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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2025 amounted to approximately HK\$2,329.8 million, representing a slight decrease of approximately 2.3%, as compared to the six months ended 30 June 2024.
- The Group's gross profit for the six months ended 30 June 2025 amounted to approximately HK\$620.4 million, representing a decrease of approximately 3.8%, as compared to the six months ended 30 June 2024. The Group's gross profit margin was approximately 26.6% for the six months ended 30 June 2025, as compared to approximately 27.0% for the six months ended 30 June 2024.
- The Group's net profit for the six months ended 30 June 2025 amounted to approximately HK\$270.7 million (for the six months ended 30 June 2024: approximately HK\$283.2 million). The Group's net profit margin was approximately 11.6% for the six months ended 30 June 2025, as compared to approximately 11.9% for the six months ended 30 June 2024.

Profit attributable to owners of the Company for the six months ended 30 June 2025 amounted to approximately HK\$260.4 million, representing a decrease of approximately 6.1%, as compared to the six months ended 30 June 2024.

- As at 30 June 2025, the Group's net gearing ratio was approximately 8.2%, as compared to approximately 13.5% as at 31 December 2024. The Group was in a net debt position of approximately HK\$300.4 million as at 30 June 2025, as compared to approximately HK\$477.3 million as at 31 December 2024.
- Basic earnings per share was approximately HK25.05 cents for the six months ended 30 June 2025, representing a decrease of approximately 6.1% from approximately HK26.67 cents for the six months ended 30 June 2024.
- The Board has resolved to declare an interim dividend of HK12.5 cents per ordinary share for the six months ended 30 June 2025 (for the six months ended 30 June 2024: HK13.33 cents per ordinary share).

The board of Directors (the “**Board**”) of Best Pacific International Holdings Limited (the “**Company**” or “**Best Pacific**” or “**we**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 (unaudited)

		Six months ended	
	Notes	30.6.2025 HK\$'000 (unaudited)	30.6.2024 HK\$'000 (unaudited)
Revenue	4	2,329,836	2,385,408
Cost of sales		(1,709,402)	(1,740,246)
Gross profit		620,434	645,162
Other income		44,207	19,428
Other gains and losses		(1,134)	20,998
Net remeasurement of credit loss allowance for trade receivables		4,230	(2,115)
Selling and distribution expenses		(105,266)	(101,464)
Administrative expenses		(157,482)	(164,799)
Research and development costs		(55,080)	(51,046)
Share of result of a joint venture		1,645	1,768
Finance costs		(41,793)	(43,712)
Profit before taxation	5	309,761	324,220
Income tax expense	6	(39,103)	(41,051)
Profit for the period		270,658	283,169
Profit for the period attributable to			
– Owners of the Company		260,438	277,358
– Non-controlling interests		10,220	5,811
		270,658	283,169
Basic earnings per share (<i>HK cents</i>)	8	25.05	26.67

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	270,658	283,169
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	16,796	(73,086)
Share of translation reserve of a joint venture	(294)	(138)
Other comprehensive income (expense) for the period	16,502	(73,224)
Total comprehensive income for the period	287,160	209,945
Total comprehensive income for the period attributable to		
– Owners of the Company	276,940	204,134
– Non-controlling interests	10,220	5,811
	287,160	209,945

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (unaudited)

	Notes	30.6.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	2,680,334	2,697,407
Right-of-use assets	9	301,681	301,942
Interest in a joint venture		41,406	41,525
Deposits		117,965	96,632
Deferred tax assets		22,310	13,207
		<u>3,163,696</u>	<u>3,150,713</u>
Current assets			
Inventories		1,220,707	1,255,420
Trade and bills receivables	10	675,890	874,506
Other receivables, deposits and prepayments		142,661	148,155
Pledged bank deposits		68,144	103,697
Bank balances and cash		1,149,739	980,278
		<u>3,257,141</u>	<u>3,362,056</u>
Current liabilities			
Trade payables	11	290,066	367,869
Bills payables	11	207,685	358,542
Other payables and accrued charges		279,725	398,567
Dividend payable	7	165,433	–
Contract liabilities		36,518	42,344
Bank and other borrowings	12	786,858	613,681
Lease liabilities		50,658	44,525
Tax payables		57,130	41,538
		<u>1,874,073</u>	<u>1,867,066</u>
Net current assets		<u>1,383,068</u>	<u>1,494,990</u>
Total assets less current liabilities		<u>4,546,764</u>	<u>4,645,703</u>

	<i>Note</i>	30.6.2025 HK\$'000 (unaudited)	31.12.2024 <i>HK\$'000</i> (audited)
Non-current liabilities			
Bank and other borrowings	12	731,375	947,580
Lease liabilities		114,330	119,531
Deferred income		10,382	11,228
Deferred tax liabilities		14,853	13,659
Retirement benefit obligations		13,312	12,660
Other liabilities		6,506	6,766
		890,758	1,111,424
Net assets		3,656,006	3,534,279
Capital and reserves			
Share capital		10,398	10,398
Reserves		3,548,167	3,436,660
Equity attributable to owners of the Company		3,558,565	3,447,058
Non-controlling interests		97,441	87,221
Total equity		3,656,006	3,534,279

NOTES

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The Company is a public company incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 June 2013. Its immediate and ultimate holding company is Grandview Capital Investment Limited, which is incorporated in the British Virgin Islands and is wholly owned by Mr. Lu Yuguang, who is the Chairman and executive director of the Company. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 May 2014.

The functional currency of the Company is Hong Kong dollar ("**HK\$**"), which is the same as the presentation currency of the condensed consolidated financial statements.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

3. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue

The Group's revenue is derived from manufacturing and trading of elastic fabric, lace and elastic webbing in the Mainland China, Hong Kong, the Socialist Republic of Vietnam ("Vietnam") and the Democratic Socialist Republic of Sri Lanka ("Sri Lanka"), net of discounts and sales related taxes.

Disaggregation of revenue from contracts with customers

Revenue from manufacturing and trading of elastic fabric, lace and elastic webbing are recognised at a point in time.

For the six months ended 30 June 2025 (unaudited)

Types of goods	Manufacturing and trading of elastic fabric and lace HK\$'000	Manufacturing and trading of elastic webbing HK\$'000	Total HK\$'000
Sales of products			
Elastic fabric			
– Sportswear and apparel	1,230,597	–	1,230,597
– Lingerie	576,547	–	576,547
	<u>1,807,144</u>	<u>–</u>	<u>1,807,144</u>
Lace	22,076	–	22,076
Elastic webbing	–	500,616	500,616
	<u>1,829,220</u>	<u>500,616</u>	<u>2,329,836</u>

For the six months ended 30 June 2024 (unaudited)

Types of goods	Manufacturing and trading of elastic fabric and lace HK\$'000	Manufacturing and trading of elastic webbing HK\$'000	Total HK\$'000
Sales of products			
Elastic fabric			
– Sportswear and apparel	1,301,906	–	1,301,906
– Lingerie	587,541	–	587,541
	<u>1,889,447</u>	<u>–</u>	<u>1,889,447</u>
Lace	27,800	–	27,800
Elastic webbing	–	468,161	468,161
	<u>1,917,247</u>	<u>468,161</u>	<u>2,385,408</u>

Segment information

The financial information reported to executive directors of the Company, being the chief operating decision makers (“**CODM**”), for the purpose of assessment of segment performance and resources allocation focuses on types of goods delivered.

The Group’s operating and reportable segments under HKFRS 8 are as follows:

- Manufacturing and trading of elastic fabric and lace

This segment derives its revenue from manufacturing and trading of elastic fabric and lace made commonly from synthetic fibres that are used in high-end knitted lingerie, sportswear and apparel products.

- Manufacturing and trading of elastic webbing

This segment derives its revenue from manufacturing and trading of elastic webbing made commonly from synthetic fibres that are used as shoulder straps, lingerie trims and waistbands.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

For the six months ended 30 June 2025 (unaudited)

	Manufacturing and trading of elastic fabric and lace HK\$’000	Manufacturing and trading of elastic webbing HK\$’000	Total HK\$’000
Segment revenue from external customers	1,829,220	500,616	2,329,836
Segment gross profit	505,274	115,160	620,434
Segment profit	309,613	55,631	365,244
Unallocated other income			7,311
Unallocated other gains and losses			(658)
Unallocated corporate expenses			(21,988)
Share of result of a joint venture			1,645
Finance costs			(41,793)
Profit before taxation			309,761

For the six months ended 30 June 2024 (unaudited)

	Manufacturing and trading of elastic fabric and lace <i>HK\$'000</i>	Manufacturing and trading of elastic webbing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	<u>1,917,247</u>	<u>468,161</u>	<u>2,385,408</u>
Segment gross profit	<u>528,105</u>	<u>117,057</u>	<u>645,162</u>
Segment profit	<u>304,419</u>	<u>60,333</u>	364,752
Unallocated other income			8,321
Unallocated other gains and losses			20,354
Unallocated corporate expenses			(27,263)
Share of result of a joint venture			1,768
Finance costs			<u>(43,712)</u>
Profit before taxation			<u>324,220</u>

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the results of each segment without allocation of corporate items including mainly bank interest income, net foreign exchange (loss) gain, corporate expenses, share of result of a joint venture and finance costs. Corporate expenses include directors' remuneration paid or payable by the Group and certain administrative expenses for corporate functions. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	191,873	203,463
Depreciation of right-of-use assets	30,455	26,658
Depreciation capitalised in inventories	(203,870)	(208,940)
	<u>18,458</u>	<u>21,181</u>
Cost of inventories recognised as an expense	1,709,402	1,740,246
Including: (reversal of) provision for allowance for slow-moving inventories	(2,493)	7,994
Bank interest income (included in other income)	(5,036)	(6,215)
Government grants (included in other income)	(3,589)	(3,625)
Net proceeds from sales of scrap materials (included in other income)	(7,642)	(4,723)
Performance bonus received from selected customers (included in other income)	(21,000)	–
Net foreign exchange loss (gain) (included in other gains and losses)	<u>658</u>	<u>(20,354)</u>

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	27,593	19,048
The People's Republic of China ("PRC") Enterprise Income Tax ("EIT")	11,975	10,716
Income tax in other jurisdictions	9,399	8,654
Over-provision in prior years:		
The PRC EIT	(1,465)	(1,619)
	<u>47,502</u>	<u>36,799</u>
Deferred taxation	(8,399)	4,252
	<u>39,103</u>	<u>41,051</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million profit of the qualifying group entity will be taxed at 8.25%, and profit above HK\$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax for the profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to both periods.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% during the six months ended 30 June 2025 and 2024 respectively, unless there is any applicable preferential tax treatment.

The Company’s subsidiaries, Dongguan Best Pacific Textile Company Limited (“**Dongguan BPT**”) and Dongguan New Horizon Elastic Fabric Company Limited (“**Dongguan NHE**”), had obtained the qualification as high and new technology enterprises since 2010 and 2016, respectively, which were further renewed for an additional three years from the year ended 31 December 2022. Hence, Dongguan BPT and Dongguan NHE were subject to the preferential tax treatment and the applicable tax rate for the six months ended 30 June 2025 and 2024 was 15%.

Withholding tax on dividends from subsidiaries established in the PRC was calculated at 5% of the estimated dividends to be received from the subsidiaries in the PRC during the six months ended 30 June 2025 and 2024.

Pursuant to the relevant Vietnam Enterprises Income Tax rules and regulations, the applicable tax rate for the subsidiary operating in Vietnam is 20%. The subsidiary of the Group in Vietnam is eligible for a tax holiday for two financial years since the first financial year of taxable profit and a tax concession at a tax rate of 10% for the following four financial years. With the new incentive in place during the year ended 31 December 2018 and by fulfilling certain stated requirements as set by the Ministry of Industry and Trade of Vietnam, the subsidiary of the Group in Vietnam had been eligible for a tax holiday for four financial years since 2018, a tax concession at a tax rate of 5% for the following nine financial years and a tax concession at a tax rate of 10% for the next following two financial years. The applicable tax rate for the six months ended 30 June 2025 and 2024 was 5%.

Withholding tax on shareholder’s loans interest was calculated at 5% of the interest paid and estimated interest to be paid by the subsidiary in Vietnam for the six months ended 30 June 2025 and 2024.

According to the amendments to the Inland Revenue Act No. 24 of 2017 passed by the Sri Lankan parliament on 9 December 2022, the subsidiaries of the Group operating in Sri Lanka are liable for an income tax rate of 30% from 1 July 2022 onwards. In addition, one of these subsidiaries is currently eligible for a preferential tax treatment and applicable tax rate for the six months ended 30 June 2025 was 15% (for the six months ended 30 June 2024: tax holiday).

Taxation arising in any other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

7. DIVIDENDS

During the current interim period, a final dividend of HK15.91 cents per ordinary share in respect of the year ended 31 December 2024 (2024: HK11.38 cents per ordinary share in respect of the year ended 31 December 2023) was declared to the shareholders of the Company and was approved by the shareholders at the annual general meeting on 3 June 2025. The aggregate amount of final dividend amounted to approximately HK\$165,433,000 (2024: approximately HK\$118,330,000) was subsequently paid to shareholders in July 2025 (2024: July 2024).

Subsequent to the end of the current interim period, the directors of the Company have resolved to declare interim dividend of HK12.5 cents per ordinary share for the six months ended 30 June 2025 (2024: HK13.33 cents per ordinary share for the six months ended 30 June 2024).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30.6.2025	30.6.2024
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to owners of the Company) (HK\$'000)	<u>260,438</u>	<u>277,358</u>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	<u>1,039,808,000</u>	<u>1,039,808,000</u>

No diluted earnings per share for the six months ended 30 June 2025 and 2024 was presented as there was no potential ordinary shares in issue for the six months ended 30 June 2025 and 2024.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, total additions to property, plant and equipment were approximately HK\$171,913,000 (for the six months ended 30 June 2024: approximately HK\$164,424,000), which mainly included additions to construction in progress of approximately HK\$131,224,000 (for the six months ended 30 June 2024: approximately HK\$120,714,000) and additions to machinery of approximately HK\$34,227,000 (for the six months ended 30 June 2024: approximately HK\$36,607,000).

During the six months ended 30 June 2025, total transfer from construction in progress were approximately HK\$58,167,000 (for the six months ended 30 June 2024: approximately HK\$62,503,000), which mainly included transfer to machinery of approximately HK\$48,048,000 (for the six months ended 30 June 2024: Nil) and transfer to buildings of approximately HK\$10,119,000 (for the six months ended 30 June 2024: approximately HK\$62,503,000).

During the six months ended 30 June 2025, the Group entered into various new lease agreements with lease term of one to three years, for leasing of factory premises in the PRC. On lease commencement, the Group recognised lease liabilities of approximately HK\$31,075,000 (for the six months ended 30 June 2024: approximately HK\$7,286,000) and total additions to right-of-use assets were approximately HK\$31,075,000 (for the six months ended 30 June 2024: approximately HK\$7,286,000).

10. TRADE AND BILLS RECEIVABLES

	30.06.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
Trade receivables	677,308	865,467
Less: Allowance for credit losses	(4,052)	(8,282)
Net trade receivables	673,256	857,185
Bills receivables	2,634	17,321
Total trade and bills receivables	675,890	874,506

Trade receivables balance mainly represented receivables from customers in relation to the sale of elastic fabric, lace and elastic webbing. The credit period granted to the customers ranges from 30 to 120 days from the date of issuance of a monthly statement for sales delivered in that particular month.

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period, and an ageing analysis of bills receivables, presented based on the date of issuance of the bills which are outstanding as at the end of each reporting period:

	30.6.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
Trade receivables		
0–90 days	616,649	713,042
91–180 days	53,700	142,658
Over 180 days	2,907	1,485
	673,256	857,185
Bills receivables		
0–90 days	2,634	17,321
	2,634	17,321
	675,890	874,506

11. TRADE AND BILLS PAYABLES

Trade payables

The credit period granted by the Group's creditors ranges from approximately 30 to 90 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30.6.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
0–90 days	270,712	342,303
91–180 days	19,354	25,566
	290,066	367,869

Bills payables

The following is an ageing analysis of bills payables presented based on the date of issuance of bills which are outstanding as at the end of each reporting period:

	30.6.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
0–90 days	85,778	230,050
91–180 days	121,907	128,492
	207,685	358,542

12. BANK AND OTHER BORROWINGS

	30.6.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
Unsecured syndicated loan	280,000	500,000
Unsecured bank borrowings	1,100,222	920,373
Unsecured other borrowings	138,011	140,888
	<u>1,518,233</u>	<u>1,561,261</u>
Bank borrowings repayable*:		
Within one year	740,789	590,749
More than one year, but not exceeding two years	53,433	44,812
More than two years, but not exceeding five years	586,000	784,812
	<u>1,380,222</u>	<u>1,420,373</u>
Other borrowings repayable*:		
Within one year	46,069	22,932
More than one year, but not exceeding two years	9,360	38,298
More than two years, but not exceeding five years	82,582	79,658
	<u>138,011</u>	<u>140,888</u>
Total borrowings	<u>1,518,233</u>	<u>1,561,261</u>
Less: Amounts due within one year or contain a repayment on demand clause shown under current liabilities	<u>(786,858)</u>	<u>(613,681)</u>
Amounts shown under non-current liabilities	<u>731,375</u>	<u>947,580</u>
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	<u>660,538</u>	<u>510,843</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS REVIEW

The recent proposals of reciprocal tariffs by the United States of America (the “U.S.”) profoundly transformed the global economic and business landscape, shifting it from a relatively stable and expanding environment to one marked by significant uncertainties and volatility. Since the initial announcement in April 2025, U.S. tariff policy underwent a series of tumultuous revisions, reflecting the complexities of international trade dynamics. Initially, tariffs ranging from 10% to 50% were slated to be imposed on nearly all U.S. trading partners, igniting immediate concerns about the potential onset of a trade war. This initial alarm was then compounded by the suspension of the policy for 90 days, creating a temporary reprieve but also fostering an environment of unpredictability.

Such sweeping measures not only increased costs for retailers and consumers, but the implications of these tariffs extended far beyond U.S. borders, reverberating through global supply chains and impacting international trade relations. The initial announcement also sparked fears that such measures would exacerbate inflationary pressures within the U.S. economy and potentially trigger a recession, resulting in considerable turbulence across global equity and bond markets. The interconnected nature of today’s economies meant that tariffs did not merely affect bilateral trade, they disrupted established supply chains, increased costs for manufacturers, and created a climate of uncertainty that stifled investment and innovation.

Subsequent to the temporary suspension of U.S. tariff policy, global equity markets experienced a notable rebound, buoyed by positive macroeconomic data that exceeded expectations and announcements regarding tariff adjustments. However, the U.S. Federal Funds target interest rate remained static, reflecting ongoing concerns about accelerating inflation. The International Monetary Fund (the “IMF”) adjusted its global growth forecast for 2025 several times throughout the year, initially projecting a growth rate of 3.3% in January, which was later revised to 2.8% in April and then to 3.0% in July. In the U.S., Gross Domestic Product (“GDP”) growth was reported at 3.0% for the second quarter of 2025, as documented by the U.S. Bureau of Economic Analysis, while China reported an impressive GDP growth of 5.3% for the first half of 2025, according to the National Bureau of Statistics of China.

Considering that the U.S. imported nearly all apparel products, which amounted to approximately 80 billion United States Dollars (“US\$”) in 2024, according to Dataweb, and most textile and apparel manufacturers currently had their main production facilities in Asia, U.S. tariff policy delivered a significant shock to the textile and garment industry. The unpredictable and frequently changing nature of these tariffs forced many apparel brands with ties to the U.S. market to adopt a cautious procurement approach, as they hesitated to place long-term orders amid ongoing macroeconomic uncertainties. Instead, they opted for shorter-term orders if demand improved, aiming to maintain healthy inventory levels. The imposition of tariffs had also compelled some U.S. apparel brands to require their suppliers to absorb a portion of the tariff costs, underscoring the pressure on profit margins and raising concerns about the resilience of the textile and apparel supply chain.

In this challenging business environment, our Group achieved overall sales revenue of approximately HK\$2,329.8 million for the six months ended 30 June 2025. This represented a revenue decrease of approximately 2.3%, as compared to the corresponding period in 2024. The slight drop in revenue was largely due to weaker-than-expected sales demand in the second quarter of 2025 following the introduction of reciprocal tariffs, along with a high revenue base from the first half of 2024, which was bolstered by restocking initiatives from various brands. For the six months ended 30 June 2025, our overall gross profit totalled approximately HK\$620.4 million, which was down by approximately 3.8% as compared to the corresponding period in 2024. The profit attributable to owners of the Company amounted to approximately HK\$260.4 million for the Reporting Period, representing a modest decline of approximately 6.1%, as compared to the six months ended 30 June 2024. This performance highlighted the Group's resilience in navigating a challenging market landscape.

Basic earnings per share was approximately HK25.05 cents for the Reporting Period, representing a decrease of approximately 6.1% from approximately HK26.67 cents for the six months ended 30 June 2024.

Our international operations

Our international manufacturing footprint constitutes a pivotal competitive advantage for Best Pacific. We are committed to delivering sustainable supply chain solutions that align with the best interests of our customers – which encompass the reduction in production lead time, and the catering for trade and tariff considerations.

VIETNAM

According to the General Statistics Office of Vietnam, Vietnam achieved a GDP growth of 7.52% in first half of 2025. Our operations in Vietnam had experienced a low single digit decline in sales revenue in the first half of 2025, which was in line with the Group's overall decline in revenue due to decrease in orders placed by certain apparel brands with significant exposure in the U.S. market in the second quarter of 2025.

We announced in December 2024 the acquisition of the land use rights of a tract of land in Nghe An, Vietnam, with the initiatives to launch an advanced production facility in the region. However, we had taken a more prudent approach in our capital investment in light of the rapidly changing geopolitical and business landscape and we had managed to slow down the investment plan and reduced related cash outflows for the first half of 2025.

SRI LANKA

The textile and apparel export value in Sri Lanka amounted to approximately US\$2.5 billion in the first half of 2025, representing an increase of approximately 8.95% as compared to the corresponding period in 2024, as per the statistics disclosed by the Joint Apparel Association Forum of Sri Lanka. Our operations in Sri Lanka had continued to improve its operations and had achieved a low single-digit increase in sales revenue in the first half of 2025.

FINANCIAL REVIEW

Revenue

The Group's revenue is primarily derived from the sales of its major products, including elastic fabric, elastic webbing and lace.

Despite we experienced a single digit growth in our overall sales revenue in the first quarter of 2025, our revenue for the six months ended 30 June 2025 totalled approximately HK\$2,329.8 million, representing a decrease of approximately HK\$55.6 million, or approximately 2.3%, from approximately HK\$2,385.4 million for the six months ended 30 June 2024. This decline was largely attributed to our overseas brand customers exercising more caution in their order placements due to uncertainties stemming from U.S. tariff policies in the second quarter.

A comparison of the Group's revenue for the six months ended 30 June 2025 and the six months ended 30 June 2024 by product categories is as follows:

	Six months ended 30 June				Change	
	2025		2024			
	Revenue	% of	Revenue	% of		
	(HK\$'000)	Revenue	(HK\$'000)	Revenue	(HK\$'000)	%
Elastic fabric	1,807,144	77.6	1,889,447	79.2	(82,303)	(4.4)
– Sportswear and apparel	1,230,597	52.8	1,301,906	54.6	(71,309)	(5.5)
– Lingerie	576,547	24.8	587,541	24.6	(10,994)	(1.9)
Elastic webbing	500,616	21.5	468,161	19.6	32,455	6.9
Lace	22,076	0.9	27,800	1.2	(5,724)	(20.6)
Total	2,329,836	100.0	2,385,408	100.0	(55,572)	(2.3)

Our revenue in the sportswear and apparel elastic fabric segment was approximately HK\$1,230.6 million for the six months ended 30 June 2025, reflecting a decrease of approximately HK\$71.3 million, as compared to approximately HK\$1,301.9 million for the six months ended 30 June 2024. The decrease in revenue in the sportswear and apparel elastic fabric segment was mainly caused by a more prudent strategy in placing purchasing orders by certain apparel brands with significant exposure in the U.S. market in the second quarter of the year. On the other hand, our lingerie elastic fabric business experienced a lesser decline in sales revenue during the Reporting Period. For the six months ended 30 June 2025, revenue from lingerie elastic fabric sales was approximately HK\$576.5 million, representing a slight decrease of approximately HK\$11.0 million or approximately 1.9% compared to the same period in 2024.

Furthermore, sales of elastic webbing experienced a mild growth of approximately 6.9%. With investments in yarn dyed webbing products in recent years, we were able to secure a few core programmes from various key customers, which resulted in the improvement in sales in our elastic webbing segment even during this challenging time.

Cost of sales, gross profit and gross profit margin

The Group's cost of sales mainly comprises the cost of raw materials, manufacturing overheads, and direct labour costs.

For the six months ended 30 June 2025, the Group's cost of sales amounted to approximately HK\$1,709.4 million, representing a decrease of approximately HK\$30.8 million or approximately 1.8%, as compared to the six months ended 30 June 2024. The overall decrease in cost of sales in the first half of 2025 was primarily due to the decrease in overall sales revenue.

	Six months ended 30 June			
	2025		2024	
	Gross profit	Gross profit	Gross profit	Gross profit
	(HK\$'000)	margin	(HK\$'000)	margin
		%		%
Elastic fabric	504,013	27.9	523,534	27.7
Elastic webbing	115,160	23.0	117,057	25.0
Lace	1,261	5.7	4,571	16.4
Overall	620,434	26.6	645,162	27.0

As a result of a reduction in production capacity utilization, particularly in the second quarter of 2025, the Group recorded a slight decline in its overall gross profit. The gross profit of the Group fell from approximately HK\$645.2 million for the six months ended 30 June 2024 to approximately HK\$620.4 million for the six months ended 30 June 2025.

Despite our continuous efforts to streamline manufacturing processes, improve production efficiencies, and strengthen cost control, the Group's overall revenue during the Reporting Period fell short of our initial expectation, resulting in varying increases across several key costs. However, the generally lower raw material prices, which accounted for approximately 34.0% and 32.8% of overall revenue for the six months ended 30 June 2024 and 30 June 2025, respectively, had helped ease some of the cost pressures faced by the Group.

Other income

The Group's other income mainly consists of bank interest income, government grants, net proceeds from sales of scrap materials, performance bonus received from selected customers and others. The following table sets forth the breakdown of the Group's other income for the periods indicated:

	Six months ended 30 June	
	2025 (HK\$'000)	2024 (HK\$'000)
Bank interest income	5,036	6,215
Government grants	3,589	3,625
Net proceeds from sales of scrap materials	7,642	4,723
Performance bonus received from selected customers	21,000	–
Others	6,940	4,865
Total	44,207	19,428

The Group's other income increased from approximately HK\$19.4 million for the six months ended 30 June 2024 to approximately HK\$44.2 million for the six months ended 30 June 2025. The increase was mainly due to the increase in net proceeds from sales of scrap materials and the receipt of performance bonus from selected customers in reward for our quality products and enhanced efficiencies.

Other gains and losses

Other gains and losses of the Group in the six months ended 30 June 2025 mainly consisted of a net foreign exchange loss of approximately HK\$0.7 million as a result of the moderate appreciation of the Renminbi (“RMB”) during the Reporting Period (for the six months ended 30 June 2024: a net foreign exchange gain of approximately HK\$20.4 million due to the general appreciation of US\$).

Selling and distribution expenses

Selling and distribution expenses primarily consist of employee benefit expenses, transportation, marketing and promotional expenses and other selling and distribution expenses. For the six months ended 30 June 2024 and 2025, the Group's selling and distribution expenses represented approximately 4.3% and 4.5% of its total revenue respectively.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, depreciation, motor vehicle expenses, bank charges and other administrative expenses. For both the six months ended 30 June 2024 and 2025, the Group's administrative expenses represented approximately 6.9% and 6.8% of its total revenue respectively.

Research and development costs

The Group is dedicated to catering to changing market preferences by introducing innovative lingerie, sportswear and apparel materials. For the six months ended 30 June 2024 and 2025, the Group's research and development costs represented approximately 2.1% and 2.4% of its total revenue, respectively.

Finance costs

The Group's finance costs mainly represent interest expenses for bank and other borrowings and lease liabilities. The finance costs decreased by approximately 4.3% from approximately HK\$43.7 million for the six months ended 30 June 2024 to approximately HK\$41.8 million for the six months ended 30 June 2025. The decrease in finance costs during the six months ended 30 June 2025 was primarily due to the generally lower borrowing interest rates during the Reporting Period.

Income tax expense

Taxation arising in a jurisdiction is calculated at the tax rate prevailing in the relevant jurisdiction. For the six months ended 30 June 2025, the income tax expense amounted to approximately HK\$39.1 million, as compared to approximately HK\$41.1 million for the six months ended 30 June 2024.

The effective tax rate of the Group was approximately 12.6% for period ended 30 June 2025, as compared to approximately 12.7% for period ended 30 June 2024.

Net profit and net profit margin

For the six months ended 30 June 2025, the Group reported a net profit of approximately HK\$270.7 million, reflecting a decrease of about 4.4%, as compared to approximately HK\$283.2 million for the six months ended 30 June 2024. The Group maintained a relatively stable net profit margin of approximately 11.6% for the six months ended 30 June 2025 (for the six months ended 30 June 2024: net profit margin was approximately 11.9%). The slight decline in both net profit and net profit margin was primarily attributed to a decrease in gross profit, which was affected by the U.S. tariff policy announced in the second quarter of 2025.

Liquidity, financial resources and bank borrowings

As at 30 June 2025, net working capital (calculated as current assets less current liabilities) was approximately HK\$1,383.1 million, representing a decrease of approximately HK\$111.9 million, as compared to approximately HK\$1,495.0 million as at 31 December 2024. The current ratio (calculated as current assets divided by current liabilities) was at 1.7 times as at 30 June 2025, as compared to 1.8 times as at 31 December 2024.

The Group had earnings before interest, tax, depreciation and amortisation ("EBITDA", calculated as profit for the period adding back finance costs, income tax expense, depreciation and amortisation) for the six months ended 30 June 2025 of approximately HK\$573.9 million (for the six months ended 30 June 2024: approximately HK\$598.1 million). The slight decrease in EBITDA of approximately 4.0% was mainly due to a decrease in net profits during the Reporting Period.

For the six months ended 30 June 2025, net cash generated from operating activities was approximately HK\$348.2 million, as compared to approximately HK\$304.8 million for the six months ended 30 June 2024. The increase was mainly due to the overall improvements in working capital management during the Reporting Period.

Net cash used in investing activities amounted to approximately HK\$75.3 million for the six months ended 30 June 2025, as compared to approximately HK\$120.4 million for the six months ended 30 June 2024. To achieve our long term development goal and to cater for potential business growth in the future, we paid approximately HK\$118.0 million to purchase property, plant and equipment during the Reporting Period.

For the six months ended 30 June 2025, net cash used in financing activities amounted to approximately HK\$114.9 million, as compared to approximately HK\$350.3 million for the six months ended 30 June 2024. The cash used in financing activities for the six months ended 30 June 2025 was mainly used for the repayment of borrowings and interests.

As at 30 June 2025, the Group's net gearing ratio was approximately 8.2% (as at 31 December 2024: approximately 13.5%), which was calculated on the basis of the amount of net debt position (sum of total bank and other borrowings, less bank deposits and bank balances and cash) as a percentage of total equity. The Group was in a net debt position of approximately HK\$300.4 million as at 30 June 2025, as compared to approximately HK\$477.3 million as at 31 December 2024.

Working capital management

The Group had a stable trade and bills receivables turnover days of approximately 60.2 days for the six months ended 30 June 2025, as compared to approximately 58.3 days for the year ended 31 December 2024. The Group also had a stable trade and bills payables turnover days of approximately 64.8 days for the six months ended 30 June 2025, as compared to approximately 66.8 days for the year ended 31 December 2024. As negatively impacted by the U.S. tariff announced in the second quarter of 2025, the inventory turnover days increased from approximately 111.8 days for the year ended 31 December 2024 to approximately 131.1 days for the six months ended 30 June 2025, which was mainly due to the overall higher than expected average inventories maintained during the Reporting Period.

Capital expenditures

For the six months ended 30 June 2025, total additions to property, plant and equipment amounted to approximately HK\$171.9 million (for the six months ended 30 June 2024: approximately HK\$164.4 million), which was mainly attributed to the additions to construction in progress of approximately HK\$131.2 million (for the six months ended 30 June 2024: approximately HK\$120.7 million) and the additions to machinery of approximately HK\$34.2 million (for the six months ended 30 June 2024: approximately HK\$36.6 million), to cater for routine maintenance and slight increase in production capacity across our production sites.

During the six months ended 30 June 2025, total transfer from construction in progress were approximately HK\$58.2 million (for the six months ended 30 June 2024: approximately HK\$62.5 million), which mainly included transfer to machinery of approximately HK\$48.1 million (for the six months ended 30 June 2024: Nil) and transfer to buildings of approximately HK\$10.1 million (for the six months ended 30 June 2024: approximately HK\$62.5 million).

Pledge of assets

As at 30 June 2025, the Group pledged bank deposits of approximately HK\$68.1 million (as at 31 December 2024: approximately HK\$103.7 million) to secure the bills payables issued by the Group in connection with its trade transactions.

Foreign exchange risk

A substantial portion of the Group's revenue is denominated in US\$ and HK\$ and a portion of its purchases and expenses are denominated in RMB, Vietnam Dong ("VND") and Sri Lankan Rupee ("LKR"). Any significant exchange rate fluctuations of these foreign currencies against US\$ and HK\$ may have a financial impact on the Group. The Group manages its foreign exchange risk by performing regular reviews and monitoring its foreign exchange exposure. Our finance department monitors our foreign exchange risk on a continuous basis by analysing our domestic and overseas sales orders on hand, expected domestic and overseas orders from customers and estimated foreign currency payments for our purchases and expenses. We intend to manage our foreign exchange risks by (i) managing our sales, purchases and expenses denominated in HK\$ and RMB through our subsidiaries in Hong Kong and the Mainland China, respectively, as well as managing our sales, purchases and expenses denominated in US\$ through our subsidiaries in Hong Kong, Vietnam and Sri Lanka, and managing our purchases and expenses denominated in VND and LKR through our subsidiaries in Vietnam and Sri Lanka, respectively; and (ii) holding cash and bank deposits denominated in HK\$ primarily by the Company and its subsidiaries in Hong Kong, holding cash and bank deposits denominated in US\$ primarily by the Company and its subsidiaries in Hong Kong, Vietnam and Sri Lanka, and holding cash and bank deposits denominated in RMB, VND and LKR primarily by our subsidiaries in the Mainland China, Vietnam and Sri Lanka, respectively.

Employees and remuneration policies

The Group's remuneration packages include salary, bonuses, allowances and retirement benefits based on employee's performance, skills and knowledge. The Group also provides additional benefits to its employees that include subsidised accommodation, meals, accident and medical insurance and share incentives granted to eligible employees under the share award scheme and share option scheme of the Company from time to time. The Group will continue to provide regular training and competitive remuneration packages to its staff.

As at 30 June 2025, the Group employed a total of 11,685 employees (as at 31 December 2024: 11,037). The increase in the number of employees was mainly due to the new hires recruited in the first quarter of the year in light of the Group's originally planned business expansion.

Contingent liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities.

Events after the Reporting Period

Save as disclosed elsewhere in this announcement, there had been no events that had significant impacts on the Group after the Reporting Period and up to the date of this announcement.

PROSPECTS AND FUTURE STRATEGIES

According to the IMF's World Economic Outlook Update published in July 2025, global growth is projected at 3.0% for 2025 and 3.1% for 2026. This reflects a more optimistic outlook compared to the April 2025 report, highlighting the global economy's resilience despite ongoing challenges. As global inflation continues to decline, there is an opportunity for economic stability and growth. Ongoing trade negotiations also present a promising avenue and a breakthrough in establishing a predictable framework can lead to reduced effective tariff rates and foster a more open trading environment.

The second half of the year is traditionally the peak season for the textile and garment industry, and there are strong indicators that this trend will continue in 2025. However, escalating geopolitical tensions in the Middle East and Ukraine may pose significant challenges, potentially impacting global economic stability. Nevertheless, businesses are showcasing remarkable adaptability and innovation in response. Apparel brands are strategically positioned to embrace collaborative opportunities, forging strong partnerships with core suppliers to navigate these complexities. This proactive approach not only mitigates risks but also strengthens resilience, setting the stage for sustained growth and success in an evolving market landscape. Since the second quarter of 2025, the uptake on sales orders from our key customers is expected to drive higher capacity utilization, leading to economies of scale that shall enhance our overall margins.

With a spirit of tenacity and adaptability, Best Pacific is well-positioned to capitalize on emerging opportunities while maintaining a vigilant approach to risk management.

Sportswear and apparel markets

Although there was a slight decline in sales in the sportswear and apparel segment in the first half of 2025 due to the disturbance of the market resulting from the U.S. tariff policy, this sector is still believed to be the pivotal driver of growth for our Group in the medium and long term. Best Pacific is committed to strategically investing in our research and development capabilities to meet the ongoing demand for innovative sportswear and apparel products. This proactive approach positions us to capitalize on opportunities as market conditions improve and orders begin to rebound.

International footprint and capital expenditure

As of 30 June 2025, the overall annual designed production capacities of elastic fabric, elastic webbing and lace of the Group were approximately 277.5 million meters, 2,014.8 million meters and 45.0 million meters, respectively. Our international footprint serves as one of our key competitive advantages, and Best Pacific remains steadfast in our commitment to a multi-location manufacturing strategy.

As announced in December 2024, we acquired land use rights for a tract of land in Nghe An, Vietnam, with the intention of establishing our second production base in the country. In the first half of 2025, we have adopted a more cautious approach to capital investments due to the potential impacts of the U.S. tariff policy on Vietnam's business landscape. However, as market confidence returns, we are actively and conservatively reviewing our investment strategy. We may proceed with the appropriate expansion plan at an appropriate pace when conditions become favorable, ensuring that our investments align with market opportunities.

We continued to maintain strong cash flow and a healthy financial position, this can help us face the current challenging market environment, and allow us to capitalize on emerging opportunities.

We believe that our world-class innovation capabilities, extensive international footprint, strong partnerships with customers, agile business strategy, talented people and robust financial position have established a solid foundation for Best Pacific's sustainable growth and future success.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the three independent non-executive Directors (being Mr. Cheung Yat Ming, Mr. Kuo Dah Chih, Stanford and Mr. Lam Yin Shing, Donald), has reviewed with the management the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and the internal control procedures of the Group, and has discussed the relevant financial reporting matters.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2025 have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, by Deloitte Touche Tohmatsu, certified public accountants and registered public interest entity auditors in Hong Kong, and the Audit Committee of the Company has no disagreement.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK12.5 cents per ordinary share of the Company for the six months ended 30 June 2025 (the "**Interim Dividend**"). The Interim Dividend is expected to be paid on Friday, 10 October 2025 to all shareholders whose names appear on the register of members of the Company on Wednesday, 24 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 September 2025 to Wednesday, 24 September 2025 (both days inclusive) for the purpose of determining the entitlement to the Interim Dividend. In order to be qualified for the Interim Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are 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 Friday, 19 September 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the six months ended 30 June 2025, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers, bankers and other business associates for their continuous trusts and support. My appreciation also go to our colleagues for their diligence, contributions and commitment to the continuous success of the Group.

By Order of the Board
Best Pacific International Holdings Limited
Lu Yuguang
Chairman

Hong Kong, 25 August 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*