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BESTWAY INTERNATIONAL HOLDINGS LIMITED

百威國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 718)

CHANGES TO THE DECEMBER ACQUISITION INVOLVING (1) TERMINATION OF VERY SUBSTANTIAL ACQUISITION; (2) DISCLOSEABLE TRANSACTION: ACQUISITIONS OF THE ENTIRE EQUITY INTEREST IN THREE TARGET COMPANIES; AND (3) CALL OPTION TO ACQUIRE A FURTHER COMPANY

BACKGROUND

On 29 December 2015, the Purchaser entered into the December Agreement to acquire from the Original Vendors the entire equity interest in Hui Kai Holdings, which has four major operating subsidiaries namely Hui Kai Securities, Hui Kai Futures, Hui Kai Asset Management, and Easy Winning, which are principally engaged in Type 1 (dealing in securities) activities, Type 2 (dealing in futures) activities, Type 9 (as set management) activities under the SFO, and money lending business, respectively.

For the reasons particularly described in the paragraph headed “Background for the New Acquisitions and Call Option” below, the Purchaser, the Original Vendors, and Hui Kai Holdings have agreed to change the December Acquisition to the effect that the Purchaser will first acquire from Hui Kai Holdings three operating subsidiaries (namely Hui Kai Futures, Hui Kai Asset Management, and Easy Winning), and in the meantime has an option to acquire the entire equity interest in Hui Kai Holdings for 12 months. Accordingly, the Termination Agreement, the New Agreement, and the Call Option Deed were entered into by the parties on 18 January 2016.

* For identification purposes only

NEW ACQUISITIONS

On 18 January 2016 (after trading hours of the Stock Exchange), the Purchaser entered into the Termination Agreement with the Original Vendors to terminate the December Agreement, and separately entered into the New Agreement with the New Vendor (being Hui Kai Holdings) to acquire the entire equity interest in the Target Companies for an aggregate consideration up to HK\$56 million, which will be settled by way of cash. The acquisitions of Hui Kai Futures, Hui Kai Asset Management, and Easy Winning are not inter-conditional on each other.

Upon Completion, the Target Companies will become wholly-owned subsidiaries of the Company, and their results will be consolidated into the financial statements of the Company.

CALL OPTION TO ACQUIRE A FURTHER COMPANY

On even date, the New Vendor also granted the Purchaser the Call Option at a premium of HK\$1 under the Call Option Deed. The Call Option gives the right to the Purchaser to acquire the entire equity interest in Hui Kai Holdings for a consideration up to HK\$120 million within 12 months from the earlier of the date of Completion or 1 July 2016, subject to certain conditions precedent. It is further provided in the Call Option Deed that if the exercise of the Call Option materializes, Hui Kai Holdings will have no other subsidiary other than Hui Kai Securities at the time of exercise of the Call Option.

The Company will comply with relevant requirements under the Listing Rules in respect of the exercise of the Call Option as and when appropriate.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the New Acquisitions, individual or in aggregate, are more than 5% but less than 25%, the New Acquisitions constitutes discloseable transaction for the Company and is subject to reporting and announcement requirements under the Listing Rules.

BACKGROUND FOR THE NEW ACQUISITIONS AND CALL OPTION

On 29 December 2015, the Purchaser entered into the December Agreement to acquire from the Original Vendors the entire equity interest in Hui Kai Holdings, which has four major operating subsidiaries namely Hui Kai Securities, Hui Kai Futures, Hui Kai Asset Management, and Easy Winning, principally engaged in Type 1 (dealing in securities) activities, Type 2 (dealing in futures) activities, Type 9 (asset management) activities under the SFO, and money lending business, respectively.

In summary and as disclosed in the December Announcement, the terms of the December Agreement provided that (i) the Original Completion was conditional, among other things, on the cash and cash equivalents and the Receivables of the Original Target Group being not less than HK\$130 million, of which the cash and cash equivalents being not less than HK\$65 million; and (ii) the consideration for the December Acquisition of HK\$170 million payable by the Purchaser to the Original Vendors shall be settled by cash as follows:

- (a) HK\$10 million as refundable deposit payable upon signing of the December Agreement;

- (b) a sum equal to the aggregate of HK\$30 million and the amount of cash and cash equivalents of the Original Target Group (which shall be not less than HK\$65 million) as shown in the completion accounts of the Original Target Group delivered at the Original Completion, and
- (c) the remaining balance of the consideration for the December Acquisition payable in phases by the 15th day of the calendar month immediately after the 6th month with reference to the actual amount of the Receivables of Hui Kai Securities outstanding as at the date of the Original Completion that would have been collected by Hui Kai Securities within six months from the Original Completion.

Subsequent to the signing of the December Agreement, in light of the high volatility of the stock market since the beginning of the new year, the parties to the December Agreement believed that it is in the interests of the parties to take more time to review the Receivables of Hui Kai Securities with a view to ascertaining with higher accuracy the amount of Receivables that Hui Kai Securities would have at completion. In this circumstance, the Purchaser, the Original Vendors, and Hui Kai Holdings have agreed to change the December Acquisition to the effect that the Purchaser will first acquire the Target Companies, and in the meantime has an option to acquire the entire equity interest in Hui Kai Holdings within 12 months. Accordingly, the Termination Agreement, the New Agreement, and the Call Option Deed were entered into by the parties on 18 January 2016.

TERMINATION OF THE DECEMBER ACQUISITION AND ENTERING INTO OF THE NEW ACQUISITIONS

As stated in the December Announcement, the Company had proposed to acquire the Original Target Group pursuant to the December Agreement. In view of the reasons set out above, on 18 January 2016 (after trading hours of the Stock Exchange), the Purchaser entered into the Termination Agreement with the Original Vendors to terminate the December Acquisition, and separately entered into the New Agreement with the New Vendor (being Hui Kai Holdings) to acquire the entire equity interest in the Target Companies for an aggregate consideration up to HK\$56 million, which will be settled by way of cash.

Principal terms of the New Agreement are set out below:

THE NEW AGREEMENT

Date

18 January 2016 (after trading hours of the Stock Exchange)

Parties

- (i) Purchaser: Best Future Investments Limited, being a wholly-owned subsidiary of the Company
- (ii) New Vendor: Hui Kai Holdings Limited
- (iii) The Guarantor: Mr. Lo

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the New Vendor is an investment holding company and its ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Interests to be acquired

The Sale Shares represent the entire issued share capital of each of the Target Companies.

Consideration

The aggregate consideration for the New Acquisitions would be up to HK\$56 million, which are apportioned and satisfied in the following manner:

- (i) HKF Consideration: a sum equivalent to the aggregate of (a) HK\$10 million; and (b) all cash and cash equivalent as shown in the Completion Accounts of Hui Kai Futures, of which a refundable sum of HK\$4 million having been paid to the New Vendor (or as it may respectively direct) as deposit and part payment upon signing of the New Agreement, whilst the remaining balance shall be paid upon delivery of the Completion Accounts of Hui Kai Futures;
- (ii) HKAM Consideration: a sum equivalent to the aggregate of (a) HK\$10 million; and (b) all cash and cash equivalent as shown in the Completion Accounts of Hui Kai Asset Management, of which a refundable sum of HK\$4 million having been paid to the New Vendor (or as it may respectively direct) as deposit and part payment upon signing of the New Agreement, whilst the remaining balance shall be paid upon delivery of the Completion Accounts of Hui Kai Asset Management;
- (iii) EW Consideration: a sum equivalent to the aggregate of (a) HK\$5 million; and (b) all cash and cash equivalent as shown in the Completion Accounts of Easy Winning, of which a refundable sum of HK\$2 million having been paid to the New Vendor (or as it may respectively direct) as deposit and part payment upon signing of the New Agreement, whilst the remaining balance shall be paid upon delivery of the Completion Accounts of Easy Winning.

Pursuant to the New Agreement, the HKF Consideration, the HKAM Consideration and the EW Consideration shall in any event not exceed HK\$35 million, HK\$15 million, and HK\$6 million respectively.

The consideration for the New Acquisitions was determined by the parties after arm's length negotiations having considered (i) the aggregate cash and cash equivalents of the Target Companies being not less than HK\$25 million as at 30 September 2015; (ii) a premium up to HK\$29 million based on the unaudited aggregated NAV of the Target Companies of HK\$27 million as at 30 September 2015; and (iii) the quality of the Target Companies' licensed businesses in terms of their long-established track record (with more than 10 years as to Type 2 regulated activities, and about three years as to Type 9 regulated activities), the sound establishment of the trading system and the internal control system, the professional operation team, and the experienced management with adequate expertise in the industry.

Conditions precedent

HKF Completion is subject to the fulfillment and wavier (as the case may be) of the conditions set out below:

- (i) the New Vendor's warranties remaining true and accurate and not misleading at HKF Completion as if repeated at HKF Completion and at all times between the date of the New Agreement and HKF Completion;
- (ii) the written approval or consent of the SFC (in accordance with the SFO) to the change in the substantial shareholder of Hui Kai Futures as contemplated by the New Agreement having been obtained;
- (iii) the written approval or consent of the SFC to the appointment of such persons nominated by the Purchaser as directors of Hui Kai Futures having been obtained;
- (iv) Hui Kai Futures remaining licensed and subsisting to carry out business in Type 2 (dealing in futures) regulated activities under the under the SFO;
- (v) Hui Kai Futures remaining as a futures exchange participant and the registered holder of and is the legal and beneficial owner of the trading right of Hong Kong Futures Exchange Limited;
- (vi) the warranties given by the New Vendor and the Purchaser remaining true and accurate in all material respects;
- (vii) (a) if the Purchaser nominates persons who possess requisite qualifications required by the SFC to be the responsible officer of Hui Kai Futures, the board of Hui Kai Futures shall pass all necessary resolutions as to such appointment; or (b) subject to the SFC having no objection to such persons continuing to act or acting as responsible officer of Hui Kai Futures, (aa) Mr. Lo has entered into employment contract with Hui Kai Futures on the terms to the reasonable satisfaction of Purchaser and Mr. Lo; (bb) Mr. Lo has provided written undertakings to the Purchaser that they would continue to act as the responsible officers until the earlier of (a) the appointment of new responsible officers of Hui Kai Futures have been duly approved by the SFC and their registrations with the SFC have been completed; or (b) the first anniversary of HKF Completion; and (cc) Mr. Lo having procured such person(s) who possess requisite qualifications required by the SFC agreed to act as the responsible officer(s) of Hui Kai Futures until the earlier of (a) the appointment of new responsible officer(s) of Hui Kai Futures nominated by the Purchaser has been duly approved by the SFC and their registrations with the SFC have been completed; or (b) the first anniversary of HKF Completion;
- (viii) the New Vendor having provided an irrevocable waiver letter to Hui Kai Futures pursuant to which the New Vendor irrevocably confirm and acknowledge that both it and its shareholders having waived all claims, if any, against Hui Kai Futures;
- (ix) Hui Kai Futures not having any bank borrowing and liabilities (save for any guarantees provided in respect of liabilities of another member(s) of Hui Kai Futures and other than the liabilities incurred during the ordinary course of business of Hui Kai Futures, which shall not exceed HK\$5 million and HK\$1 million respectively in any event) as at HKF Completion;

- (x) the Purchaser being satisfied with the result of the financial, legal and regulatory due diligence exercise on the affairs of Hui Kai Futures including but not limited to the financial, contractual, taxation, assets, liabilities and employment thereof; and
- (xi) Hui Kai Futures having obtained all necessary approvals or consents from all relevant government department and regulatory authorities and third parties, including but not limited to the banks.

Conditions (i), (viii), and (xi) are capable of being waived by the Purchaser at any time by notice in writing to the New Vendor.

HKAM Completion is subject to fulfilment or waiver (as the case may be) of the conditions set out below:

- (i) the New Vendor's warranties remaining true and accurate and not misleading at HKAM Completion as if repeated at HKAM Completion and at all times between the date of the New Agreement and HKAM Completion;
- (ii) the written approval or consent of the SFC (in accordance with the SFO) to the change in the substantial shareholder of Hui Kai Assets Management as contemplated by the New Agreement having been obtained;
- (iii) the written approval or consent of the SFC to the appointment of such persons nominated by the Purchaser as directors of Hui Kai Assets Management having been obtained;
- (iv) Hui Kai Assets Management remaining licensed and subsisting to carry out business in Type 9 (asset management) regulated activities under the SFO;
- (v) the warranties given by the New Vendor and the Purchaser remaining true and accurate in all material respects;
- (vi) (a) if the Purchaser nominates persons who possess requisite qualifications required by the SFC to be the responsible officers of Hui Kai Asset Management, the board of Hui Kai Asset Management shall pass all necessary resolutions as to such appointment; or (b) subject to the SFC having no objection to such persons continuing to act or acting as responsible officer of Hui Kai Asset Management, (aa) Mr. Lo has entered into employment contract with Hui Kai Asset Management on the terms to the reasonable satisfaction of Purchaser and Mr. Lo; (bb) Mr. Lo has provided written undertakings to the Purchaser that they would continue to act as the responsible officers until the earlier of (a) the appointment of new responsible officers of Hui Kai Asset Management have been duly approved by the SFC and their registrations with the SFC have been completed; or (b) the first anniversary of HKAM Completion; and (cc) Mr. Lo having procured such person(s) who possess requisite qualifications required by the SFC agreed to act as the responsible officer(s) of Hui Kai Asset Management until the earlier of (a) the appointment of new responsible officer(s) of Hui Kai Asset Management nominated by the Purchaser has been duly approved by the SFC and their registrations with the SFC have been completed; or (b) the first anniversary of HKAM Completion;

- (vii) the New Vendor having provided an irrevocable waiver letter to Hui Kai Assets Management pursuant to which the New Vendor irrevocably confirm and acknowledge that both it and its shareholders having waived all claims, if any, against Hui Kai Assets Management;
- (viii) Hui Kai Assets Management not having any bank borrowing and liabilities (save for any guarantees provided in respect of liabilities of another member(s) of Hui Kai Assets Management and other than the liabilities incurred during the ordinary course of business of Hui Kai Assets Management, which shall not exceed HK\$5 million and HK\$1 million respectively in any event) as at HKAM Completion;
- (ix) the Purchaser being satisfied with the result of the financial, legal and regulatory due diligence exercise on the affairs of Hui Kai Assets Management including but not limited to the financial, contractual, taxation, assets, liabilities and employment thereof; and
- (x) Hui Kai Assets Management having obtained all necessary approvals or consents from all relevant government department and regulatory authorities and third parties, including but not limited to the banks.

Conditions (i), (vii) and (x) are capable of being waived by the Purchaser at any time by notice in writing to the New Vendor.

EW Completion is subject to fulfilment or waiver (as the case may be) of the conditions set out below:

- (i) the New Vendor's warranties remaining true and accurate and not misleading at EW Completion as if repeated at EW Completion and at all times between the date of the New Agreement and EW Completion;
- (ii) the warranties given by the New Vendor and the Purchaser remaining true and accurate in all material respects;
- (iii) the New Vendor having provided an irrevocable waiver letter to Easy Winning pursuant to which the New Vendor irrevocably confirm and acknowledge that both it and its shareholders having waived all claims, if any, against Easy Winning;
- (iv) Easy Winning not having any bank borrowing and liabilities (save for any guarantees provided in respect of liabilities of another member(s) of Hui Kai Assets Management and other than the liabilities incurred during the ordinary course of business of Hui Kai Assets Management, which shall not exceed HK\$5 million and HK\$1 million respectively in any event) as at HKAM Completion;
- (v) The money lender licence held by Easy Winning remaining valid and not being threatened to be revoked as at EW Completion and, if required, the relevant authority having approved on the change of substantial shareholders of Easy Winning;
- (vi) the Purchaser being satisfied with the result of the financial, legal and regulatory due diligence exercise on the affairs of Easy Winning including but not limited to the financial, contractual, taxation, assets, liabilities and employment thereof; and
- (vii) Easy Winning having obtained all necessary approvals or consents from all relevant government department and regulatory authorities and third parties, including but not limited to the banks.

Conditions (i), (iii) and (vii) are capable of being waived by the Purchaser at any time by notice in writing to the New Vendor.

If all the conditions set out above have not been fulfilled or waived by the Purchaser before 30 November 2016, the New Agreement shall lapse, whereupon the New Vendor shall return the deposit and all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties.

As at the date of this announcement, none of the conditions precedents have been fulfilled or waived.

Completions

HKF Completion, HKAM Completion and EW Completion shall take place on the fifth (5) Business Day after the respective conditions of each of them have been fulfilled or such other date as maybe agreed by the Purchaser and the New Vendor.

Guarantee by the Guarantor

The Guarantor unconditionally and irrevocably guarantees to the Purchaser the full, prompt, complete and due performance by the New Vendor of all and any of its obligations pursuant to the New Agreement, and the due and punctual payment of all sums now or subsequently payable by the New Vendor under the New Agreement when the same shall become due. The New Vendor shall on demand indemnify the Purchaser against all cost, loss, expenses or liability sustained or incurred by it as a result of it being required for any reason (including bankruptcy, insolvency, winding-up, dissolution, deregistration, or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of any sum payable by the New Vendor under the New Agreement or otherwise and shall in any even pay to it on demand the amount as refunded by it.

CALL OPTION TO ACQUIRE A FURTHER COMPANY

On 18 January 2016 (after trading hours of the Stock Exchange), the New Vendor granted the Purchaser an irrevocable and non-transferrable Call Option at the premium of HK\$1. The Call Option gives the Purchaser the right to acquire the entire equity interest in Hui Kai Holdings within 12 months from the earlier of the Completion or 1 July 2016 for a consideration equivalent to the aggregate of (i) HK\$15 million; and (ii) the cash and cash equivalents and the Receivables of Hui Kai Securities at HKH Completion, which together shall not exceed HK\$120 million. It is further provided in the Call Option Deed that if the exercise of the Call Option materializes, Hui Kai Holdings will have no other subsidiary other than Hui Kai Securities at the time of exercise of the Call Option.

HKH Completion is subject to the conditions precedent set out below:

- (i) if applicable, the Company having obtained approval from the Shareholders at a general meeting to be held to approve the acquisition of Hui Kai Holdings as contemplated hereunder;
- (ii) Hui Kai Securities having obtained the written approval or consent of the SFC (in accordance with the SFO) to the change in the substantial shareholder of the Company as a result of the exercise of the Call Option;

- (iii) where necessary, Hui Kai Securities having obtained written approval or consent of the SFC to the appointment of such persons nominated by the Purchaser as directors of the Hui Kai Securities;
- (iv) Hui Kai Securities remaining licensed and subsisting to carry out business in Type 1 (dealing in securities) regulated activities under the SFO;
- (v) Hui Kai Securities remaining as an Exchange Participant and the registered holder of and is the legal and beneficial owner of the trading rights on the Stock Exchange;
- (vi) Hui Kai Securities remaining admitted by HKSCC to participate in CCASS as a broker participant;
- (vii) the warranties given by the Purchaser and the New Vendor having remained true and accurate in all material respects;
- (viii) (a) if the Purchaser nominates persons who possess requisite qualifications required by the SFC to be the responsible officers of Hui Kai Securities, the board of Hui Kai Securities shall pass all necessary resolutions as to such appointment; or (b) subject to the SFC having no objection to such persons continuing to act or acting as responsible officer of Hui Kai Securities, (aa) Mr. Lo has entered into employment contract with Hui Kai Securities on the terms to the reasonable satisfaction of Purchaser and Mr. Lo; (bb) Mr. Lo has provided written undertakings to the Purchaser that they would continue to act as the responsible officers until the earlier of (a) the appointment of new responsible officers of Hui Kai Securities have been duly approved by the SFC and their registrations with the SFC have been completed; or (b) the first anniversary of HKH Completion; and (cc) Mr. Lo having procured such person(s) who possess requisite qualifications required by the SFC agreed to act as the responsible officer(s) of Hui Kai Securities until the earlier of (a) the appointment of new responsible officer(s) of Hui Kai Securities nominated by the Purchaser has been duly approved by the SFC and their registrations with the SFC have been completed; or (b) the first anniversary of HKH Completion;
- (ix) the New Vendor having provided an irrevocable waiver letter to Hui Kai Securities pursuant to which the New Vendor irrevocably confirm and acknowledge that both it and its shareholders shall have waived all claims, if any, against Hui Kai Securities;
- (x) HKH Group not having any bank borrowing and liabilities (save for any guarantees provided in respect of liabilities of another member(s) of HKH Group and other than the liabilities incurred during the ordinary course of business of HKH Group, which shall not exceed HK\$50,000,000 and HK\$2,000,000 respectively in any event) as at HKH Completion and the cash balance and the Receivables of HKH Group as of the HKH Completion having not less than HK\$100 million, of which not less than HK\$40 million being cash or cash equivalent;
- (xi) the Purchaser being satisfied with the result of the financial, legal and regulatory due diligence exercise on the affairs of HKH Group including but not limited to the financial, contractual, taxation, assets, liabilities and employment thereof; and
- (xii) HKH Group having obtained all necessary approvals or consents from all relevant government department and regulatory authorities and third parties, including but not limited to the banks.

The Company will comply with relevant requirements under the Listing Rules in respect of the exercise of the Call Option as and when appropriate.

INFORMATION ON THE TARGET COMPANIES

The New Vendor and the Target Companies

The Target Companies are wholly owned by the New Vendor. The Vendor is an investment holding company incorporated in Hong Kong with limited liabilities. Set out below are the principal activities engaged by and type of licenses held by each of the Target Companies and under the SFO:

Target Companies	Licenses under the SFO	Principal activities
Hui Kai Futures	Type 2 (dealing in futures)	<ul style="list-style-type: none"> Trading/broking index or commodities futures and Index Options for clients Buying/selling futures contracts for clients
Hui Kai Asset Management	Type 9 (asset management)	<ul style="list-style-type: none"> Managing a portfolio of securities or futures contracts for clients on discretionary basis Managing funds on discretionary basis
Easy Winning	Not applicable	<ul style="list-style-type: none"> Money lending business

Financial information on the Target Companies

Set out below is the unaudited financial information of each of the Target Companies for the years ended 31 March 2015 and 31 March 2014 and as at 30 September 2015, which were prepared in accordance with Hong Kong Financial Reporting Standards:

Hui Kai Futures

	For the year ended 31 March	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Profit/(loss) before taxation	2,852	(273)
Profit/(loss) after taxation	2,497	(263)
		As at 30 September 2015 (unaudited) HK\$'000
NAV		20,948
Cash or cash equivalents		21,523
Account receivables		14,488

Hui Kai Asset Management

	For the year ended 31 December	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(Loss)/profit before taxation	(5)	6
(Loss)/profit after taxation	(5)	6

	As at 30 September 2015 (unaudited) HK\$'000
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NAV	4,956
Cash or cash equivalents	1,445
Account receivables	3,511

Easy Winning

	For the year ended 31 December	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit/(loss) before taxation	159	(157)
Profit/(loss) after taxation	159	(157)

	As at 30 September 2015 (unaudited) HK\$'000
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NAV	1,184
Cash or cash equivalents	582
Account receivables	3,500

Upon Completion, the Target Companies would become indirect wholly-owned subsidiaries of the Company and its financial results would be consolidated into the accounts of the Group.

REASONS FOR THE NEW ACQUISITIONS

The principal businesses of the Group are (i) trading of medical devices and equipment in the PRC; and (ii) mining business in Mongolia.

As disclosed in the 2015 Annual Report, despite the management's conservative attitude in the mining business, the Group will continue to closely monitor the market conditions of mining industry and continue the negotiation with the contractor on the formal engagement thereof with a view to commencing the mining activities by end of June 2016. On the other hand, the Group will also continue the trading business of medical equipment in the PRC and maintain the existing scale thereof for gradual organic growth. For the year ended 31 March 2015, the Group was loss making with revenue of approximately HK\$7.6 million mainly attributable to the trading business of medical devices and equipment in the PRC. For the six months ended 30 September 2015, the Group's revenue surged to approximately HK\$9.8 million, representing an increase of approximately 20.4 times as compared to the corresponding period of 2014, which was mainly attributable to satisfactory performance of the trading segment of the Group.

In order to broaden the Group's revenue base, as mentioned in the 2015 Annual Report, the Group would continue to explore other potential opportunities to strive for a long term growth and maximize the Shareholders' wealth. The Company thereby intends to leverage its expertise, experience and resources of the Company's existing management team in the financial service sector in Hong Kong.

In view of the above, the Company proposed to enter into the December Acquisition in December 2015 to acquire the four major operating subsidiaries of Hui Kai Holdings namely Hui Kai Securities, Hui Kai Futures, Hui Kai Asset Management, and Easy Winning, principally engaged in Type 1 (dealing in securities) activities, Type 2 (dealing in futures) activities, Type 9 (asset management) activities under the SFO, and money lending business, respectively. For the reasons particularly described in the paragraph headed "Background for the New Acquisitions and Call Options" above, the Purchaser, the Original Vendors, and Hui Kai Holdings have agreed to change the December Acquisition to the effect that the Purchaser will first acquire from Hui Kai Holdings (the Target Companies), and in the meantime has an option to acquire the entire equity interest in Hui Kai Holdings within 12 months. Accordingly, the Termination Agreement, the New Agreement, and the Call Option Deed were entered into by the parties on 18 January 2016.

According to the Market Statistics 2015 published in January 2016 and a monthly market highlights published in December 2015 by the Stock Exchange, the total turnover of futures and options for the year is 189,824,363 contracts (average daily turnover of futures and options is 768,520 contracts), which increased 33% when compared to 142,439,039 contracts (average daily turnover of futures and options is 576,676 contracts). It showcased that the futures and options market in Hong Kong are expanding in a high growth rate.

In addition, according to the Market & Industry statistics published on the website of the SFC, the asset management sector has grown rapidly over the past decade as the number of licensed corporation engaging in asset management increase from 475 in 2005 to 1,107 in September 2015. "Asset Management: Looking Forward" published by the SFC January 2015 also stated that the asset under management have a solid annual growth at an average of 16% per year since 2008 and the global asset under management and the asset under management in Asia Pacific region reached USD68.7 trillion (equivalent to HK\$535.9 trillion) and USD 10.6 trillion (equivalent to HK\$82.8 trillion) in 2013. Under the growth rate of 16%, it is expected the asset under management in Asia Pacific region will reach USD16.5 trillion (equivalent to HK\$129.1 trillion) in the end of 2016.

Taking account to the promising outlook of futures and options market and asset management industry and the developed system facilitating the extremely active transactions every day, the Company believes that the New Acquisitions provides a prime opportunity for the Group to participate in and obtain a lucrative share from the prosperous futures market and the asset management industry, which in turn widen the revenue base of the Group and benefit the Company and the Shareholders as a whole in the long run.

In view of the above, the Directors are of the view that the terms of the New Acquisitions are fair and reasonable and the New Acquisitions are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the New Acquisitions, individual or in aggregate, are more than 5% but less than 25%, the New Acquisitions constitutes discloseable transaction for the Company and is subject to reporting and announcement requirements under the Listing Rules.

DEFINITION

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

“Agreement”	the sale and purchase agreement dated 29 December 2015 entered into between the Purchaser, Mr. Lo and First Step in respect of the Acquisition
“Board”	the board of Directors
“Business Days”	any day (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“Call Option”	the right of the Grantee to purchase from Grantor, and require Grantor to sell, the Shares of Hui Kai Securities under the terms of the Call Option Deed
“Call Option Deed”	the call option deed dated 18 January 2016 entered into between the Grantor and the Grantee in respect of the grant of Call Option
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Company”	Bestway International Holdings Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock code: 718)
“Completion”	the completion of the New Acquisitions
“Completion Accounts”	the unaudited balance sheet as at the date of HKF completion HKAM, Completion or EW Completion (as the case may be) and the unaudited profit or loss accounts for the period from 1 October 2015 up to the day immediately prior to the Completion Date, which shall be prepared in accordance with generally accepted accounting principles in Hong Kong
“connected person”	has the meaning ascribed thereto under the Listing Rules
“December Acquisition”	the acquisition of the entire interest of Hui Kai Holdings from Mr. Lo and the First Step pursuant to the Agreement
“December Agreement”	the agreement entered into between the Purchaser, First Step and Mr. Lo on 30 December 2015, in relation to the proposed acquisition of Hui Kai Holdings
“December Announcement”	the announcement of the Company dated 30 December 2015 in relation to the December Acquisition
“Director(s)”	the director(s) of the Company
“Easy Winning”	Easy Winning International Limited (怡峰國際有限公司), a company incorporated under the laws of Hong Kong
“EW Completion”	completion of the acquisition of Easy Winning
“EW Consideration”	consideration for the acquisition of entire issued share capital of Easy Winning
“First Step”	First Step Securities Limited, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Lo
“Group”	the Company and its subsidiaries
“HKAM Completion”	completion of the acquisition of Hui Kai Asset Management
“HKAM Consideration”	consideration for the acquisition of entire issued share capital of Hui Kai Asset Management
“HKF Completion”	completion of the acquisition of Hui Kai Futures

“HKF Consideration”	consideration for the acquisition of entire issued share capital of Hui Kai Futures
“HKH Completion”	completion of the acquisition of the entire equity interest in Hui Kai Holdings pursuant to the terms and conditions under the Call Option Deed
“HKH Group”	Hui Kai Holdings and Hui Kai Securities
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hui Kai Asset Management”	Hui Kai Asset Management Limited (滙凱資產管理有限公司), a company incorporated under the laws of Hong Kong
“Hui Kai Futures”	Hui Kai Futures Limited (滙凱期貨有限公司), a company incorporated under the laws of Hong Kong
“Hui Kai Securities”	Hui Kai Securities Limited (滙凱證券有限公司), a company incorporated under the laws of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 July 2016 or at such other date as the Purchaser and the Vendor may agree
“Mr. Lo” or “Guarantor”	Mr. Lo Kwai Sang Dennis
“NAV”	net asset value attributable to the equity holders
“New Acquisitions”	the acquisition of the entire equity interest in each of Hui Kai Futures, Hui Kai Asset Management, and Easy Winning
“New Agreement”	the sale and purchase agreement dated 18 January 2016 entered into between the Purchaser and Vendor in respect of the New Acquisitions
“New Vendor” or “Hui Kai Holdings”	Hui Kai Holdings Limited, a company incorporated in the Hong Kong with limited liability
“Original Completion”	completion of the December Acquisition
“Original Target Group”	Hui Kai Holdings with all its subsidiaries as at the date of the December Agreement
“Original Vendors”	Mr. Lo and First Step
“PRC”	The People’s Republic of China

“Purchaser” or “Grantee”	Best Future Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Receivables”	the account receivables of the Target Companies including but not limited to the amounts due to the Hui Kai Holdings from the margin accounts as at the Completion Date
“Sale Shares”	being all ordinary shares in the capital of Target Companies, representing the entire issued share capital of Target Companies as at the date of the New Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.05 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
“Target Companies”	Hui Kai Futures, Hui Kai Asset Management and Easy Winning
“Termination Agreement”	the agreement entered into between the Purchaser and the Original Vendors on 18 January 2016 to terminate the December Acquisition
“2015 Annual Report”	the annual report of the Group for the year ended 31 March 2015
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“USD”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Bestway International Holdings Limited
Hu Yebi
Chairman

Hong Kong, 18 January 2016

As at the date of this announcement, the Board comprises Mr. Hu Yebi, Mr. Liu Xueheng and Dr. Liu Hua as executive Directors, and Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan as independent non-executive Directors.