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BONNY INTERNATIONAL HOLDING LIMITED

博尼国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1906)

**CONTINUING CONNECTED TRANSACTION —
FRAMEWORK PURCHASING AGREEMENT**

CONTINUING CONNECTED TRANSACTION

The Board announces that, on 28 June 2023, Zhejiang Bonny, a wholly-owned subsidiary of the Company (as buyer) entered into the Framework Purchasing Agreement with Deshipu New Materials (as seller), pursuant to which Zhejiang Bonny has agreed to purchase polyamide from Deshipu New Materials, and Deshipu New Materials has agreed to supply polyamide to Zhejiang Bonny for a term from the date of this announcement to 31 December 2023 with a consideration not exceeding RMB7.52 million.

IMPLICATIONS OF THE LISTING RULES

As the relevant applicable percentage ratios in respect of the aggregate amount of the Annual Caps (i.e. RMB7.52 million) and the historical actual transaction amount during the period from 1 January 2023 to the date of this announcement (i.e. RMB1.22 million) are more than 5% but less than 25% and the total consideration of RMB8.74 million (equivalent to approximately HKD9.35 million) (i.e. the aggregate of the aforesaid RMB7.52 million and the aforesaid RMB1.22 million) is less than HK\$10,000,000, the Framework Purchasing Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FRAMEWORK PURCHASING AGREEMENT

On 28 June 2023, Zhejiang Bonny entered into the Framework Purchasing Agreement with Deshipu New Materials, pursuant to which Zhejiang Bonny has agreed to purchase polyamide from Deshipu New Materials, and Deshipu New Materials has agreed to supply polyamide to Zhejiang Bonny for a term from 28 June 2023 to 31 December 2023 with a consideration not exceeding RMB7.52 million.

Date: 28 June 2023

Parties: (1) Zhejiang Bonny, a wholly-owned subsidiary of the Company (as buyer); and

(2) Deshipu New Materials, a connected person of the Company (as seller).

Subject matter

Pursuant to the Framework Purchasing Agreement, Zhejiang Bonny entered into the framework purchasing agreement with Deshipu New Materials, pursuant to which Zhejiang Bonny has agreed to purchase polyamide from Deshipu New Materials, and Deshipu New Materials has agreed to supply polyamide to Zhejiang Bonny for a term from the date of this announcement to 31 December 2023 with a consideration not exceeding RMB7.52 million.

Term

The Framework Purchasing Agreement shall become effective from the date of this announcement and has a term ending on 31 December 2023 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Subject to the provisions of the Framework Purchasing Agreements, Zhejiang Bonny will enter into specific agreements or place purchase orders with Deshipu New Materials to set out the specific terms and conditions in respect of the supply of polyamide. The consideration payable by Zhejiang Bonny under the Framework Purchasing Agreement for purchasing polyamide will be made at the time and according to the method agreed in separate agreements or purchase orders.

The Company will comply with the relevant Listing Rules requirements when the term of the Framework Purchasing Agreement is renewed.

Pricing principles

The price for purchasing polyamide by Zhejiang Bonny under the Framework Purchasing Agreement shall be determined on an arm's length basis with reference to the prevailing market price of polyamide and in any event shall not be higher than the price that Zhejiang Bonny is able to purchase polyamide from the independent third parties.

As the purchase prices are determined with reference to the prevailing market price of polyamide and in any event shall not be higher than the price that Zhejiang Bonny is able to purchase polyamide from the independent third parties, the Board considers such pricing principles and the transactions contemplated under the Framework Purchasing Agreement, will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its shareholders as a whole.

Historical transaction amounts and annual caps

Zhejiang Bonny had the following transactions with Deshipu New Materials in respect of the purchase of polyamide:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the period from 1 January 2023 to the date of this announcement RMB'000
Actual transaction amounts in respect of the purchase of polyamide from Deshipu New Materials	<u>17,773</u>	<u>5,128</u>	<u>980</u>	<u>1,220</u>
				For the period from 1 January 2023 to the date of this announcement RMB'000
	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the period from 1 January 2023 to the date of this announcement RMB'000
Historical annual caps in respect of the purchase of polyamide from Deshipu New Materials	<u>30,000</u>	<u>30,000</u>	<u>—</u>	<u>—</u>

Proposed Caps

Based on:

- (1) the historical transaction amounts for the purchases of polyamide from Deshipu New Materials;
- (2) the prevailing market prices of the polyamide, and
- (3) the expected quantities of polyamide to be required by Zhejiang Bonny from Deshipu New Materials,

it is expected that the estimated Annual Caps for the period commencing from 28 June 2023 and ending on 31 December 2023 will be as follows:

	For the period ending 31 December 2023 RMB'000
Annual caps	<u>7,520</u>

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is primarily engaged in the manufacturing and sales of brassieres, functional sportswear, panties and thermal underwear. The Group operates two segments through its subsidiaries. Original design manufacturer (ODM) sales segment is engaged in the provision of one-stop in-house intimate wear manufacturing solutions to ODM customers. Branded sales segment is engaged in the sales of branded intimate wears mainly under Bonny and U+Bonny brands through self-operated retail outlets as well as franchised retail outlets. The Group distributes its products within domestic market and overseas markets.

Deshipu New Materials is a limited liability company established in the PRC on 16 December 2010. It is engaged in the research and development, production and sales of polyamide. Deshipu New Materials is wholly-owned by Bode Holding, a company established in the PRC with its entire equity interests being held directly and/or indirectly by Mr. Jin's sister, Jin Yang* (金洋), and her husband, Fu Xiaodan* (傅曉丹). Therefore, Deshipu New Materials is an associate of Mr. Jin and hence a connected person of the Company. Ms. Gong Lijin, non-executive Director, is the spouse of Mr. Jin. Ms. Huang Jingyi, non-executive Director, is the niece of Mr. Jin. As such, Mr. Jin, Ms. Gong Lijin and Ms. Huang Jingyi have a material interest in the transactions contemplated under the Framework Purchasing Agreement and were required to abstain from voting on the board resolution of the Company in respect thereof.

The transactions under the Framework Purchasing Agreement are on a non-exclusive basis and enable the Group to broaden the procurement sources in terms of obtaining the necessary raw materials for its production at the prevailing market price which shall not be higher than the price that the Group is able to purchase the similar products from the independent third party.

Save as disclosed above, none of the Directors had any material interest in the Framework Purchasing Agreement and none of them were required to abstain from voting on the board resolutions of the Company in respect thereof.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Framework Purchasing Agreement, which were arrived at after arm's length negotiations between Zhejiang Bonny and Deshipu New Materials are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of Zhejiang Bonny and are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

As the relevant applicable percentage ratios in respect of the aggregate amount of the Annual Caps (i.e. RMB7.52 million) and the historical actual transaction amount during the period from 1 January 2023 to the date of this announcement (i.e. RMB1.22 million) are more than 5% but less than 25% and the total consideration of RMB8.74 million (equivalent to approximately HKD9.35 million) (i.e. the aggregate of the aforesaid RMB7.52 million and the aforesaid RMB1.22 million) is less than HK\$10,000,000, the Framework Purchasing Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate value of the payments for the procurement of polyamide to Deshipu New Materials under the Framework Purchasing Agreement, details of which are set out in the section headed “Proposed Caps” in this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Bode Holding”	Bode Holding Co., Ltd.* (博德控股集團有限公司), formerly known as Bonny Holding Co., Ltd* (博尼控股集團有限公司), Zhejiang OYI Investment Co., Ltd.* (浙江歐耶投資有限公司) and Zhejiang OYI Real Estate Development Co., Ltd* (浙江歐耶房地產開發有限公司), a company established in the PRC on 21 September 2007 with its entire equity interests being held directly and/or indirectly by Mr. Jin’s sister, Jin Yang* (金洋), and her husband, Fu Xiaodan* (傅曉丹)
“Company”	Bonny International Holding Limited, 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 ascribed to it under the Listing Rules
“Deshipu New Materials”	Zhejiang Deshipu New Materials Technology Co., Ltd.* (浙江德施普新材料科技有限公司) (formerly known as Zhejiang Shuka Clothing Co. Ltd.* (浙江舒味服裝有限公司) and Zhejiang Bonny Polyamide Technology Co. Ltd.* (浙江博尼錦綸科技有限公司)), a limited liability company established in the PRC on 16 December 2010 and a wholly-owned subsidiary of Bode Holding, and a connected person of the Company. The principal business of Deshipu New Materials is research and development, manufacturing and sale of polyamide
“Director(s)”	the director(s) of the Company
“Framework Purchasing Agreement”	the framework purchasing agreement entered into between Zhejiang Bonny and Deshipu New Materials dated 28 June 2023
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Jin”	Mr. Jin Guojun, an executive Director and a controlling Shareholder of the Company

“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Independent Third Parties”	an individual(s) or a company(ies) who or which is/are not connected person(s) of our Company
“Zhejiang Bonny”	Zhejiang Bonny Fashion Holding Group Co., Ltd.* (浙江博尼時尚控股集團有限公司), formerly known as Zhejiang Bonny Co., Ltd.* (浙江博尼股份有限公司), Bonny Clothing Co., Ltd.* (博尼服飾有限公司) and Yiwu Boni Dress Co., Ltd.* (義烏博尼服飾有限公司), a limited liability company established in the PRC on 21 August 2001 and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 28 June 2023

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

** For identification purpose only*