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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)

CONTINUING CONNECTED TRANSACTION SALES AGREEMENT

In contemplation of the expiry of the Previous Sales Agreement on 31 July 2025, the Board announces that on 25 April 2025, BPTHL (as supplier) agreed to enter into the Sales Agreement with the Purchasers (for and on behalf of the PF Group, as purchasers) in relation to the sale of elastic fabric, elastic webbing, lace and other textile related products for a term of three years commencing from 1 August 2025 to 31 July 2028.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mrs. Lu (the spouse of Mr. Lu, mother of Mr. Lu Libin and sister of Mr. Wu), Ms. Zheng (an executive Director and the spouse of Mr. Zhang), Mr. Wu Junjie (the son of Mr. Wu) and Mr. Lu Canping (the nephew of Mr. Lu) and their associates are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, and entering into 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.

EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM for purposes of, among other things, seeking approval from the Independent Shareholders with respect to the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps). A circular containing, among other things, details about the Sales Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders with respect to the Sales Agreement, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with respect to the Sales Agreement, and a notice to convene the EGM, is expected to be despatched by the Company to the Shareholders on or before 16 May 2025.

Shareholders and potential investors should note that the Sales Agreement is subject to, among other things, the Independent Shareholders' approval. As the transactions contemplated by the Sales Agreement may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Group has been supplying elastic fabric, elastic webbing, lace, printing and embroidery to Dongguan PF and/or its associates 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, 3 May 2022 and 21 June 2022. In contemplation of the expiry of the Previous Sales Agreement on 31 July 2025, the Board announces that on 25 April 2025, BPTHL (as supplier) agreed to enter into the Sales Agreement with the Purchasers (for and on behalf of the PF Group, as purchasers) for a term of three years commencing from 1 August 2025 to 31 July 2028.

Principal terms of the Sales Agreement are summarised below.

Date	:	25 April 2025
Parties	:	(i) BPTHL, a direct wholly-owned subsidiary of the Company (for and on behalf of the BPTHL Group, as supplier); and (ii) Purchasers (for and on behalf of the PF Group, as purchasers)
Term	:	Three years commencing from 1 August 2025 to 31 July 2028.
Goods to be supplied	:	The BPTHL Group shall supply elastic fabric, elastic webbing, lace and other textile related products to the PF Group.

- Selling price and terms : Relevant member(s) of the BPTHL Group shall confirm the selling price with the relevant member(s) of the PF Group in writing for each order. Pursuant to the Sales Agreement, the selling price and terms for elastic fabric, elastic webbing, lace and other textile related products offered by the member(s) of the BPTHL Group to the PF Group shall be agreed after arm's length negotiations between the BPTHL Group and the PF Group based on normal commercial terms after taking into consideration (i) the historical and prevailing market price of the same and similar goods, (ii) the historical and prevailing selling prices of the goods sold by the Group 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 PF Group, and in any event shall be no more favourable than those offered to Independent Third Parties.
- Payment term : Relevant member(s) of the BPTHL Group shall issue invoice within 30 days after the end of each calendar month in respect of the elastic fabric, elastic webbing, lace and other textile related products supplied to relevant member(s) of the PF Group during that calendar month, which shall be settled by relevant member(s) of the PF Group via wire transfer within 90 days from the invoice date.
- Other terms and conditions : The Sales Agreement shall only become effective upon obtaining the Independent Shareholders' approval on the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps) in accordance with the Listing Rules.

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 associates during the financial years ended 31 December 2022, 2023 and 2024 and for the period from 1 January 2025 to 31 July 2025 under the sales agreements between Dongguan BPT, Dongguan NHE, BPTHL and Dongguan PF dated 3 May 2019, 3 May 2022 and 21 June 2022 are set out below:

	For the financial year ended 31 December 2022 (from 1 January 2022 to 31 December 2022)	For the financial year ended 31 December 2023 (from 1 January 2023 to 31 December 2023)	For the financial year ended 31 December 2024 (from 1 January 2024 to 31 December 2024)	From 1 January 2025 to 31 July 2025
Annual cap	RMB158 million	RMB230 million	RMB350 million	RMB286 million
Transaction amount (<i>Note 1</i>)	RMB101,099,160	RMB140,918,497	RMB192,852,750	RMB53,710,623 (<i>Note 1</i>)

Note 1: The historical transaction amount for the period from 1 January 2025 to 31 July 2025 is the latest available figure as at 31 March 2025. As at the date of this announcement, the annual cap for the period from 1 January 2025 to 31 July 2025 has not been and is not expected to be exceeded.

ANNUAL CAPS FOR THE SALES AGREEMENT

The Annual Caps for the transaction amounts under the Sales Agreement for the financial years ending 31 December 2025, 2026 and 2027 and for the period from 1 January 2028 to 31 July 2028 respectively are set out below:

	For the financial year ending 31 December 2025 (from 1 August 2025 to 31 December 2025)	For the financial year ending 31 December 2026 (from 1 January 2026 to 31 December 2026)	For the financial year ending 31 December 2027 (from 1 January 2027 to 31 December 2027)	For the financial year ending 31 December 2028 (from 1 January 2028 to 31 July 2028)
Annual cap	RMB160 million	RMB435 million	RMB590 million	RMB465 million

The Annual Caps were determined after considering (i) the historical transaction amounts of the same and similar goods purchased by the Dongguan PF Group and the utilization rate of the historical annual caps in respect of such sales transactions during the previous years, (ii) the potential business growth of the PF Group, including the expected expansion of its apparel manufacturing and distribution network, (iii) the expected demand for goods of the PF Group during the term of the Sales Agreement, and (iv) a buffer of approximately 10.0% in order to capture the potential growth of the sales to the PF Group and to accommodate fluctuations in order volume, variations in demand, and potential changes in market conditions that may impact the provision of goods and overall sales performance.

The Annual Cap of RMB160 million for the five months ending 31 December 2025 was determined after considering (i) the annual sales to the Dongguan PF Group for the year ended 31 December 2024 of approximately RMB192.9 million, (ii) the increase in the sales to the Dongguan PF Group of approximately 36.9% compared to the corresponding year in 2023 mainly due to the business growth of the Dongguan PF Group, (iii) based on the previous supply to Dongguan PF Group of approximately 30% to 40% growth per annual in past 2 years, the potential business growth of business with the PF Group is expected to remain consistent in the next 3 years, (iv) the utilization rate of the historical annual caps for the previous years, and (v) a buffer of approximately 10.0% in order to capture the potential growth of the sales to the PF Group and to accommodate fluctuations in order volume, variations in demand, and potential changes in market conditions that may impact the provision of goods and overall sales performance.

The Annual Caps for the two years ending 31 December 2027 and the seven months ending 31 July 2028 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 39.4% for the year ended 31 December 2023 and approximately 36.9% for the year ended 31 December 2024 respectively, and (ii) the anticipated business expansion of the PF Group and, after consideration of the stable growth of supply to Dongguan PF Group in the previous years and as reflected in discussions between the management of BPTHL Group and of PF Group, their intention to purchase more goods from the Group in the coming years.

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 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 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 shall maintain the sales record, consisting of selling price and terms, for the goods supplied by them.

- (b) Upon request of a quotation by the PF Group, the sales department will deliberate a quotation (or a range) by benchmarking the pricing of similar goods offered to or quoted by other independent customers (where available), sales record of the same and similar goods, the prevailing selling price of the goods, the price of raw materials and labor cost, the Group's cost of goods sold, and the size of the order, and to the extent reasonably practicable, obtain market or industry data on the pricing of transactions of similar nature, scope and scale from time to time through publicly available information. The proposed quotation will then be submitted to management of the Group for consideration and approval to ensure that the transactions are on normal commercial terms and no more favorable than those offered to Independent Third Parties.
- (c) The management will negotiate with the 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, inventory levels and the sales performance of the Group and the market conditions from time to time.
- (d) The audit committee of the Company will review the transactions under the Sales Agreement annually and the Group will review the transaction amounts under the Sales Agreement monthly, to ensure that such transactions comply with the terms of the Sales Agreement and the Annual Caps will not be exceeded.
- (e) The finance department will review the transactions under the Sales Agreement from time to time, and in the event that the aggregate transaction amounts reach over 70% of the Annual Caps, it will report to the Board to take further action in accordance with the Listing Rules. Furthermore, the Group will comply with the annual review requirements under Chapter 14A of the Listing Rules for the transactions contemplated under the Sales Agreement. This includes engaging the Company's auditor to conduct annual review on the pricing and annual caps of such transactions and having the independent non-executive Directors to review such transactions and give opinions/confirmations in the Company's annual reports, ensuring compliance with the Listing Rules and that the transactions contemplated under the Sales Agreement are conducted in accordance with the terms of the Sales Agreement, on normal commercial terms and in line with the pricing policy.
- (f) The Group will conduct an assessment at least annually on the internal control measures for all continuing connected transactions to ensure such internal control measures have been adhered to and are effective.

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 PF Group under the Sales Agreement will be in accordance with the terms under the agreement, on normal commercial terms, fair and reasonable to the Company and Shareholders as a whole.

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 PF Group is principally engaged in the manufacture and sale of apparels. Over the years, the Dongguan PF Group has been sourcing fabric and webbing for its manufacture of apparels. Due to potential business expansion and restructuring, it is expected that the scope of the transaction will be expanded to cover goods to be sold to the shareholders of Dongguan PF (i.e. the Purchasers) and their associates from time to time under the Sales Agreement. Pursuant to the Sales Agreement, it is agreed that the selling price and terms offered to the PF Group shall be no more favourable than those offered to Independent Third Parties. Leveraging the long-standing cooperation between the Dongguan PF Group and the Group, the entrance into the Sales Agreement will allow the Group to utilise its production capacity while simultaneously meeting the demand of the PF Group. Historically, the revenue generated from sales to the Dongguan PF Group represented approximately 2.4%, 3.6% and 4.0% of the Group's revenue for the years ended 31 December 2022, 2023 and 2024 respectively and it is expected that sales to the PF Group may continue to contribute meaningful sales growth of the Group going forward. This will facilitate the business development and expand the revenue base of the Group, thereby improving its sustainability in the long run. As such, the Board considers that the entrance into the Sales Agreement is beneficial to the Group.

In view of the above, the Directors (excluding the independent non-executive Directors, who will provide their opinion after considering the advice from the Independent Financial Adviser in respect of the Sales Agreement) considers that (i) the Sales Agreement were negotiated on an arm's length basis and are on normal commercial terms that are fair and reasonable, (ii) the Annual Caps are fair and reasonable, and (iii) the continuing connected transaction contemplated under the Sales Agreement is and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, BPTHL, PF GROUP 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. Through the operations of its subsidiaries, it engages in the manufacture and sales of elastic fabric, elastic webbing and lace.

The PF Group, including but not limited to the Dongguan PF Group, is principally engaged in the manufacture and sale of apparels.

CONNECTED RELATIONSHIP AND IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mrs. Lu (the spouse of Mr. Lu, mother of Mr. Lu Libin and sister of Mr. Wu), Ms. Zheng (an executive Director and the spouse of Mr. Zhang), Mr. Wu Junjie (the son of Mr. Wu) and Mr. Lu Canping (the nephew of Mr. Lu) and their associates are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, and the entering into 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 (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 transaction contemplated thereunder.

Save for Mr. Lu, Mr. Zhang, Mr. Wu, Ms. Zheng and Mr. Lu Libin, to the best of the Directors' knowledge, having made all reasonable enquiries, none of the Directors has any material interest in the transactions contemplated under the Sales Agreement.

EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM for purposes of, among other things, seeking approval from the Independent Shareholders with respect to 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.

As at the date of this announcement, Mr. Lu, Mr. Wu and Ms. Zheng and their respective associates personally and/or via their respective wholly-owned entities, in aggregate, hold 759,292,000 Shares, representing approximately 73% of the issued share capital of the Company. In view of the interests of Mr. Lu, Mr. Wu and Ms. Zheng in the Sales Agreement, Mr. Lu, Mr. Wu, Ms. Zheng and their respective associates will abstain from voting on the proposed resolutions in relation to the Sales Agreement and the Annual Caps thereunder at the EGM.

The Company has formed the Independent Board Committee to advise the Independent Shareholders with respect to the Sales Agreement. The Company has also appointed Messis Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, details about the Sales Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders with respect to the Sales Agreement, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with respect to the Sales Agreement, and a notice for the EGM, is expected to be despatched by the Company to the Shareholders on or before 16 May 2025.

Shareholders and potential investors should note that the Sales Agreement is subject to, among other things, the Independent Shareholders' approval. As the transactions contemplated by the Sales Agreement may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025, 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 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 Wednesday, 28 May 2025.

DEFINITIONS

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

“Annual Cap(s)”	the annual cap(s) for the transactions contemplated under the Sales Agreement for the financial year(s) ending 31 December 2025, 2026 and 2027 and for the period from 1 January 2028 to 31 July 2028 (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 meaning as ascribed to this term under the Listing Rules
“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
“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 3 June 2025 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”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board, comprising independent non-executive Directors, established by the Company to advise on the Independent Shareholders the Sales Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) 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
“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, an executive Director and the son of Mr. Lu and Mrs. Lu
“Mr. Wu”	Mr. Wu Shaolun, an executive Director and the brother of Mrs. Lu
“Mr. Zhang”	Mr. Zhang Haitao, the chief executive officer of the Group, an executive Director and the spouse of Ms. Zheng
“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
“PF Group”	the Purchasers and their respective associates from time to time, including but not limited to entities of the Dongguan PF Group
“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
“Previous Sales Agreement”	the sales agreement dated 21 June 2022 entered into between BPTHL (for and on behalf of the BPTHL Group, as supplier), and Dongguan PF (for and on behalf of the Dongguan PF Group, as purchaser) in relation to sales of elastic fabric, elastic webbing, lace, printing and embroidery by BPTHL Group to the Dongguan PF Group for a term of three years from 1 August 2022 to 31 July 2025
“Purchasers”	collectively, Mrs. Lu, Ms. Zheng, Mr. Wu Junjie and Mr. Lu Canping

“RMB”	Renminbi, the lawful currency of the PRC
“Sales Agreement”	the agreement dated 25 April 2025 entered into between BPTHL (for and on behalf of the BPTHL Group, as supplier) and the Purchasers (for and on behalf of the PF Group, as purchasers) in relation to sales of elastic fabric, elastic webbing, lace and other textile related products by the BPTHL Group to the PF Group for a term of three years from 1 August 2025 to 31 July 2028
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustration purpose only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.0635. Such conversion should not be construed as a representation that any amount has been, could have been or may be exchanged at this or at any other rate.

By Order of the Board
Best Pacific International Holdings Limited
Chan Yiu Sing
Executive Director, Chief Financial Officer and Company Secretary

Hong Kong, 25 April 2025

As at the date of this announcement, the Board comprises Mr. Lu Yuguang, Mr. Zhang Haitao, Mr. Wu Shaolun, Ms. Zheng Tingting, Mr. Chan Yiu Sing, Mr. Lu Libin, Mr. Cheung Yat Ming, Mr. Kuo Dah Chih, Stanford* and Mr. Lam Yin Shing, Donald*.*

* *Independent non-executive Director*

^ *For identification purposes only*