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Bestway Global Holding Inc.

榮威國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3358)

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of Bestway Global Holding Inc. (the “**Company**”) dated February 26, 2018 (the “**Announcement**”) in relation to the exceeding of the annual cap for the year ended December 31, 2017 (“**Previous 2017 Annual Cap**”) and the revision of the annual cap for the years ending December 31, 2018 and 2019 for the continuing connected transactions contemplated under the Purchase Framework Agreement (the “**Arrangement**”). Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcement.

THE PURCHASE FRAMEWORK AGREEMENT

As disclosed in the Prospectus, the Company entered into the Purchase Framework Agreement with the Connected Suppliers (as defined below) on November 3, 2017 to govern the purchase of certain products from the Connected Suppliers for a term commencing on November 16, 2017 until December 31, 2019. The principal terms of the Purchase Framework Agreement are set out as follows:

- Date** : November 3, 2017
- Parties** :
1. The Company
 2. 上海事通塑膠製品廠(Shanghai Shitong Plastic Production Factory) (“**Shanghai Shitong**”)
 3. 上海亞鳴塑膠製品廠(Shanghai Yaming Plastic Production Factory) (“**Shanghai Yaming**”)
 4. 上海明威印務有限公司(Shanghai Mingwei Printing Limited Co.) (“**Shanghai Mingwei**”)

5. 上海九豐塑料製品有限公司(Shanghai Jiufeng Plastic Production Factory) (“**Shanghai Jiufeng**”)
6. 上海凱良塑料製品有限公司(Shanghai Kailiang Plastic Production Factory) (“**Shanghai Kailiang**”)
7. 上海捷茂塑膠有限公司(Shanghai Jiemao Plastic Limited Co.) (“**Shanghai Jiemao**”)
8. 南通捷茂塑膠有限公司(Nantong Jiemao Plastic Limited Co.) (“**Nantong Jiemao**”, together with Shanghai Shitong, Shanghai Yaming, Shanghai Mingwei, Shanghai Jiufeng, Shanghai Kailiang and Shanghai Jiemao, the “**Connected Suppliers**”).

- Term** : The Purchase Framework Agreement is for a term commencing on November 16, 2017 until December 31, 2019 and may be renewed by agreement between the parties, and each renewal shall be of a term of three years.
- Subject Matter** : The Connected Suppliers shall supply injection molding and printed products to the Group for its production at prevailing market prices. The parties shall enter into separate contracts to govern the underlying transactions according to the principles and conditions as set out in the Purchase Framework Agreement.
- Pricing** : The aggregate purchase amount of injection molding and printed products payable under the Purchase Framework Agreement is determined as follows:
1. tender process, which a tender will be offered to some or all Connected Suppliers and at least two independent bidders for injection molding and printed products in similar quantities. The prices submitted by the independent suppliers are indicators of the market price of the products. The chief officer of the procurement department will evaluate the following factors to determine if the price and terms offered by the Connected Suppliers are fair and reasonable:
 - a. the terms of tender proposals offered by the participating bidders, including tender price and other response to specifications set by the Group;
 - b. the background, qualifications and financial position of participating bidders; and

- c. the experience of participating bidders in producing similar products. The tender procedures shall comply with the relevant local regulations; and
2. when the bidding process has been completed and the Connected Suppliers submitted a more favourable bid, the Company would then negotiate with the Connected Suppliers regarding the purchase details on arms' length basis based on the following principles:
 - a. by reference to the prices obtained in the tender process as well as the prices of similar products as provided by independent third parties under normal commercial terms in the ordinary course of business in the vicinity, as indicators of the prevailing market prices;
 - b. by reference to the prices of non-connected transactions between the connected parties and independent third parties; and
 - c. in any event at prices and terms no less favourable than those offered by independent third parties.

Historical Transaction Value and Annual Caps under the Purchase Framework Agreement

The transaction value of the Arrangement for the three years ended December 31, 2015, 2016 and 2017 were RMB32.5 million, RMB37.0 million and RMB42.9 million, respectively. The Revised Annual Caps of the Arrangement for the years ending December 31, 2018 and 2019 are RMB50 million and RMB58 million, respectively.

In February 2018, in the course of finalizing the annual results of the Group for the year ended December 31, 2017, the Board noted that the transaction value of the Arrangement amounted to RMB42.9 million, which exceeded the Previous 2017 Annual Cap of RMB40 million. Please refer to the Announcement for details in respect of the revision of annual caps. As at the date of the Announcement, the Board has approved the Revised Annual Caps. The Revised Annual Caps under the Purchase Framework Agreement is determined based on the historical transaction value for the three years ended December 31, 2017 and the Board anticipated an increase in purchase volume of injection molding and printed products based on the increase in procurement volume and sales orders during the three years ended December 31, 2017.

REASONS FOR ENTERING INTO THE PURCHASE FRAMEWORK AGREEMENT

The Group procures, and is expected to continue to procure, injection molding and printed products from the Connected Suppliers for the production of the Group's products. The entering into of the Purchase Framework Agreement secures more convenient and efficient logistics, more reliable product quality and better service quality. The Board also considers that the Purchase Framework Agreement ensures a steady supply of these products which is important for the Group's production.

INFORMATION OF THE COMPANY AND THE CONNECTED SUPPLIERS

The Company and its subsidiaries are principally engaged in the manufacturing and sales of high quality and innovative PVC sporting and leisure products in Europe, North America, People's Republic of China and other markets.

The Connected Suppliers are connected persons of the Group pursuant to Rule 14A.12(2)(b) and Rule 14A.21(1)(b) of the Listing Rules, and is principally engaged in the manufacturing and sales of injection molding and polymer products.

LISTING RULES IMPLICATIONS

Shanghai Shitong and Shanghai Yaming are companies controlled by Mr. Zhu Qiang's sister and Shanghai Mingwei, Shanghai Jiufeng, Shanghai Kailiang, Shanghai Jiemao and Nantong Jiemao are companies controlled by Mr. Zhu Qiang's family members, and they are connected persons of the Group pursuant to Rule 14A.12(2)(b) and Rule 14A.21(1)(b) of the Listing Rules, respectively. Accordingly, the Arrangement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. At the time of the listing of the Company's shares in November 2017, the Company has obtained from the Stock Exchange a waiver in respect of the Arrangement from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules (the "Waiver"). The Waiver was subject to the condition that the annual transaction value shall not exceed the Previous 2017 Annual Cap.

As disclosed in the Announcement, the 2017 Actual Amount exceeded the Previous 2017 Annual Cap. Pursuant to Rule 14A.54(1) of the Listing Rules, as the Previous 2017 Annual Cap was exceeded, the Company is required to re-comply with the announcement requirements under Chapter 14A of the Listing Rules. Since the 2017 Actual Amount and the Revised Annual Caps exceeded 0.1% but did not exceed 5% of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules, the Arrangement and the Revised Annual Caps are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements.

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

The Directors (including the independent non-executive Directors) are of the view that the Arrangement had been conducted in the ordinary and usual course of business of the Group, is on normal commercial terms and an arm's length basis between the relevant members of the Group and the Connected Suppliers, and that the terms of the Purchase Framework Agreement and the Revised Annual Caps are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

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

Hong Kong, March 8, 2018

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