

Best Pacific International Holdings Limited 超盈國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 2111

BUILT ON
**INNOVATION &
TECHNOLOGY**
2023 ANNUAL RESULTS
CORPORATE
PRESENTATION

25 March 2024

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Section 1

RESULTS REVIEW

Financial highlights

		FY2023*	FY2022*	Change
		(HK\$ million) (Audited)		(%)
Revenue		4,200.7	4,492.8	(6.5%)
Gross profit		1,003.6	849.9	18.1%
Net profit attributable to owners of the Company		346.9	299.2	15.9%
Net profit		349.4	283.5	23.2%
	1H2023**	FY2023	FY2022	Change
Gross profit margin	21.0%	23.9%	18.9%	+5.0% pts
Net profit margin	6.2%	8.3%	6.3%	+2.0% pts
		FY2023	FY2022	Change
		(HK cents)	(HK cents)	(%)
Earnings per share		33.36	28.77	15.9%
Dividends				
- Interim		5.30	7.28	(27.2%)
- Final		11.38	4.22	169.7%
- Full year		16.68	11.5	45.0%

* FY2023 and FY2022 referred to the years ended 31 December 2023 and 2022 respectively.

** 1H2023 referred to the six months ended 30 June 2023.

Revenue – by product categories

	FY2023		FY2022		Change
	(HK\$ million)	(% of revenue)	(HK\$ million)	(% of revenue)	(%)
Elastic fabric	3,301.4	78.6%	3,439.0	76.6%	(4.0%)
- Sportswear and apparel	2,180.0	51.9%	2,146.5	47.8%	1.6%
- Lingerie	1,121.4	26.7%	1,292.5	28.8%	(13.2%)
Elastic webbing	834.3	19.9%	977.5	21.7%	(14.7%)
Lace	65.0	1.5%	76.3	1.7%	(14.8%)
Total	4,200.7	100.0%	4,492.8	100.0%	(6.5%)

Revenue

❖ Lingerie elastic fabric and elastic webbing

- Lingerie elastic fabric: revenue decreased by approximately 13.2% year-on-year to approximately HK\$1,121.4 million
- Elastic webbing: revenue decreased by approximately 14.7% year-on-year to approximately HK\$834.3 million
- Due to the prevailing lukewarm market conditions in the lingerie industry in 2023, our two primary segments focusing on lingerie business had experienced a decline in revenue



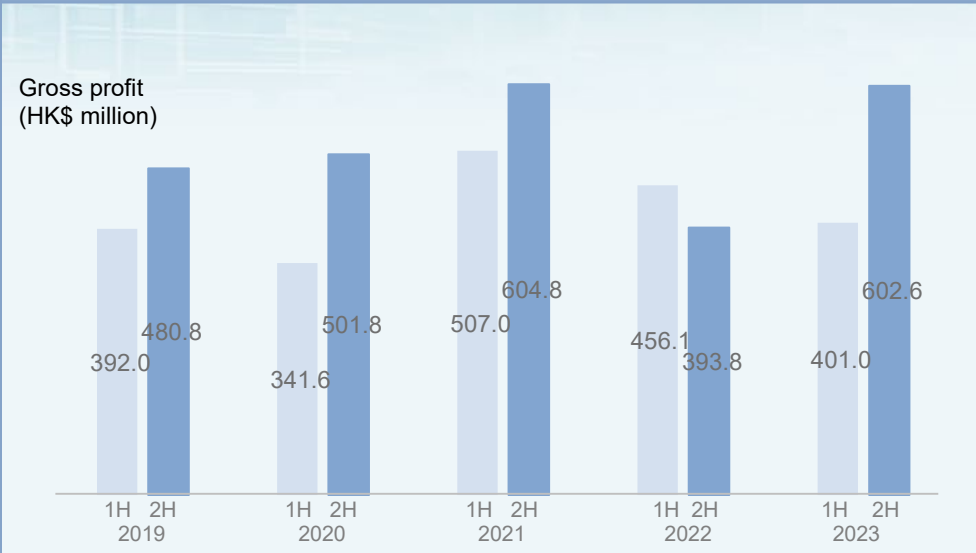
❖ Sportswear and apparel elastic fabric

- Revenue: approximately HK\$2,180.0 million
- Revenue increased by approximately 1.6% year-on-year
- Our customers continued to recognize our innovation, high product quality and our multi-region production advantage
- Significant improvements in our sales order was witnessed in the second half of 2023, when most of our sportswear and apparel brand customers started to replenish their inventories more actively



Gross profit and gross profit margin

Gross profit

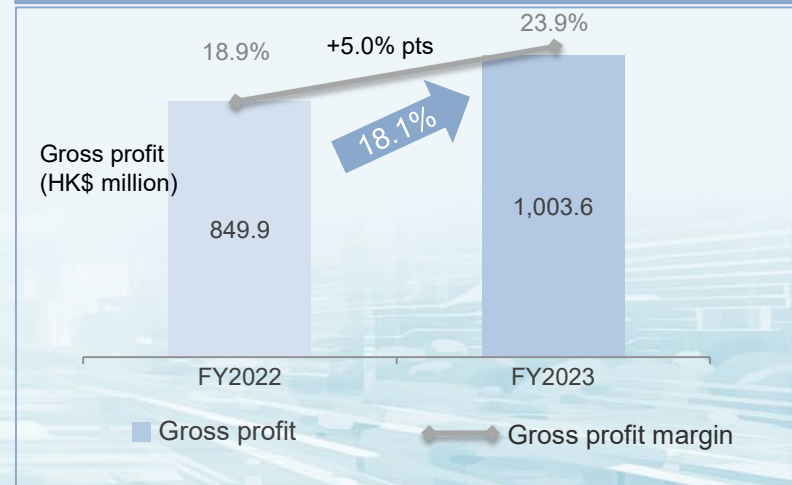


Gross profit margin by segment

	FY2023	FY2022	Change
Overall	23.9%	18.9%	+5.0% pts
Elastic Fabric	24.6%	17.3%	+7.3% pts
Elastic Webbing	21.1%	23.3%	-2.2% pts
Lace	22.5%	34.8%	-12.3% pts

- ❖ With a better utilization of production capacities and leveraging economies of scale particularly in our elastic fabric business segment in the second half of 2023, the overall gross profit of the Group increased from approximately HK\$849.9 million for the year ended 31 December 2022 to approximately HK\$1,003.6 million for the year ended 31 December 2023
- ❖ The gross profit margins of the Group's elastic webbing and lace business segments had declined due to the rather challenging lingerie market and the subsequent drop in the relevant business scale. Nevertheless, the improvement in the Group's overall gross profit margin was mainly due to the better gross profit margin attained in its elastic fabric business segment

Gross profit and gross profit margin

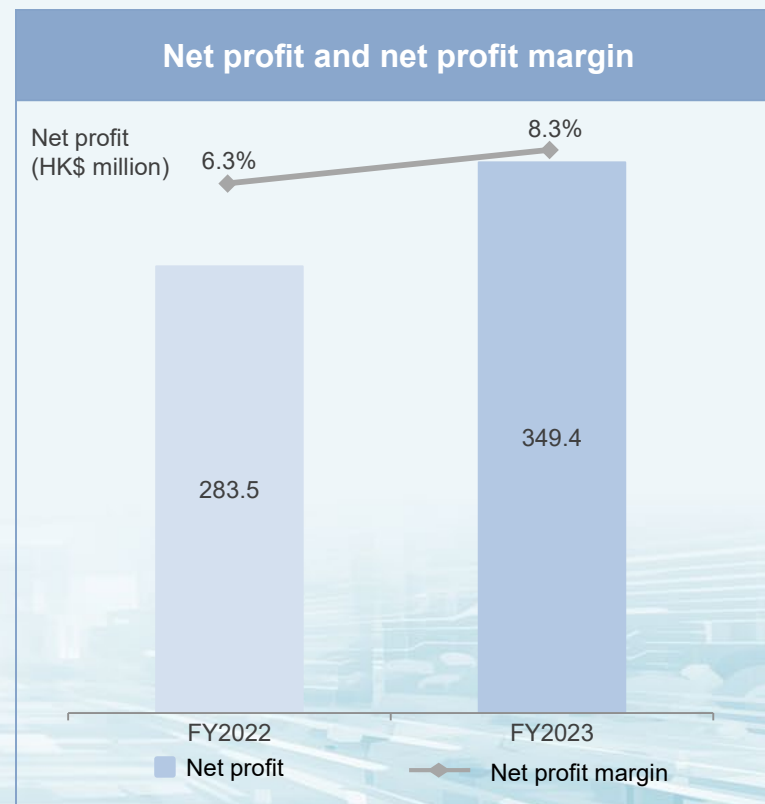


Net profit and net profit margin

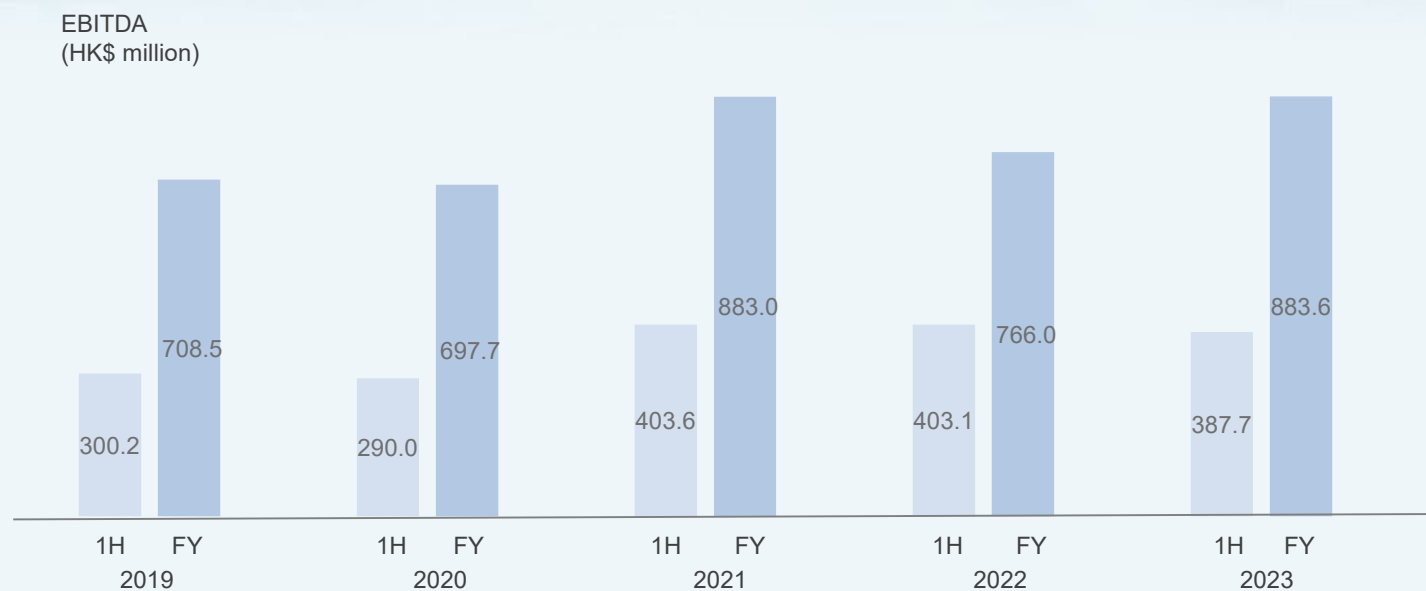
Historical net profit margin of the Group

	FY2019	FY2020	FY2021	FY2022	FY2023
First half	7.6%	5.5%	8.1%	7.4%	6.2%
Second half	8.7%	8.2%	8.6%	5.2%	10.1%
Full year	8.2%	7.1%	8.4%	6.3%	8.3%

- ❖ Net profit for 2023 of the Group amounted to approximately HK\$349.4 million, representing a year-on-year increase of approximately 23.2%
- ❖ The Group recorded a net profit margin of approximately 8.3% for 2023, representing an increase of approximately 2.0 percentage points, as compared to approximately 6.3% for the year ended 31 December 2022
- ❖ The increase in net profit and net profit margin was mainly due to the increase in gross profit for the year ended 31 December 2023



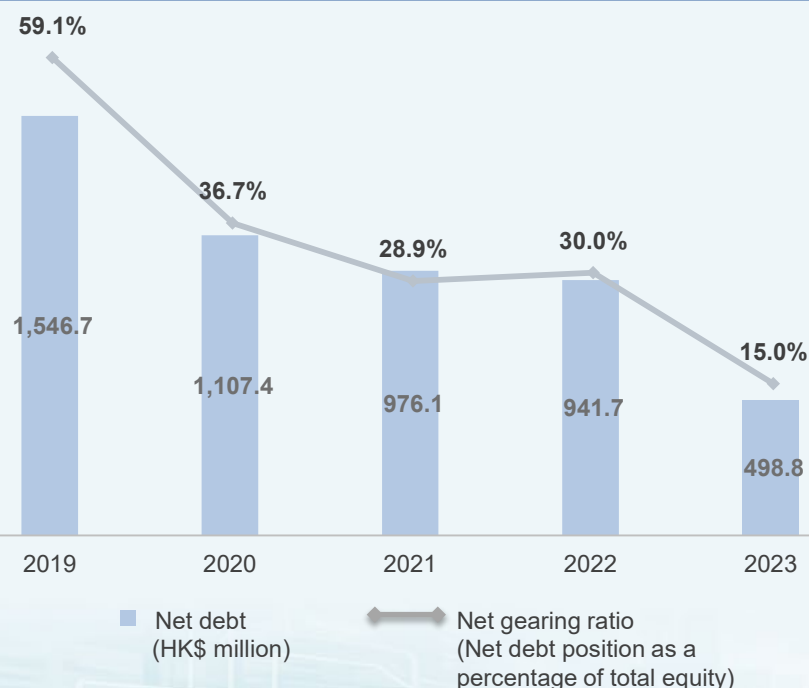
Liquidity and financial resources - EBITDA



EBITDA – Earnings before interest, taxation, depreciation and amortization

Liquidity and financial resources

Net debt gearing ratio



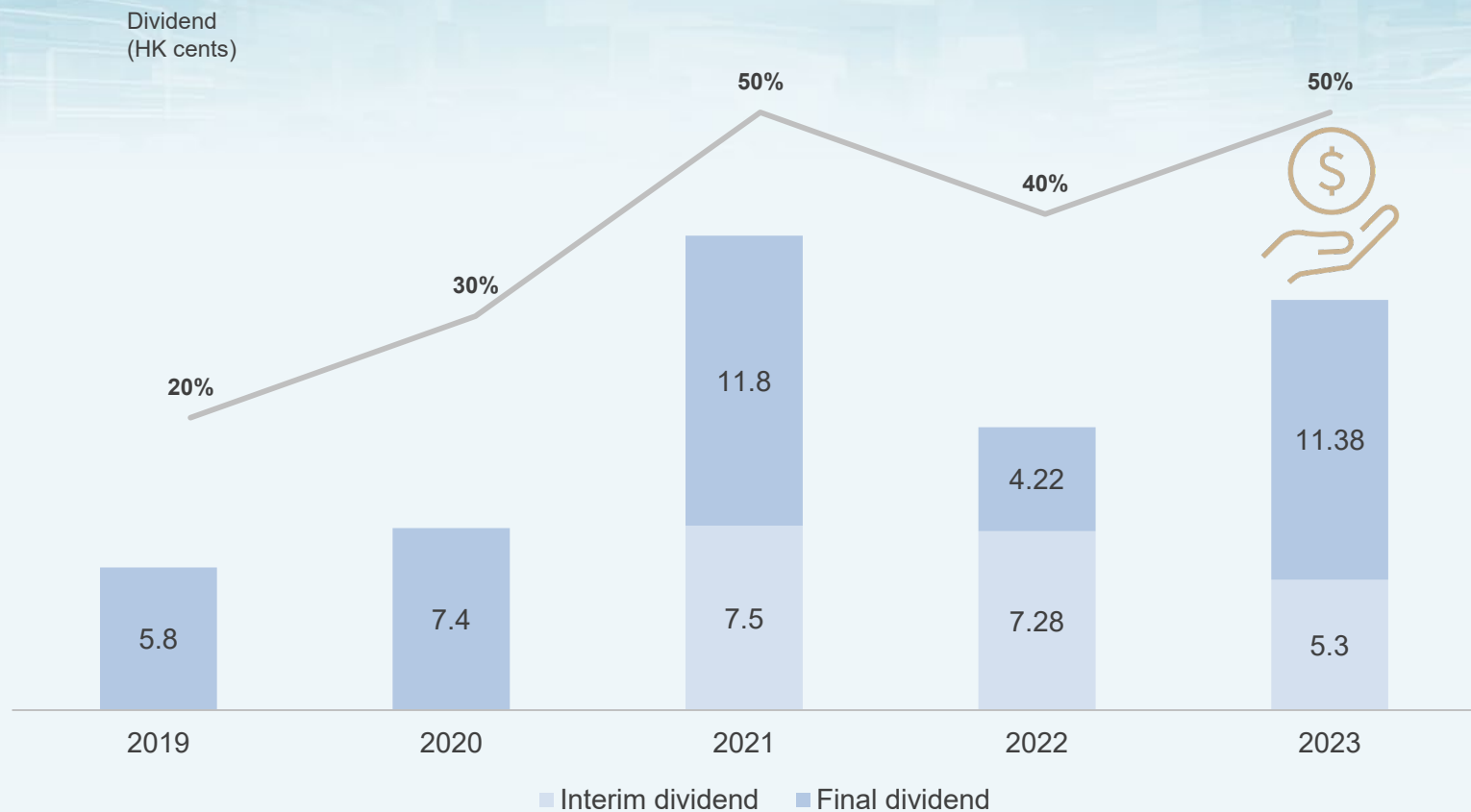
(HK\$ million)	As at 31 December 2023	As at 31 December 2022
Pledged bank deposits	88.0	68.4
Short term bank deposits	-	36.9
Bank balances and cash	927.8	1,051.2
Net working capital (Current assets less current liabilities)	778.3	178.1
Total bank, other borrowings and bank overdrafts	(1,514.6)	(2,098.2)
Net debt position (Sum of total bank and other borrowings and bank overdrafts, less bank deposits and bank balances and cash)	498.8	941.7

Cash flow positions and capital expenditures

	FY2023 (HK\$ million)	FY2022 (HK\$ million)
Net cash from operating activities	999.7	773.6
Net cash used in investing activities	(238.7)	(174.2)
Net cash used in financing activities	(872.0)	(377.5)

- ❖ Total additions to property, plant and equipment amounted to approximately HK\$291.9 million in 2023 (2022: approximately HK\$387.2 million), which was mainly attributed to:
 - the additions to construction in progress of approximately HK\$18.9 million (2022: approximately HK\$282.4 million)
 - the additions to machinery of approximately HK\$258.8 million (2022: approximately HK\$90.9 million)

Dividend payout



- ❖ The Board has resolved to declare a final dividend of HK11.38 cents per ordinary share for the year ended 31 December 2023

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Section 2

BUSINESS HIGHLIGHTS



International footprint

- Committed to our multi-location manufacturing strategy
- Orderly implemented further enhancement on operational efficiencies of our overseas manufacturing sites in Vietnam and Sri Lanka
- Actively assessing the feasibility of expanding our manufacturing capacities in Vietnam



Market penetration – sportswear and apparel

- Growth engine for the Group over an extended period of time
- Accounted for approximately 66.0% of the elastic fabric business in 2023
- Stand poised to capitalize on emerging growth prospects



Close collaboration with brands

- Close collaboration with renowned international apparel brands
- Established and deepened its partnership with the world's leading sportswear and apparel brands



One-stop solutions strategy

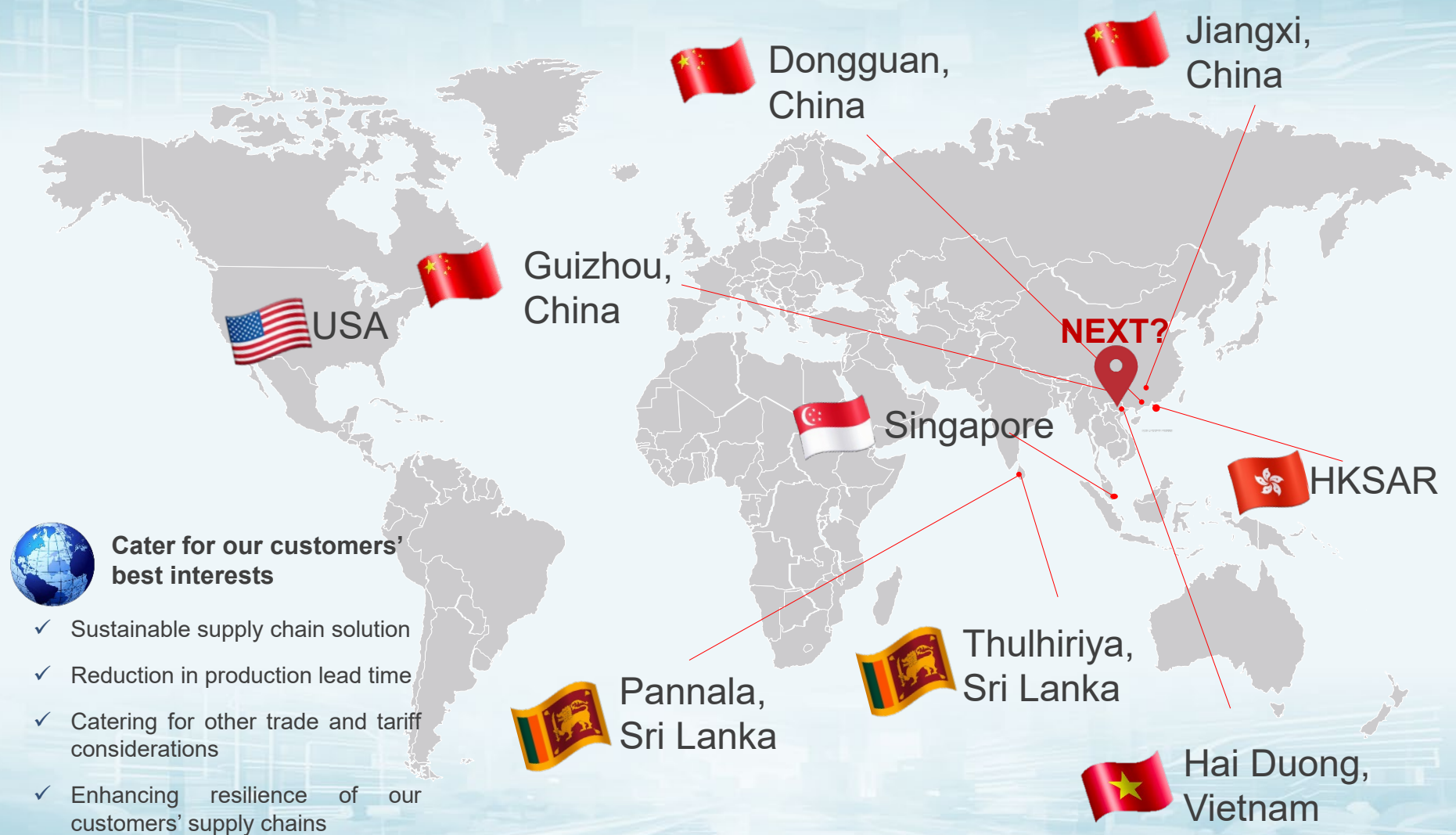
- A comprehensive product portfolio, comprising of elastic fabric, elastic webbing and lace



Innovation and Research and Development

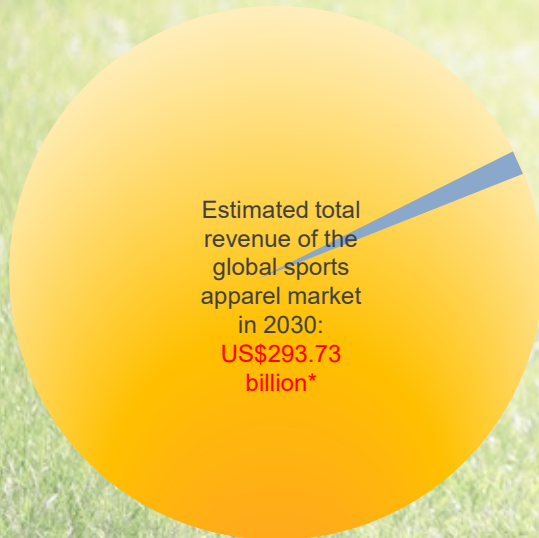
- Provided customers with unique value-added innovations and strategically enriched new products offering

International footprint



Market penetration – sportswear and apparel

- ❖ Growth engine for the Group over an extended period of time
- ❖ Collaboration with well-known international sportswear and apparel brands in launching products with revolutionary innovative concepts
- ❖ Comfort and functionality blended into the design of sportswear



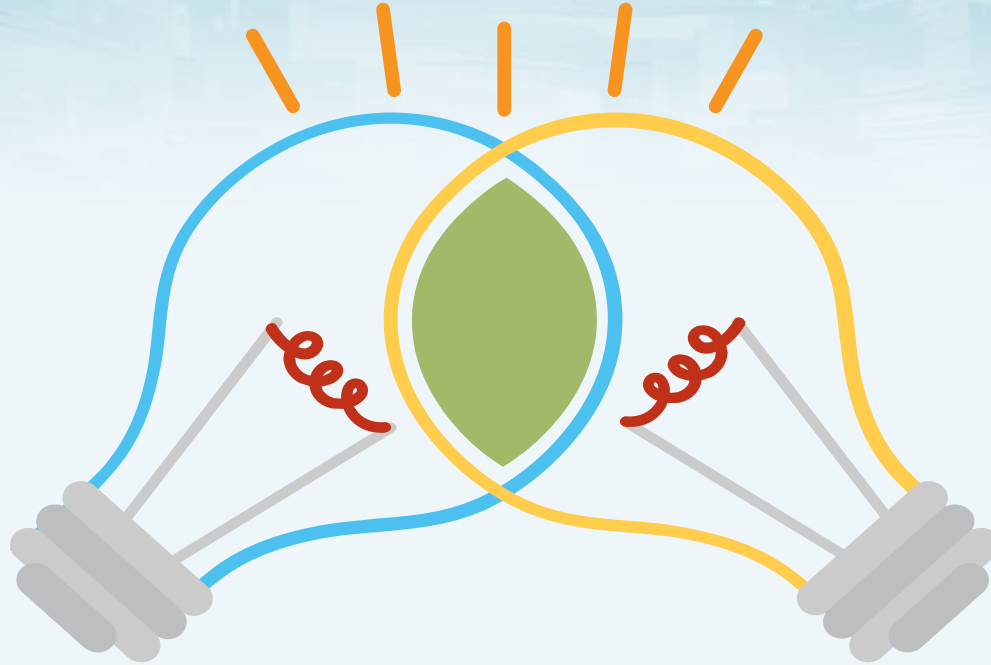
- Best Pacific's revenue from sportswear and apparel segment in 2023 was approximately HK\$2,180.0 million, making up of approximately 51.9% of the Group's overall revenue

* Source: <https://www.statista.com/statistics/254489/total-revenue-of-the-global-sports-apparel-market/>

Close collaboration with brands



Strengthened one-stop solutions strategy



Helping customers to achieve

- ✓ More simplified procurement process
- ✓ Synchronisation of colors for different components within a lingerie product
- ✓ Shorter inventory cycle and production lead time
- ✓ Help garment customers to expand into sportswear and apparel segments



Helping Best Pacific to achieve

- ✓ Growth in sales
- ✓ Product bundling with several products being offered for sale to the same customer
- ✓ Benefits from economies of scale

Enhanced innovation and R&D capabilities



Strong R&D capabilities

- R&D team consists of over 150 technicians who have been offered technical training on a periodic basis
- Obtained qualification as a High and New Technology Enterprise in China since 2010



Strategic competitiveness

- Developed tailor-made innovative materials based on market trends and customer needs
- New growth drivers through expanding into new product categories by leveraging on the competitive edge of the Group's innovation and R&D capabilities



Continuous investment

- Invested approximately 2%-3% of its revenue in R&D annually
- Established Best Pacific Institute of Technology and Research in June 2016



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THANK YOU

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Best Pacific's innovations

One-stop solutions provider of lingerie materials



Strategically penetrating the sportswear and apparel market with enormous potential

