB Financial Group Ltd  
濃展金融集團有限公司

A notice convening the EGM of Best Pacific International Holdings Limited to be held at 38/F, 9 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong on Friday, 15 July 2022 at 10:00 a.m. is set out on pages 30 to 31 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company ([www.bestpacific.com](http://www.bestpacific.com)).

If you are not able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish. **In view of the ongoing COVID-19 pandemic, you are strongly encouraged to appoint the chairman of the EGM as proxy to attend and vote on your behalf at the EGM or any adjourned meeting.**

#### PRECAUTIONARY MEASURES FOR THE EGM

In order to prevent the spread of COVID-19 pandemic and to safeguard the health and safety of Shareholders, and in line with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature screening
- compulsory wearing of surgical face masks
- no provision of refreshments and corporate gifts
- maintaining appropriate distancing and spacing
- limiting the number of the EGM attendees to avoid over-crowding EGM, taking into account their own personal circumstances. Any person, who (a) does not comply with the precautionary measures; (b) is subject to the Hong Kong Government's quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Hong Kong Government's prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into the EGM venue at the absolute discretion of the Company. All attendees are requested to wear surgical face masks at all times at the EGM venue. It is possible that Shareholders and/or their representatives may not be able to attend in person at the EGM venue depending on the prevailing Hong Kong Government regulations. Shareholders are strongly encouraged to exercise their voting rights at the EGM by appointing the chairman of the EGM as proxy to attend and vote on the relevant resolution at the EGM instead of attending the EGM or any adjourned meeting in person.

29 June 2022

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## PRECAUTIONARY MEASURES FOR THE EGM

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In view of the ongoing COVID-19 pandemic and in line with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, the Company will implement the following precautionary measures at the EGM to ensure the health and safety of the EGM attendees and to prevent the spreading of the COVID-19 pandemic:

- (i) Compulsory body temperature screening will be conducted on EGM attendees at the entrance of the EGM venue. Any person found to be suffering from a fever or otherwise unwell will be denied entry into the EGM venue or be required to leave the EGM venue at the absolute discretion of the Company.
- (ii) All EGM attendees are requested to wear surgical face masks at the EGM venue at all times, and to maintain a safe distance with other attendees.
- (iii) No refreshments and corporate gifts will be provided.
- (iv) Appropriate distancing and spacing at the EGM venue will be maintained to avoid over-crowding.
- (v) The Company will limit the attendance in person at the EGM venue in accordance with the prevailing requirements or guidelines published by the Hong Kong Government and/or regulatory authorities at the time of the EGM. Given the limited capacity of the EGM venue and the requirements for social distancing to ensure attendees' health and safety, only Shareholders and/or their representatives and relevant EGM staff will be admitted to the EGM.
- (vi) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

To the extent permitted under applicable laws, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the health and safety of the attendees at the EGM.

Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow any prevailing requirements or guidelines of the Hong Kong Government relating to COVID-19 pandemic in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anyone who has contracted or is suspected to have contracted COVID-19.

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## PRECAUTIONARY MEASURES FOR THE EGM

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In the interests of all stakeholders' health and safety and in response to the relevant guidelines prescribed by the Hong Kong Government on prevention and control of COVID-19 pandemic, Shareholders are reminded that **physical attendance in person at the EGM is not necessary for the purpose of exercising their voting rights, and are strongly encouraged to appoint the chairman of the EGM as proxy to attend and vote on the relevant resolution at the EGM by completing form of proxy in accordance with the instructions printed thereon instead of attending the EGM or any adjourned meeting in person.**

Due to the potential unpredictable development of the COVID-19 pandemic and subject to the requirements or guidelines of the Hong Kong Government and/or regulatory authorities, the Company may be required to change the meeting arrangements for the EGM at short notice. Shareholders are advised to check the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bestpacific.com](http://www.bestpacific.com)) for further announcement(s) and update(s) on such arrangements and/or further precautionary measures to be taken.

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## DEFINITIONS

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

“Annual Cap(s)”	the annual cap(s) for the transactions contemplated under the Sales Agreement for the financial year(s) ending 31 December 2022, 2023, 2024 and/or 2025 (as the case may be)
“associate(s)”	has the meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors
“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 associates 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
“controlling shareholder”	has the same meanings as ascribed to this term under the Listing Rules
“COVID-19”	Novel coronavirus pneumonia epidemic
“Director(s)”	the director(s) of the Company
“Dongguan BPT”	Dongguan Best Pacific Textile Company Limited* (東莞超盈紡織有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Dongguan NHE”	Dongguan New Horizon Elastic Fabric Company Limited* (東莞潤信彈性織物有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

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## DEFINITIONS

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“Dongguan PF”	Dongguan Premium Fashion Company Limited* (東莞市質品服飾有限公司), a company incorporated in the PRC with limited liability and is owned as to 40% by Mrs. Lu, 40% by Ms. Zheng, 10% by Mr. Wu Junjie (the son of Mr. Wu) and 10% by Mr. Lu Canping (the nephew of Mr. Lu) respectively
“Dongguan PF Group”	Dongguan PF and its associates from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held on 15 July 2022 for the Independent Shareholders to consider and, if thought fit, to approve the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	a committee of the Board, comprising independent non-executive Directors, established by the Company to advise the Independent Shareholders on the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	FDB Financial Group Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders who are not required to abstain from voting on relevant resolution(s) relating to the subject transaction to be proposed at the EGM under the Listing Rules
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons

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## DEFINITIONS

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“Latest Practicable Date”	23 June 2022, Thursday, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lu”	Mr. Lu Yuguang, the Chairman, an executive Director and the controlling shareholder of the Company, holding the direct and indirect interests in 640,500,000 Shares, representing approximately 61.59% of the issued share capital of the Company
“Mr. Lu Libin”	Mr. Lu Libin, the chief strategy officer of the Group and an executive Director
“Mr. Wu”	Mr. Wu Shaolun, an executive Director
“Mr. Zhang”	Mr. Zhang Haitao, the chief executive officer of the Group and an executive Director
“Mrs. Lu”	Ms. Wu Wanxiong, the spouse of Mr. Lu, mother of Mr. Lu Libin and sister of Mr. Wu
“Ms. Zheng”	Ms. Zheng Tingting, the chief operating officer of the Group, an executive Director and the spouse of Mr. Zhang
“percentage ratio(s)”	has the meaning as ascribed to this term under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Sales Agreement”	the sales agreement dated 3 May 2022 entered into between Dongguan BPT and Dongguan NHE (as suppliers) and Dongguan PF (as purchaser) in relation to sales of elastic fabric, elastic webbing, lace, printing and embroidery by Dongguan BPT, Dongguan NHE and any company of the Group designated by them to the Dongguan PF Group for a term from 4 May 2022 to 31 July 2022

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“Sales Agreement”	the agreement dated 21 June 2022 entered into between BPTHL (as supplier) and Dongguan PF (as purchaser) in relation to sales of elastic fabric, elastic webbing, lace, printing and embroidery by the BPTHL Group to the Dongguan PF Group for a term of three years from 1 August 2022 to 31 July 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*For illustration purpose only and unless otherwise stated, conversion of RMB into HK\$ in this circular is based on the exchange rate of RMB1.00 to HK\$1.1749. 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 rate.*

\* *English transliteration of company name for identification purposes only*



**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)**

*Executive Directors:*

Mr. LU Yuguang (*Chairman*)  
Mr. ZHANG Haitao (*Chief Executive Officer*)  
Mr. WU Shaolun  
Ms. ZHENG Tingting (*Chief Operating Officer*)  
Mr. CHAN Yiu Sing (*Chief Financial Officer and  
Company Secretary*)  
Mr. LU Libin (*Chief Strategy Officer*)

*Independent Non-executive Directors:*

Mr. CHEUNG Yat Ming  
Mr. DING Baoshan  
Mr. KUO Dah Chih, Stanford

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*

38th Floor  
No. 9 Wing Hong Street  
Lai Chi Kok  
Kowloon  
Hong Kong

29 June 2022

*To the Shareholders*

Dear Sir/Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION  
SALES AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 21 June 2022 in relation to the Sales Agreement.

The Group has been supplying elastic fabric, elastic webbing, lace, printing and embroidery to Dongguan PF and/or its subsidiaries since 4 May 2016, details of which were disclosed in the announcements of the Company dated 3 May 2016, 3 May 2019, 30 June 2021 and 3 May 2022. In contemplation of the expiry of the Previous Sales Agreement on 31 July 2022, the Board announced that on 21 June 2022, BPTH (as supplier) entered into the Sales Agreement with Dongguan PF (as purchaser) to renew the Previous Sales Agreement for a term of three years commencing on 1 August 2022 to 31 July 2025.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) details about the Sales Agreement, (ii) the letter from the Independent Board Committee to the Independent Shareholders with respect to the Sales Agreement, (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with respect to the Sales Agreement, and (iv) the notice of EGM to be convened for the purposes of, among other things, the Independent Shareholders to consider and, if thought fit, approve the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps).

### 2. THE SALES AGREEMENT

Principal terms of the Sales Agreement are summarised below.

Date	:	21 June 2022
Parties	:	(i) BPTHL, a direct wholly-owned subsidiary of the Company (for and on behalf of the BPTHL Group, as supplier); and  (ii) Dongguan PF (for and on behalf of the Dongguan PF Group, as purchaser)
Term	:	Three years commencing on 1 August 2022 to 31 July 2025.
Goods to be supplied	:	The BPTHL Group shall supply elastic fabric, elastic webbing, lace, printing and embroidery to the Dongguan PF Group.
Selling price and terms	:	Relevant member(s) of the BPTHL Group (as supplier) shall confirm the selling price with the relevant member(s) of the Dongguan PF Group (as purchaser) in writing for each order. Pursuant to the Sales Agreement, the selling price and terms for elastic fabric, elastic webbing, lace, printing and embroidery offered by the BPTHL Group to the Dongguan PF Group shall be agreed after arm's length negotiations between the BPTHL Group and the Dongguan PF Group based on normal commercial terms after taking into consideration (i) the historical and prevailing market price of the same and similar goods in the area, (ii) the historical and prevailing selling prices of the Group for the goods to Independent Third Party customers, (iii) the Group's cost of sale of the goods, (iv) the size of the orders, and (v) the credit worthiness and potential business growth of the Dongguan PF Group, and in any event shall be no more favourable than those offered to Independent Third Parties.

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## LETTER FROM THE BOARD

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- Payment term : Relevant member(s) of the BPTHL Group (as supplier) shall issue invoice within 30 days after expiry of each calendar month in respect of the elastic fabric, elastic webbing, lace, printing and embroidery supplied to relevant member(s) of the Dongguan PF Group (as purchaser) during that calendar month, which shall be settled by relevant member(s) of the Dongguan PF Group via wire transfer within 90 days from the invoice date.
- Other terms : Pursuant to the Sales Agreement, the transactions contemplated under the Sales Agreement shall be on normal commercial terms. The Sales Agreement is subject to the Independent Shareholders' approval of the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps).

### 3. HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

The Group's historical annual caps and sales amounts for elastic fabric, elastic webbing, lace, printing and embroidery to Dongguan PF and/or its subsidiaries during the financial years ended 31 December 2019, 2020 and 2021 and for the period from 1 January 2022 to 31 July 2022 under the sales agreements between Dongguan BPT, Dongguan NHE and Dongguan PF dated 3 May 2016, 3 May 2019 and 3 May 2022 are set out below:–

	For the financial year ended 31 December 2019	For the financial year ended 31 December 2020	For the financial year ended 31 December 2021	From 1 January 2022 to 3 May 2022	From 4 May 2022 to 31 July 2022
<b>Annual cap</b>	RMB30 million	RMB45 million	RMB110 million	RMB50 million	RMB40 million
<b>Transaction amount</b> <i>(Note 1)</i>	RMB24,932,482	RMB42,564,786	RMB97,338,512	RMB45,452,060	RMB3,793,049 <i>(Note 2)</i>

*Note 1:* The transaction amounts of RMB24,932,482, RMB42,564,786 and RMB97,338,512 for the financial years ended 31 December 2019, 2020 and 2021 respectively represent approximately 0.8%, 1.4% and 2.5% of the total revenue of the Group for the corresponding period.

*Note 2:* The historical transaction amount is the latest available figure as at 31 May 2022. As at the Latest Practicable Date, the annual cap for the period from 4 May 2022 to 31 July 2022 has not been and is not expected to be exceeded.

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## LETTER FROM THE BOARD

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### 4. ANNUAL CAPS FOR THE SALES AGREEMENT

The Annual Caps for the transaction amounts under the Sales Agreement for the financial years ending 31 December 2022, 2023, 2024 and 2025 respectively are set out below:–

	For the financial year ending 31 December 2022 (from 1 August 2022 to 31 December 2022)	For the financial year ending 31 December 2023 (from 1 January 2023 to 31 December 2023)	For the financial year ending 31 December 2024 (from 1 January 2024 to 31 December 2024)	For the financial year ending 31 December 2025 (from 1 January 2025 to 31 July 2025)
<b>Annual Cap</b>	RMB68 million (equivalent to approximately HK\$79,893,200)	RMB230 million (equivalent to approximately HK\$270,227,000)	RMB350 million (equivalent to approximately HK\$411,215,000)	RMB286 million (equivalent to approximately HK\$336,021,400)

The Annual Caps for the transaction amounts under the Sales Agreement were determined after considering (i) the historical transaction amounts of the same and similar goods purchased by the Dongguan PF Group and the high utilization rate of the historical annual caps in respect of such sales transactions during the previous years, (ii) the potential business growth of the Dongguan PF Group, and (iii) the expected demand for the goods of the Dongguan PF Group during the term of the Sales Agreement.

The Annual Cap of RMB68 million for the five months ending 31 December 2022 was determined after considering (i) the average monthly sales to the Dongguan PF Group for the four months ended 30 April 2022 of approximately RMB11.3 million, (ii) the increase in the sales to the Dongguan PF Group of approximately 33% compared to the corresponding period in 2021 mainly due to the business growth of the Dongguan PF Group, (iii) the high utilization rate of the historical annual caps for the previous years, and (iii) a buffer of approximately 20.0% in order to capture the potential growth of the sales to the Dongguan PF Group.

The Annual Caps for the two years ending 31 December 2024 and the seven months ending 31 July 2025 were determined after taking into consideration various factors including (i) the historical year-on-year growth rate of the transaction amounts of goods purchased by the Dongguan PF Group of approximately 70.7% for the year ended 31 December 2020 and approximately 128.7% for the year ended 31 December 2021 respectively (including during the COVID-19 pandemic period), and (ii) the potential business development and expansion of the Dongguan PF Group and that the Dongguan PF Group intends to purchase more goods from the Group in the coming years, according to the Company's discussions with the management of the Dongguan PF Group.

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## LETTER FROM THE BOARD

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### 5. PRICING POLICY AND INTERNAL CONTROL MEASURES

As a general principle and pursuant to the Sales Agreement, the pricing of the goods to be supplied to the Dongguan PF Group shall be no more favourable than the price offered by the Group to Independent Third Parties, and the transactions contemplated under the Sales Agreement shall be on normal commercial terms.

In order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures to monitor the transactions between the BPTHL Group and the Dongguan PF Group contemplated under the Sales Agreement and to ensure that the transactions are conducted in accordance with the Sales Agreement:–

- (a) The sales departments of members of the BPTHL Group have maintained the sales record, consisting of selling price and terms, for the goods provided by them.
- (b) Upon request of a quotation by the Dongguan PF Group, the sales department will deliberate a quotation (or a range), which shall be determined with reference to the sales record of the same and similar goods provided, the prevailing selling price of the goods, the Group's cost of sale of the goods and the size of the order, and propose the same to the management for consideration.
- (c) The management will negotiate with the Dongguan PF Group to agree on the final price for the goods to be provided after taking into account of various factors including but not limited to the orders accepted by the Group, the stock in storage of the Group, the sales performance of the Group and the market conditions from time to time.
- (d) The Group has an internal audit system to trace, monitor and evaluate the transaction amounts under the Sales Agreement on a monthly basis to ensure that the Annual Caps will not be exceeded.
- (e) The Group will comply with the annual review requirements in respect of the transactions contemplated under the Sales Agreement in accordance with Chapter 14A of the Listing Rules, such as engaging the Company's auditor to conduct annual review and having the independent non-executive Directors to review the transactions contemplated under the Sales Agreement and give opinions/confirmations in the Company's annual reports.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control and procedures to ensure that the pricing basis for the goods to be supplied by the BPTHL Group to the Dongguan PF Group under the Sales Agreement will be in accordance with the terms under the agreement, on normal commercial terms, and fair and reasonable to the Company and Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **6. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALES AGREEMENT**

The Group is principally engaged in the manufacture and trading of elastic fabric, elastic webbing and lace whilst the Dongguan PF Group is principally engaged in the manufacture and selling of apparels. Over the years, the Dongguan PF Group has been sourcing fabric and webbing for its manufacture of apparels. Pursuant to the Sales Agreement, it is agreed that the selling price and terms offered to the Dongguan PF Group shall be no more favourable than those offered to Independent Third Parties. The entering into of the Sales Agreement can facilitate the Group's business development and broaden the Group's revenue base, thereby improving the Group's sustainability in the long run. As such, the Board considers that the entering into of the Sales Agreement is beneficial to the Group.

### **7. INFORMATION ON THE GROUP, BPTHL AND DONGGUAN PF GROUP**

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

BPTHL, a direct wholly-owned subsidiary of the Company, is principally engaged in investment holding. Via its subsidiaries, it engages in the manufacture and sales of elastic fabric, elastic webbing and lace.

The Dongguan PF Group is principally engaged in the manufacture and selling of apparels.

### **8. CONNECTED RELATIONSHIP AND IMPLICATIONS UNDER THE LISTING RULES**

Dongguan PF is owned as to 40% by Mrs. Lu (the spouse of Mr. Lu, mother of Mr. Lu Libin and sister of Mr. Wu), 40% by Ms. Zheng (an executive Director and the spouse of Mr. Zhang), 10% by Mr. Wu Junjie (the son of Mr. Wu) and 10% by Mr. Lu Canping (the nephew of Mr. Lu), respectively. Accordingly, Dongguan PF is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules, and the entering into of the Sales Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the Sales Agreement exceeds 5%, the Sales Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Lu (the spouse of Mrs. Lu and uncle of Mr. Lu Canping), Mr. Zhang (the spouse of Ms. Zheng), Mr. Wu (the father of Mr. Wu Junjie and brother of Mrs. Lu), Ms. Zheng (a shareholder of Dongguan PF and the spouse of Mr. Zhang) and Mr. Lu Libin (the son of Mr. Lu and Mrs. Lu) has a material interest in the Sales Agreement, Mr. Lu, Mr. Zhang, Mr. Wu, Ms. Zheng and Mr. Lu Libin have abstained from voting on the board resolutions approving the Sales Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### 9. GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Sales Agreement and the Annual Caps thereunder, and FDB Financial Group Limited has been appointed as the independent financial adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

### 10. EGM

The Company will convene the EGM for the purposes of, among other things, seeking approval from the Independent Shareholders of the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps) in accordance with the requirements of the Listing Rules. The voting at the EGM will be by poll.

A notice convening the EGM to be held at 10:00 a.m. on Friday, 15 July 2022 at 38/F, 9 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong is set out on pages 30 to 31 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company ([www.bestpacific.com](http://www.bestpacific.com)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish and in such event, your form of proxy shall be deemed to be revoked.

As at the Latest Practicable Date, Mr. Lu, Ms. Zheng, Mr. Wu and their respective associates personally and/or via their respective wholly-owned entities, in aggregate, held 759,094,000 Shares, representing approximately 72.99% of the issued share capital of the Company. In view of the interests of Mr. Lu, Ms. Zheng and Mr. Wu in the Sales Agreement, Mr. Lu, Ms. Zheng, Mr. Wu and their respective associates will abstain from voting on the proposed resolution at the EGM to be convened to approve the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps). Save for Mr. Lu, Ms. Zheng, Mr. Wu and their respective associates, no other Shareholder is interested in the Sales Agreement and would be required to abstain from voting on the proposed resolution at the EGM to be convened to approve the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps).

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## LETTER FROM THE BOARD

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### 11. RECOMMENDATION

The Board (including the independent non-executive Directors whose opinions and recommendation, after considering the advice from the Independent Financial Adviser, are set out in the section headed “Letter from the Independent Board Committee” in this circular) is of the view that (i) the Sales Agreement is entered into in the ordinary and usual course of business of the Group, (ii) the terms of the Sales Agreement are on normal commercial terms that are fair and reasonable, (iii) the Annual Caps are fair and reasonable, and (iv) the entering into of the Sales Agreement in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) recommends the Independent Shareholders to vote in favour of the relevant resolution in relation to the Sales Agreement and the Annual Caps to be proposed at the EGM.

### 12. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders as to the voting at the EGM on the Sales Agreement and the Annual Caps. Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 14 to 23 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Sales Agreement and the Annual Caps as well as the principal factors and reasons considered by it in concluding its advice.

Your attention is also drawn to the general information set out in the Appendix of this circular.

Yours faithfully,  
For and on behalf of the Board  
**Best Pacific International Holdings Limited**  
**CHAN Yiu Sing**  
*Executive Director, Chief Financial Officer and  
Company Secretary*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Sales Agreement and the Annual Caps, which has been prepared for the purpose of incorporation in this circular.*

# 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)**

*To the Independent Shareholders*

29 June 2022

Dear Sir/Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION SALES AGREEMENT

We refer to the circular of the Company dated 29 June 2022 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings given to them as defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Sales Agreement was entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the Sales Agreement and the Annual Caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from FDB Financial Group Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Sales Agreement and the Annual Caps thereunder as set out on pages 14 to 23 of the Circular and the letter from the Board set out on pages 5 to 12 of the Circular.

Having considered the terms of the Sales Agreement, the reasons and benefits of the entering into of the Sales Agreement, as well as the opinion of FDB Financial Group Limited as stated in its letter of advice in relation to the Sales Agreement, we consider that the Sales Agreement was entered into in the ordinary and usual course of business of the Company, and on normal commercial terms, and that the terms of the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps) are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,  
**Independent Board Committee**

**Mr. Cheung Yat Ming**  
*Independent non-executive  
Director*

**Mr. Ding Baoshan**  
*Independent non-executive  
Director*

**Mr. Kuo Dah Chih Stanford**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from FDB Financial Group Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders in relation to the Sales Agreement and transactions contemplated thereunder.*

29 June 2022

*To: The Independent Board Committee and the Independent Shareholders of  
Best Pacific International Holdings Limited*

Dear Sir/Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION SALES AGREEMENT

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sales Agreement and the transactions contemplated thereunder, together with the Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 29 June 2022 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 21 June 2022 (the “**Announcement**”) in relation to the Sales Agreement.

Dongguan PF is owned as to 40% by Mrs. Lu (the spouse of Mr. Lu, mother of Mr. Lu Libin and sister of Mr. Wu), 40% by Ms. Zheng (an executive Director and the spouse of Mr. Zhang), 10% by Mr. Wu Junjie (the son of Mr. Wu) and 10% by Mr. Lu Canping (the nephew of Mr. Lu), respectively. Accordingly, Dongguan PF is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules, and the entering into of the Sales Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the Sales Agreement exceeds 5%, the Sales Agreement is subject to the reporting, announcement, annual review and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Lu (the spouse of Mrs. Lu and uncle of Mr. Lu Canping), Mr. Zhang (the spouse of Ms. Zheng), Mr. Wu (the father of Mr. Wu Junjie and brother of Mrs. Lu), Ms. Zheng (a shareholder of Dongguan PF and the spouse of Mr. Zhang) and Mr. Lu Libin (the son of Mr. Lu and Mrs. Lu) has a material interest in the Sales Agreement, Mr. Lu, Mr. Zhang, Mr. Wu, Ms. Zheng and Mr. Lu Libin have abstained from voting on the board resolutions approving the Sales Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee (comprising all independent non-executive Directors), namely, Mr. Cheung Yat Ming, Mr. Ding Baoshan and Mr. Kuo Dah Chih, Stanford, has been established in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Sales Agreement and the transactions contemplated thereunder, together with the Annual Caps. We, FDB Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sales Agreement, the transactions contemplated thereunder and the Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Independent Shareholders are concerned, in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favour of the approval of the Sales Agreement and the transactions contemplated thereunder, together with the Annual Caps.

### OUR INDEPENDENCE

During the past two years, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we did not have any engagement with the Company or the Directors, chief executives and substantial shareholders of the Company or any of their associates. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"); (ii) the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**"); (iii) the Sales Agreement; (iv) the sales agreement dated 3 May 2019, supplemental agreement dated 30 June 2021 and the Previous Sales Agreement (together, the "**Previous Sales Agreements**"); (v) the Announcement; and (vi) other information as set out in the Circular. In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Sales Agreement.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sales Agreement and the transactions contemplated thereunder, together with the Annual Caps. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In assessing whether the terms of the Sales Agreement and the transactions contemplated thereunder, together with the Annual Caps are on normal commercial terms and are fair and reasonable as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

#### **1. Background of and reasons for entering into the Sales Agreement**

The Group is principally engaged in the manufacture and trading of elastic fabric, elastic webbing and lace. BPTHL, a direct wholly-owned subsidiary of the Company, is principally engaged in investment holding. Via its subsidiaries, it engages in the manufacture and sales of elastic fabric, elastic webbing and lace. The Dongguan PF Group is principally engaged in the manufacture and selling of apparels.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table sets forth (i) the Group's historical sales amounts for elastic fabric, elastic webbing, lace, printing and embroidery to the Dongguan PF Group for the three years ended 31 December 2021; and (ii) the percentage to the Group's total revenue for the corresponding year.

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Transaction amount	24.9	42.6	97.3
Approximate % to the Group's total revenue	0.8%	1.4%	2.5%

As disclosed in the Letter from the Board, we understand that the Group has been supplying elastic fabric, elastic webbing, lace, printing and embroidery to the Dongguan Group since 4 May 2016. During the term of the Previous Sales Agreements, the Dongguan PF Group was a regular customer of the Group generating stable income. For the three years ended 31 December 2021, the sales to the Dongguan PF Group amounted to approximately RMB24.9 million, RMB42.6 million and RMB97.3 million, respectively, representing approximately 0.8%, 1.4% and 2.5% of the Group's total revenue for the respective year. We note that the sales to the Dongguan PF Group has gradually increased in the past three years and the Directors expected that the sales to the Dongguan PF Group will continue to increase in the future. Hence, we concur the Company's view that the sales of elastic fabric, elastic webbing, lace, printing and embroidery to the Dongguan PF Group under the Sales Agreement can facilitate the Group's business development and broaden the Group's revenue base, thereby improving the Group's sustainability in the long run.

Furthermore, we have reviewed the Sales Agreement and note that selling price and terms offered to the Dongguan PF Group shall be no more favourable than those offered to Independent Third Parties for the same or comparable goods. For further details regarding the pricing policy of the Sales Agreement, please refer to the paragraph headed "Principal terms of the Sales Agreement" below.

In light of that (i) the manufacture and trading of elastic fabric, elastic webbing, lace, printing and embroidery is the principal business of the Group; (ii) the Dongguan PF Group has established a long term business relationship with the Group and has become its regular customer; and (iii) it is expected that the sales to the Dongguan PF Group under the Sales Agreement will broaden the Group's revenue base, we consider that the entering into the Sales Agreement and the transactions contemplated thereafter form part of the ordinary and usual course of the Group's business and are in the interest of the Group and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Sales Agreement

#### 2.1 *Principal terms of the Sales Agreement*

The principal terms of the Sales Agreement, among others, are set out below:

**Date:**

21 June 2022

**Parties:**

- (i) BPTHL, a direct wholly-owned subsidiary of the Company (for and on behalf of the BPTHL Group, as supplier); and
- (ii) Dongguan PF (for and on behalf of the Dongguan PF Group, as purchaser)

**Term:**

Three years commencing on 1 August 2022 to 31 July 2025.

**Goods to be supplied:**

The BPTHL Group shall supply elastic fabric, elastic webbing, lace, printing and embroidery to the Dongguan PF Group.

**Selling price and terms:**

Relevant member(s) of the BPTHL Group (as supplier) shall confirm the selling price with the relevant member(s) of the Dongguan PF Group (as purchaser) in writing for each order. Pursuant to the Sales Agreement, the selling price and terms for elastic fabric, elastic webbing, lace, printing and embroidery offered by the BPTHL Group to the Dongguan PF Group shall be agreed after arm's length negotiations between the BPTHL Group and the Dongguan PF Group based on normal commercial terms after taking into consideration (i) the historical and prevailing market price of the same and similar goods in the area, (ii) the historical and prevailing selling prices of the Group for the goods to Independent Third Party customers, (iii) the Group's cost of sales of the goods, (iv) the size of the orders, and (v) the credit worthiness and potential business growth of the Dongguan PF Group, and in any event shall be no more favourable than those offered to Independent Third Parties.

The Directors have confirmed that the selling prices and terms agreed between the BPTHL Group and the Dongguan PF Group for the sales of elastic fabric, elastic webbing, lace, printing and embroidery are fair and reasonable, negotiated on an arm's length negotiations and are on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To assess the fairness and reasonableness of the terms as stipulated under the Sales Agreement, we have obtained and reviewed the Sales Agreement and further discussed with the management of the Company in relation to the pricing policy as stated above. The Directors have confirmed that as a general principle and pursuant to the Sales Agreement, the selling prices and terms of the goods to be supplied to the Dongguan PF Group shall be no more favourable than the those offered by the Group to Independent Third Parties, and the transactions contemplated under the Sales Agreement shall be on normal commercial terms. As advised by the management of the Company, before entering into any contracts with its customers (including the Dongguan PF Group), the sales department of the Group will prepare a quotation (or a range), which shall be determined with reference to the sales record of the same and similar goods provided, the prevailing selling price of the goods, the Group's cost of sales of the goods and the size of the order, and propose the same to the management for consideration. To ensure the competitiveness of the quotation, the sales department of the Group will maintain a continuous dialogue with its customers (including the Dongguan PF Group), and research on competitors' prices from time to time. Such quotation process as well as the Group's other internal pricing policy on selling prices and terms is applicable to all customers of the Group (including the Dongguan PF Group). The management will negotiate with the Dongguan PF Group to agree on the final price for the goods to be provided after taking into account of various factors including but not limited to the order(s) accepted by the Group, the stock in storage of the Group, the sales performance of the Group and the market conditions from time to time. Based on the above, we concur the Directors' view that there is a reliable and fair mechanism for determining the selling prices and terms of the goods sold to the Dongguan PF Group, and therefore the selling prices and terms of the goods sold to the Dongguan PF Group shall be regarded as fair and reasonable so far as the Independent Shareholders are concerned.

Furthermore, the prices offered by the Group to the Dongguan PF Group shall be no more favourable than those offered to Independent Third Parties for the same or comparable goods. For due diligence purpose, we obtained the Group's sales record and randomly selected and reviewed (i) 18 purchase orders entered into between the Group (as supplier) and the Dongguan PF Group (as customer); and (ii) 18 purchase orders entered into between the Group (as supplier) and Independent Third Parties (as customer), during the term of the Previous Sales Agreements. We consider the said samples to be fair and adequate based on our random selection as the Group entered into standardised purchase orders for its sales to the Dongguan PF Group which offered similar terms during the term of the Previous Sales Agreements. Based on the review of these samples, we note that the prices of goods sold to the Dongguan PF Group were comparable to those charged to Independent Third Parties on the same or similar goods in the similar period. As such we consider that the Company has complied with its internal control procedures in monitoring the transactions contemplated under the Previous Sales Agreements and the selling prices of goods under the sample purchase orders entered into with the Dongguan PF Group are in line with the Company's pricing policy as described above.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above, in particular that there are procedures in place to ensure the transactions contemplated under the Sales Agreement will be entered into on normal commercial terms or on terms no more favourable than those offered to Independent Third Parties, we are of the view that the terms of the Sales Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 2.2 *The Annual Caps for the Sales Agreement*

The following table sets forth (i) the historical annual caps for three years ended 31 December 2019, 2020 and 2021 and the period from 1 January to 3 May 2022 (the “**Review Period**”); (ii) the Group’s historical sales amounts for elastic fabric, elastic webbing, lace, printing and embroidery to the Dongguan PF Group during the Review Period; and (iii) the historical utilization rate of the annual caps for the Review Period.

	<b>For the year ended 31 December</b>			<b>From 1 January to 3 May 2022</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Annual cap	30.0	45.0	110.0	50.0
Transaction amount	24.9	42.6	97.3	45.5
Annual cap utilisation rate	83.1%	94.6%	88.5%	90.9%

The following table sets forth the annual caps for the transaction contemplated under the Sales Agreement for the five months ending 31 December 2022, the two years ending 31 December 2023 and 2024 and the seven months ending 31 July 2025, respectively.

	<b>From 1 August 2022 to 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>	<b>From 1 January 2025 to 31 July 2025</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap	68.0	230.0	350.0	286.0

As stated in the Letter from the Board, the Annual Caps were determined with reference to (i) the historical transaction amounts of the same and similar goods purchased by the Dongguan PF Group and the high utilization rate of the historical annual caps in respect of such sales transactions during the previous years; (ii) the potential business growth of the Dongguan PF Group; and (iii) the expected demand for the goods of the Dongguan PF Group during the term of the Sales Agreement.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In order to assess the fairness and reasonableness of the Annual Caps, we have obtained and reviewed the sales projection table in estimating the Annual Caps, and discussed with the management of the Company on the bases and assumptions for the determination of the Annual Caps.

We are given to understand that in estimating the annual cap of RMB68.0 million for the five months ending 31 December 2022, the management of the Company has considered the (i) average monthly sales to the Dongguan PF Group for the four months ended 30 April 2022 of approximately RMB11.3 million; and (ii) a buffer of approximately 20.0%. As advised by the management of the Company, the sales to the Dongguan PF Group for the four months ended 30 April 2022 increased by approximately 33.0% as compared to the corresponding period in 2021, which was mainly due to the business growth of the Dongguan PF Group. The management of Company expects that the growth in sales to the Dongguan PF Group for the rest of 2022 will maintain at similar level as the four months ended 30 April 2022. Hence, we consider that it is fair and reasonable for the management of the Company to estimate the transaction amount for the five months ending 31 December 2022 under the Sales Agreement based on the historical transaction amount of goods purchased by the Dongguan PF Group for the four months ended 30 April 2022. Furthermore, given the high utilization rate of the historical annual caps for the Review Period of approximately 83.1%, 94.6%, 88.5% and 90.9%, respectively, we consider that it is fair and reasonable for the Company to apply a buffer to capture the robust growth of sales to the Dongguan PF Group.

As advised by the management of the Company, annual/annualized increment of approximately 50%, 50% and 40% on the Annual Caps for the two years ending 31 December 2024 and the seven months ending 31 July 2025 were determined after taking into consideration various factors, including (i) the potential business development of the Dongguan PF Group in the coming years; and (ii) the historical annual growth rate of transaction amounts of goods purchased by the Dongguan PF Group during the previous years. As advised by the management of the Company, based on the discussion with the management of the Dongguan PF Group, the business development of the Dongguan PF Group will be driven by (i) exploring new clients through business expansion; and (ii) increasing demand of products from its existing clients. In order to cope with the growing demand for its products especially in sportswear and apparel segment, the Dongguan PF Group will (i) continue to ramp up its existing production capacity in the PRC; and (ii) further increase its production capacity by establishing a new production facility in Vietnam which will commence operation in late-2022. The management of the Company further advises us that the Dongguan PF Group expects to purchase more goods from the Group for its continuing business development in both domestic and overseas markets for the three years ending 31 December 2025. The management of the Company is of the view that the Dongguan PF Group is in a rapid growth stage of its business and the Group being one of its key suppliers, will benefit from the increasing purchases of goods by the Dongguan PF Group. According to the 2020 Annual Report and the 2021 Annual Report, the Group's revenue for the year ended 31 December 2020 amounted to approximately HK\$3,494.3 million, representing a slight decrease of approximately 3.9%, from approximately HK\$3,637.8 million for the year ended 31 December 2019, which was mainly due to less orders from lingerie customers

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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during COVID-19 pandemic. The Group's revenue for the year ended 31 December 2021 increased by approximately 37.2% to approximately HK\$4,792.7 million as compared to that of 2020, which was a result of the rebounded sales orders from lingerie customers and continuous sales growth from sportswear and apparel customers. Despite the adverse impacts as brought by COVID-19 pandemic on the Group's performance, the Group's sales to the Dongguan PF Group still recorded significant growth with year-on-year growth rates of approximately 70.7% for the year ended 31 December 2020 and approximately 128.7% for the year ended 31 December 2021, respectively. Based on the above, we consider that the Annual Caps for the two years ending 31 December 2023 and 2024 and the seven months ending 31 July 2025 are fairly determined and are fair and reasonable.

Having taken into consideration of the above, we are of the view that the Annual Caps are reasonably estimated and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### INTERNAL CONTROL MEASURES OF THE COMPANY

We have discussed with the management of the Company and are given to understand that the Group will continue to adhere to the internal control measures in monitoring the transactions contemplated under the Sales Agreement, which are set out in the Letter from the Board, in order to safeguard the interests of the Company and the Shareholders as a whole.

In addition, we were given to understand by the management of the Company, that the Group has adopted the aforesaid internal control measures when conducting the continuing connected transactions contemplated under the Previous Sales Agreements. The Company has assigned specific responsibilities to the finance department of the Company in performing regular checks on the continuing connected transactions, monitoring the amounts of transactions and conducting assessment and evaluation on the fairness of the transaction terms and pricing terms to ensure the transactions with the Dongguan PF Group are in accordance with the Sales Agreement.

Furthermore, we noted from the 2020 Annual Report and the 2021 Annual Report, that the independent non-executive Directors of the Company had reviewed the historical continuing connected transactions contemplated under the Previous Sales Agreements and confirmed such continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no more favourable to the terms offered by the Group to Independent Third Parties; and (iii) in accordance with the relevant agreement governing the respective transactions on the terms that are fair and reasonable and in the interests of the Shareholders as a whole. We also noted that the Company has engaged its auditor to report on the Group's continuing connected transactions and issued an unqualified independent assurance report containing their findings and conclusions in respect of the Group's continuing connected transactions in respect of the Previous Sales Agreements during respective financial years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given the above, we concur with the Directors' view that the Group has implemented adequate and effective internal control and procedures to ensure that the pricing basis for the goods to be supplied by the BPTHL Group to the Dongguan PF Group under the Sales Agreement will be in accordance with the terms under the Sales Agreement, on normal commercial terms, fair and reasonable to the Company and the Shareholders as a whole.

### RECOMMENDATION

Taking into consideration the above factors and reasons, we are of the view that (i) the entering into the Sales Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Sales Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Annual Caps are reasonably determined, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Sales Agreement, the transactions contemplated thereunder and the respective Annual Caps thereof.

Yours faithfully,  
For and on behalf of  
**FDB Financial Group Limited**  
**Wallace Cheung**  
*Executive Director*

*Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of FDB Financial Group Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long position in Shares

Name	Capacity	Number of Shares	Approximate percentage of the Shares in issue
Mr. Lu Yuguang	Beneficial Owner/ Interest held by his controlled corporation	640,500,000 (Note 1)	61.59%
Mr. Zhang Haitao	Interest held by his spouse	78,094,000 (Note 2)	7.51%
Ms. Zheng Tingting	Beneficial Owner/ Interest held by her controlled corporation	78,094,000 (Note 2)	7.51%
Mr. Wu Shaolun	Beneficial Owner/ Interest held by his controlled corporation	40,500,000 (Note 3)	3.89%

*Notes:*

1. Among these 640,500,000 Shares, 637,500,000 Shares were held by Grandview Capital Investment Limited, which was wholly-owned by Mr. Lu Yuguang as at the Latest Practicable Date. Mr. Lu Yuguang is the sole director of Grandview Capital Investment Limited. By virtue of Part XV of the SFO, Mr. Lu was deemed to be interested in the same Shares as held by Grandview Capital Investment Limited.
2. Among these 78,094,000 Shares, 75,000,000 Shares were held by Mega Brilliant Enterprises Limited, which was wholly-owned by Ms. Zheng Tingting, and the remaining 3,094,000 Shares were held by Ms. Zheng Tingting directly, as at the Latest Practicable Date. Ms. Zheng Tingting is the sole director of Mega Brilliant Enterprises Limited. Ms. Zheng Tingting is the spouse of Mr. Zhang Haitao. By virtue of Part XV of the SFO, Ms. Zheng was deemed to be interested in the same Shares as held by Mega Brilliant Enterprises Limited, and Mr. Zhang was deemed to be interested in the same Shares as held by Ms. Zheng.
3. Among these 40,500,000 Shares, 37,500,000 Shares were held by Lakefront Capital Investment Limited, which was wholly-owned by Mr. Wu Shaolun as at the Latest Practicable Date. By virtue of Part XV of the SFO, Mr. Wu was deemed to be interested in the same Shares as held by Lakefront Capital Investment Limited.

*(ii) Long position in shares of the associated corporations of the Company***Grandview Capital Investment Limited**

<b>Name</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of the shares in the company in issue</b>
Mr. Lu Yuguang	Beneficial Owner	10,001	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company, had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Directors' service contracts**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation, other than statutory compensation.

**(c) Directors' interests in the Group's assets or contracts or arrangements**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

**(d) Directors' interests in the Group's contracts or arrangements**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting and which was significant in relation to the business of the Group.

**(e) Directors' interests in competing businesses**

As at the Latest Practicable Date, the Directors were not aware of any of them or their respective close associates (as defined in the Listing Rules) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO, the persons other than a Director or chief executive of the Company who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

#### *Long position in shares*

Name	Capacity	Number of Shares	Approximate percentage of the Shares in issue
Grandview Capital Investment Limited	Beneficial owner	637,500,000 (Note 1)	61.30%
FMR LLC	Interest held by its controlled corporations	95,250,835 (Note 2)	9.16%
Mega Brilliant Enterprises Limited	Beneficial owner	75,000,000 (Note 3)	7.21%
Pandanus Associates Inc.	Interest held by its controlled corporations	72,094,000 (Note 4)	6.93%
Pandanus Partners L.P.	Interest held by its controlled corporations	72,094,000 (Note 4)	6.93%
FIL Limited	Interest held by its controlled corporations	72,094,000 (Note 4)	6.93%
FIDELITY PURITAN TRUST	Beneficial Owner	55,310,000	5.32%

#### *Notes:*

- Grandview Capital Investment Limited was wholly-owned by Mr. Lu Yuguang, the Chairman and an executive Director of the Company.
- FMR LLC was deemed to be interested in the 95,250,835 Shares through its 100% controlled corporations and 483A Bay Street Holdings LP, which was owned or controlled as to 18% by Bay Street Holdings LLC. By virtue of Part XV of the SFO, FMR LLC was deemed to be interested in the same Shares as held by such corporations.
- Mega Brilliant Enterprises Limited was wholly-owned by Ms. Zheng Tingting, the Chief Operating Officer and an executive Director of the Company.

4. Pandanus Associates Inc. is a general partner of and has 100% control over Pandanus Partners L.P., which owned or controlled 37.01% of the voting rights in FIL Limited. FIL Limited then indirectly owned or controlled 82% of the voting rights in 483A Bay Street Holdings LP. By virtue of Part XV of the SFO, each of Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited was deemed to be interested in the 72,094,000 Shares via 483A Bay Street Holdings LP and its 100% controlled corporations.

Save as disclosed above, the Directors were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, the date to which the latest published audited accounts of the Company were made up.

#### 5. EXPERT'S QUALIFICATION AND CONSENT

FDB Financial Group Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
FDB Financial Group Limited	a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

As at the Latest Practicable Date, FDB Financial Group Limited did not have any interest, direct or indirect, in any assets which had been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, FDB Financial Group Limited was not interested in any share in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.



**6. MISCELLANEOUS**

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at 38/F, 9 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.

**7. DOCUMENTS ON DISPLAY**

A copy of the Sales Agreement will be published on the websites of the Stock Exchange ([www.hkexnews.com](http://www.hkexnews.com)) and the Company ([www.bestpacific.com](http://www.bestpacific.com)) for a period of 14 days from the date of this circular.

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## NOTICE OF EGM

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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)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of Best Pacific International Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Friday, 15 July 2022 at 38/F, 9 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolution of the Company:

### AS ORDINARY RESOLUTION

“**THAT** the agreement (the “**Sales Agreement**”) entered into between Best Pacific Textile Holdings Limited and Dongguan Premium Fashion Company Limited dated 21 June 2022 (a copy of which is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for identification purpose) and the terms and conditions thereof, the transactions contemplated thereunder (including the proposed annual caps for each of the financial years ending 31 December 2022, 2023, 2024 and 2025), and the performance and implementation thereof be and, are hereby approved, confirmed and/or ratified, and **THAT** the authorization to any one director of the Company for and on behalf of the Company to execute all such other documents, instruments, agreements and deeds and to do all such acts or things which he/she may in his/her discretion consider necessary, expedient or desirable in connection with or incidental to or ancillary to any of the matters contemplated under the Sales Agreement and the transactions contemplated thereunder, and to waive compliance from or make and agree such variations of a non-material nature to the terms of the Sales Agreement that the directors of the Company may in their discretion consider to be desirable and in the interests of the Company and its shareholders as a whole and all the act of the directors of the Company as aforesaid, be and are hereby approved, confirmed and/or ratified.”

By Order of the Board

**Best Pacific International Holdings Limited**

**Chan Yiu Sing**

*Executive Director, Chief Financial Officer and  
Company Secretary*

Hong Kong, 29 June 2022

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## NOTICE OF EGM

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*Notes:*

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint one proxy or if he holds two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

On a show of hands every shareholder who is present in person (or being a corporation, is present by a duly authorised representative) or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. In the case of a poll, every shareholder present in person or by proxy or being a corporation, present by its authorised representative shall be entitled to one vote for each fully paid share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In view of the ongoing COVID-19 pandemic, shareholders are strongly encouraged to appoint the chairman of the EGM as proxy to attend and vote on his/her behalf at the EGM or any adjourned meeting.

Due to the potential unpredictable development of the COVID-19 pandemic and subject to the requirements or guidelines of the Hong Kong Government and/or regulatory authorities, the Company may be required to change the meeting arrangements for the EGM at short notice. Shareholders are advised to check the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bestpacific.com](http://www.bestpacific.com)) for further announcement(s) and update(s) on such arrangements and/or further precautionary measures to be taken.

5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 12 July 2022 to Friday, 15 July 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 July 2022.