

**BEST PACIFIC INTERNATIONAL
HOLDINGS LIMITED**

超盈國際控股有限公司

Stock Code: 2111

BEST PACIFIC

Corporate Presentation



22 May 2015

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Section 1

RESULTS REVIEW

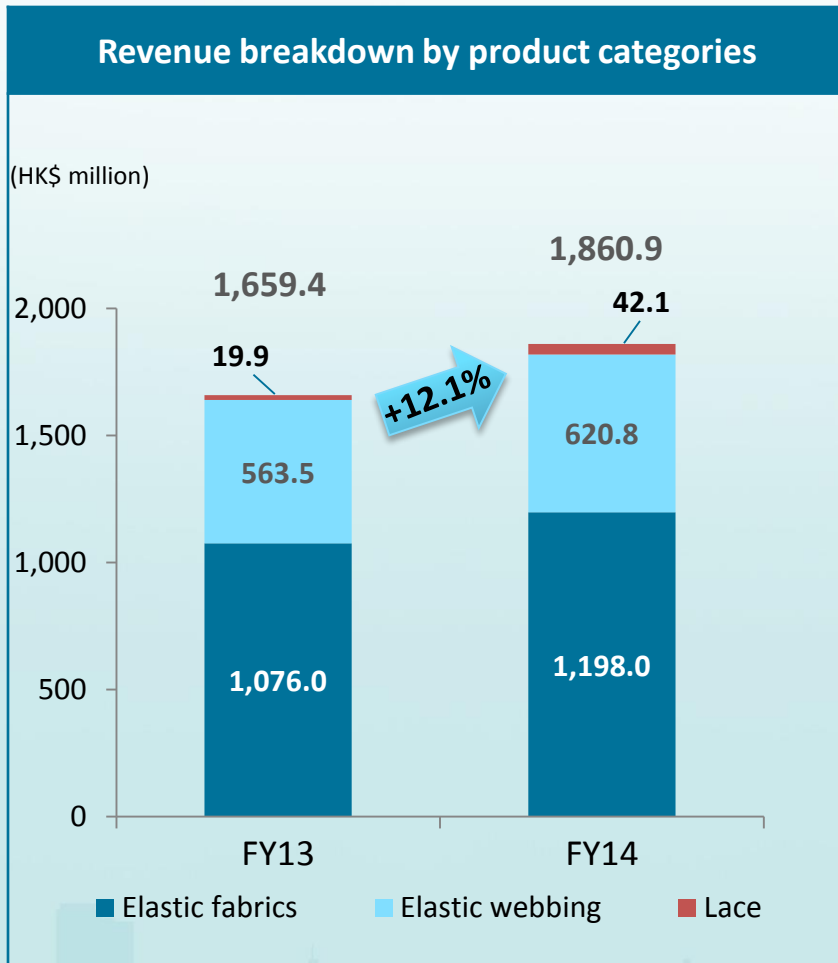


Financial highlights

		FY14*	FY13*	Changes	
		(HK\$ million)		(%)	
Revenue		1,860.9	1,659.4	+12.1%	
Gross profit		568.4	522.5	+8.8%	
Net profit		246.9	244.5	+1.0%	
Net profit (excluding one-off listing expenses, fair value change in financial instruments and investment properties and share-based payment expenses)		281.2	241.9	+16.3%	
		1H 2014			
Gross profit margin		30.6%	30.5%	31.5%	-1.0% pt
Net profit margin (excluding one-off listing expenses, fair value change in financial instruments and investment properties and share-based payment expenses)		14.3%	15.1%	14.6%	+0.5% pt
Basic earnings per share (HK cents)		27.05	28.61	-5.5%	
Basic earnings per share (HK cents) (excluding one-off listing expenses, fair value change in financial instruments and investment properties and share-based payment expenses)		30.81	28.44	+8.3%	
Dividend (HK cents)					
- Interim		3.5	N/A	N/A	
- Final		5.0	N/A	N/A	
- Full year		8.5	N/A	N/A	

*FY13 and FY14 referred to the financial years ended 31 December 2013 and 2014 respectively.

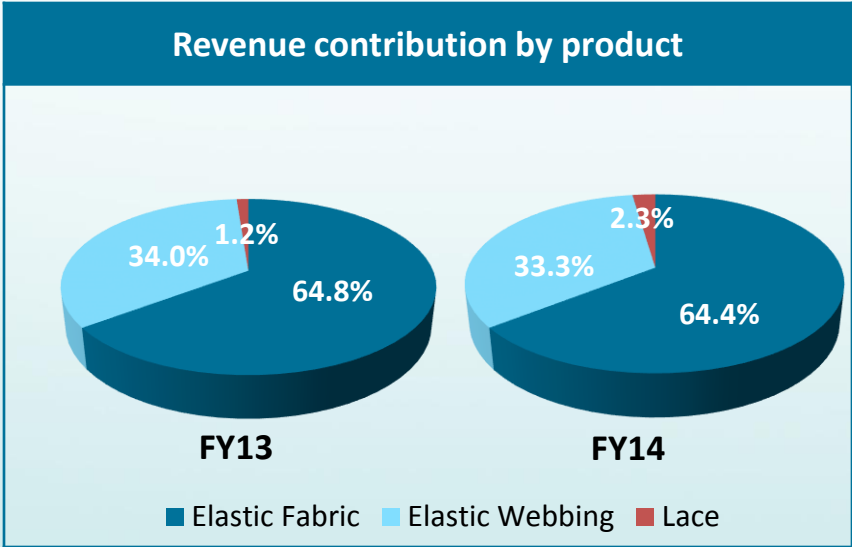
Revenue



- ❖ Revenue increased by 12.1% year-on-year to reach HK\$1,860.9 million
- ❖ Increase in revenue was mainly attributable to:
 - Increase in volume of products sold
 - Global economic recovery
 - Group's efforts in developing new market segments, including lace and sportswear materials market



Revenue – by product



❖ Elastic fabric

- Revenue: HK\$1,198.0 million
- +11.3% year-on-year due to:
 - Increase in demand from lingerie brands, which achieved a historic year high
 - Continued expansion in sportswear materials market
 - Revenue from sales of sportswear materials increased by 130.3% year-on-year



❖ Lace

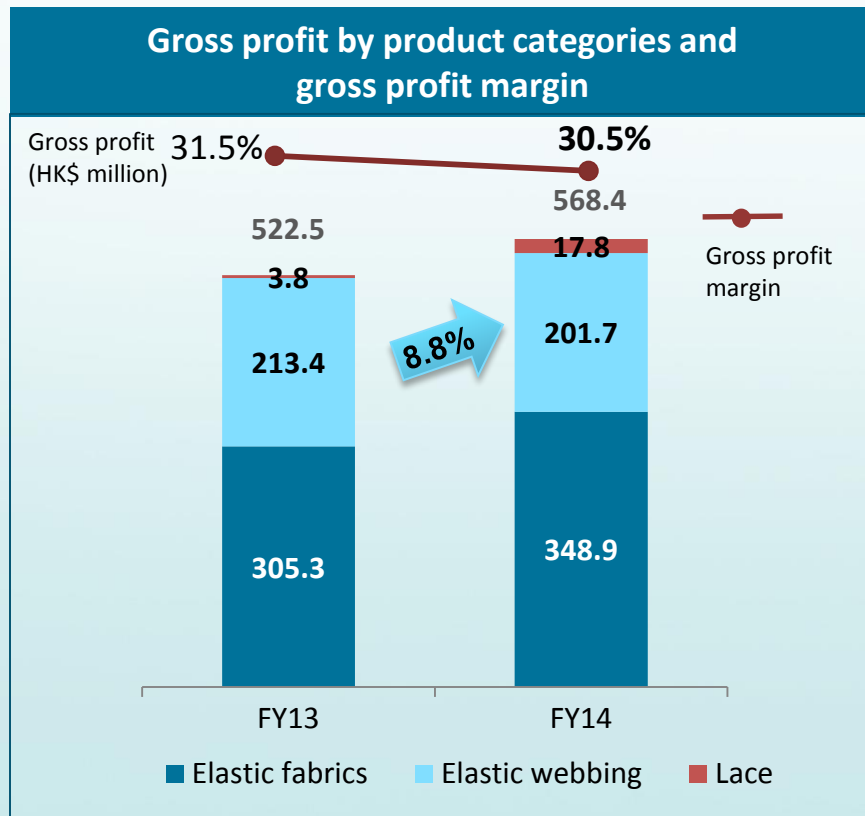
- Revenue: HK\$42.1 million
- +110.8% year-on-year due to:
 - Synergy from cross selling among segments
 - Market demand for lace remained strong



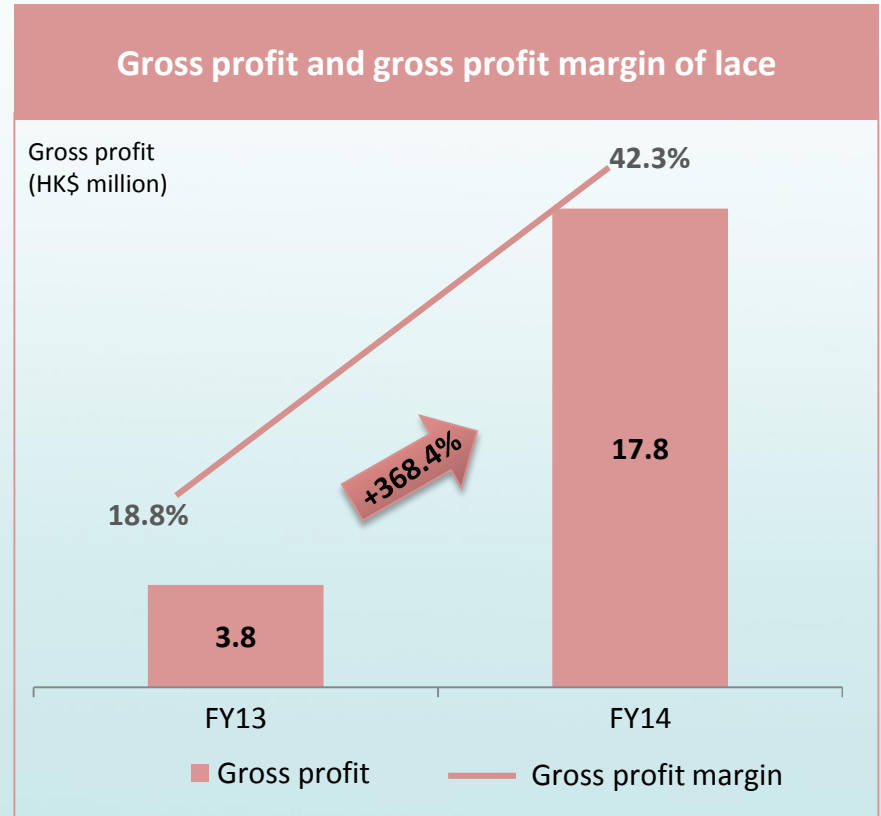
❖ Elastic webbing

- Revenue: HK\$620.8 million
- +10.2% year-on-year due to:
 - Continued growth in consumer demands, leading to an increase in orders from lingerie brands

Gross profit and gross profit margin



- ❖ Gross profit grew by 8.8% to HK\$568.4 million
- ❖ Gross profit margin decreased slightly by 1 percentage point to approximately 30.5%
- ❖ The Group adopted a cost plus pricing model, enabling the Group to maintain a relatively stable gross profit margin



- ❖ Industry average for lace’s gross profit margin ranging 40%-60%
- ❖ Group’s lace business recorded gross profit margin of 42.3% for the year ended 31 December 2014 (2013: 18.8%)

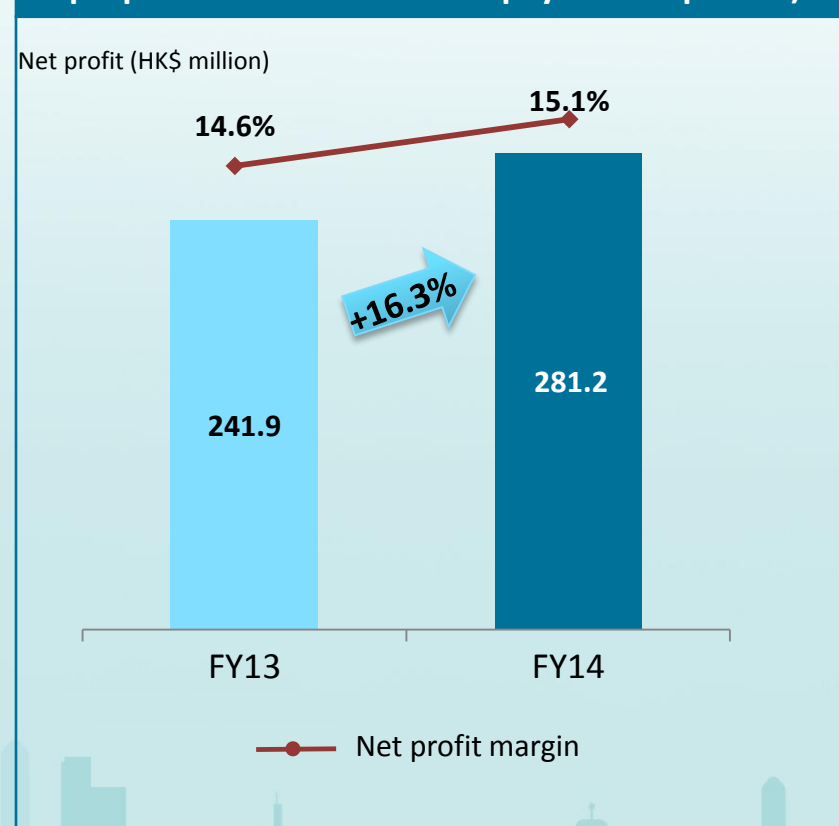
Net profit and net profit margin

Net profit margin in track record

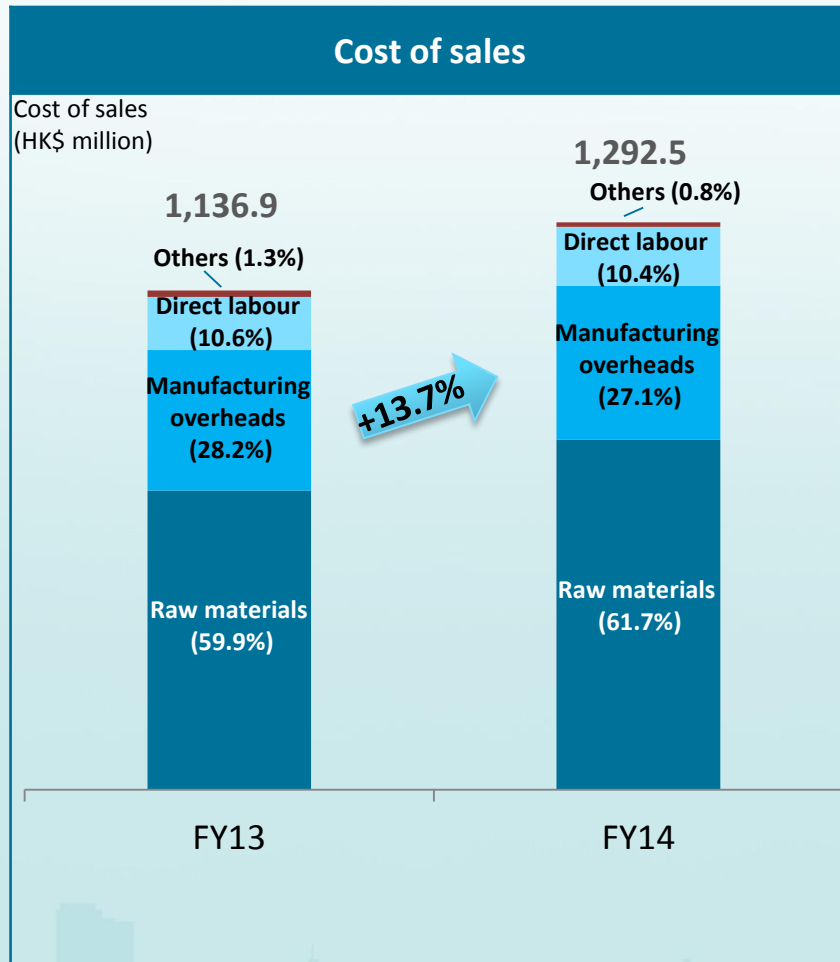
FY11	FY12	FY13	FY14
14.7%	14.1%	14.6%	15.1%

- ❖ Excluding one-off listing expenses, fair value change in financial instruments and investment properties and share-based payment expenses,
 - Net profit increased by 16.3% to HK\$281.2 million (FY13: HK\$241.9 million)
 - Net profit margin increased by approximately 0.5 percentage point to 15.1% (FY13: 14.6%)

Net profit and net profit margin (excluding one-off listing expenses, fair value change in financial instruments and investment properties and share-based payment expenses)

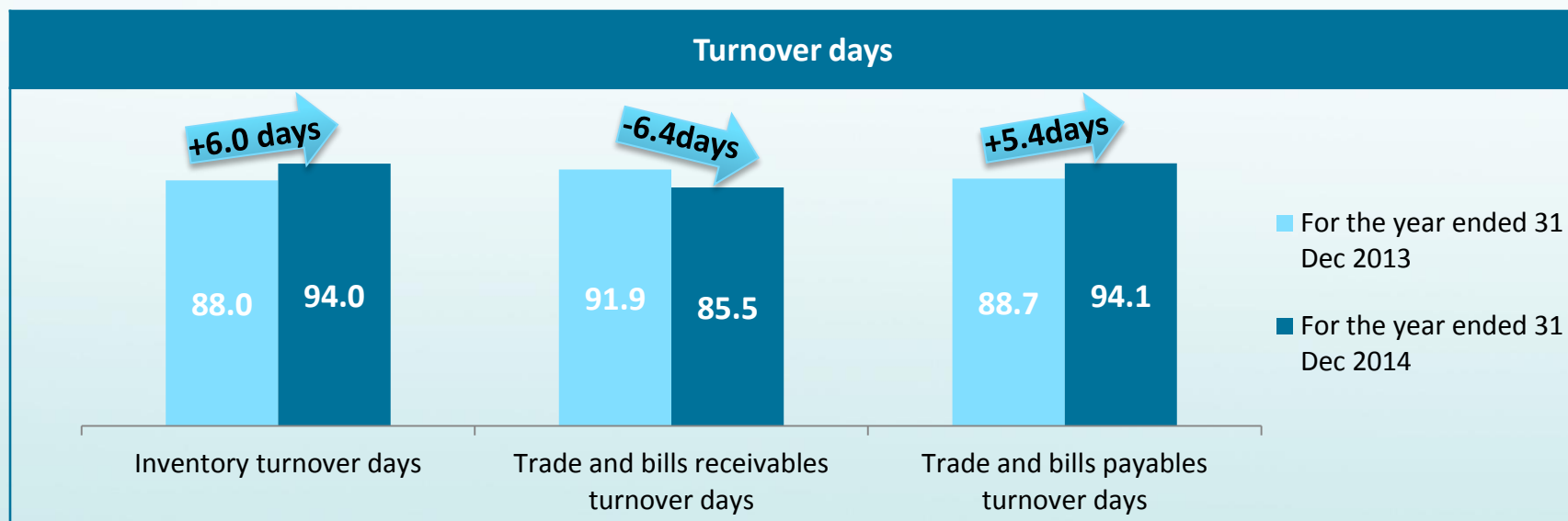


Cost of sales



- ❖ Cost of sales amounted to HK\$1,292.5 million, representing an increase of 13.7% year-on-year
- ❖ Increase was due to:
 - Increase in total sales volume
 - Increase in average costs of raw materials and direct labour costs
 - Increase in overall manufacturing overheads due to continued investments in property, plant and equipment to cope with anticipated business growth

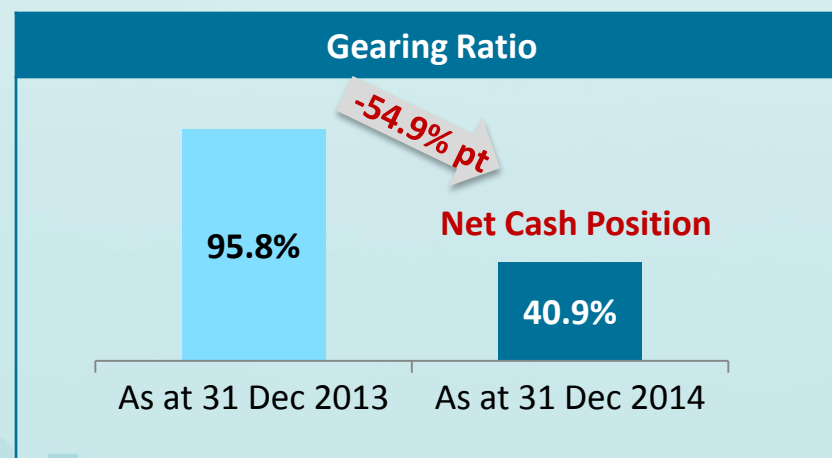
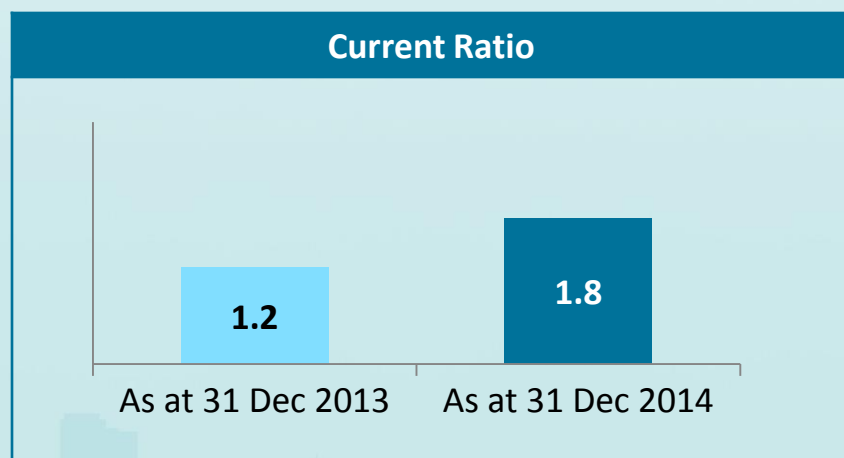
Working capital management



- ❖ Strong working capital management with all turnover ratios ranging between 85.5 days to 94.1 days for the year ended 31 Dec 2014
- ❖ Increase in inventory turnover days and trade and bills payables turnover days was primarily due to the increase in average inventory and trade and bills payables balances as a result of increase in business scale
- ❖ Decrease in trade and bills receivables turnover days was due to improvement of management of trade receivables

Liquidity and financial resources

(HK\$ million)	As at 31 December 2013	As at 31 December 2014
Pledged bank deposits	96.1	85.1
Short term bank deposits	—	649.8
Bank balances and cash	97.5	94.8
Net working capital (The total of current assets less current liabilities)	130.2	718.8



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Section 2

BUSINESS REVIEW



Leading market position with continuous growth



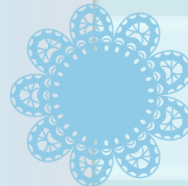
Strengthened “One-stop” solutions strategy



Expanded into new markets to broaden customer base



Close collaboration with leading lingerie brands



Enhanced innovation and research and development capability

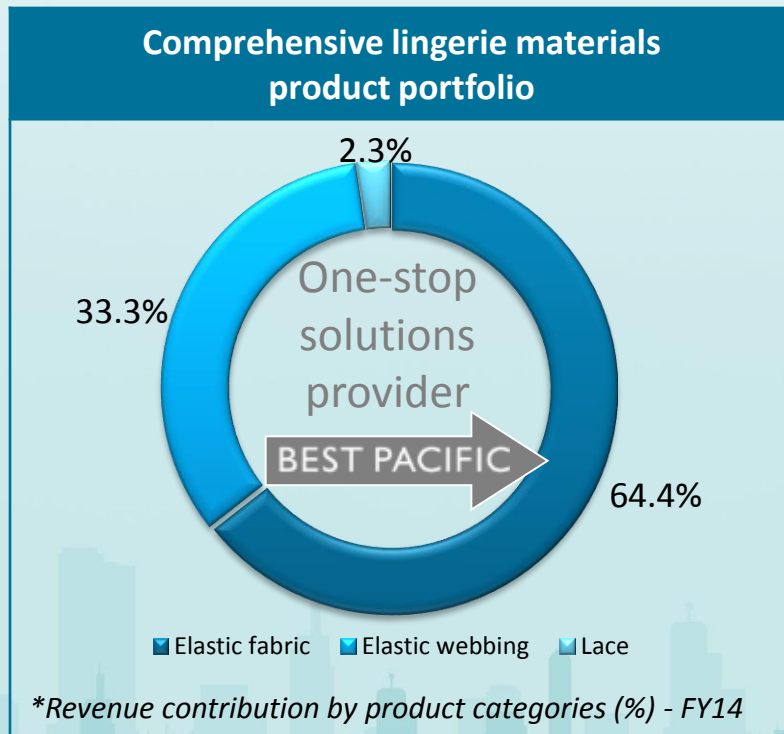


Expanded production facilities to capture market opportunities

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Strengthened one-stop solutions strategy

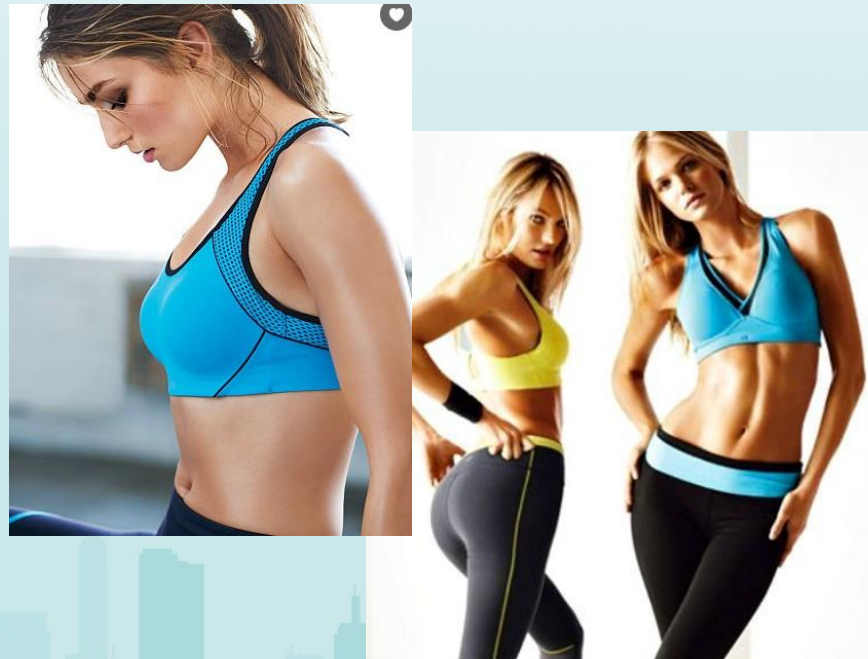
- ❖ Developed lace business in 2H2012
 - Expanded product portfolio
 - Collaboration with new and existing lingerie brands
 - Revenue from lace segment surged 110.8%
 - Achieved a gross profit margin of 42.3% in 2014



- ❖ Helping customers to achieve:
 - ✓ More simplified procurement process
 - ✓ Synchronisation of colors for different components of a lingerie product
 - ✓ Shorter inventory cycle and production lead time
- ❖ Helping Best Pacific to achieve:
 - ✓ Growth in sales and gross profit margin
 - ✓ Product bundling with several products offered for sale

Expanded into new markets to broaden customer base

- ❖ Similar specifications and functionalities of elastic fabric and elastic webbing in lingerie and sportswear
- ❖ Entered sportswear materials market by offering elastic fabric and elastic webbing to sportswear brand owners and manufacturers
- ❖ Achieved 130.3% year-on-year growth in revenue from sales of sportswear materials in 2014



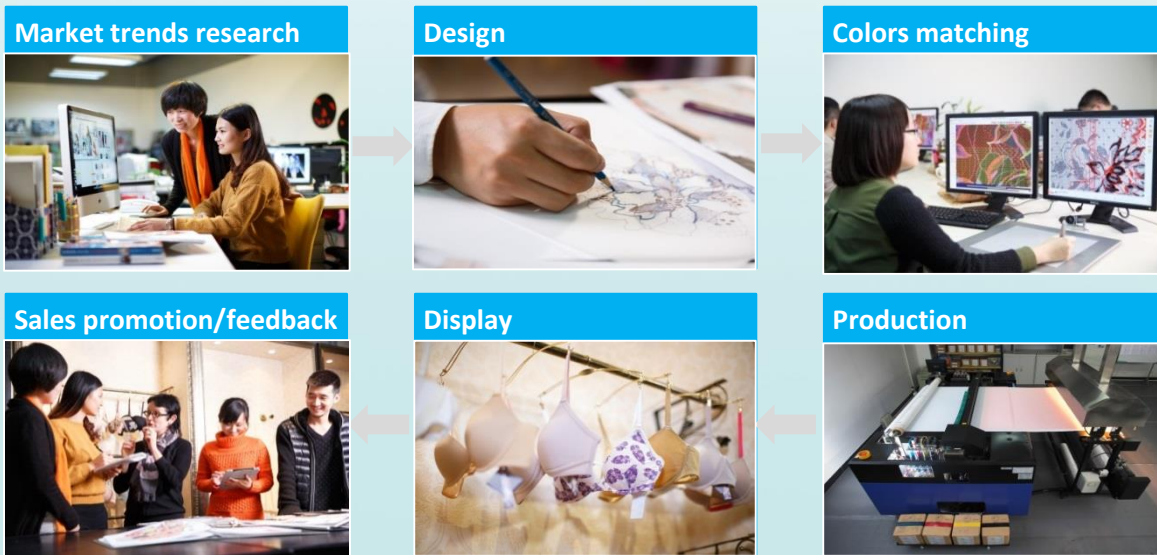
Maintained close collaboration with leading lingerie brands

- ❖ Maintained close and long-term relationships with leading lingerie brands
- ❖ Collaborated in various stages of product development focusing on designs and functionalities
- ❖ 6-11 years of collaboration with brand owners



Enhanced innovation and research and development capability

- ❖ Close collaboration with lingerie brands and raw materials suppliers
 - Turn design concepts into new products to adapt to evolving consumer demands
 - Provide more innovative and authentic products
- ❖ Continued to recruit local talents and promote innovation at its design studio in Qingdao
- ❖ Worked closely with a French fashion consulting firm for advice on designs and market trends



- ✓ Designated as a High and New Technology Enterprise in the PRC since 2010
- ✓ Research and development team consisted of around 100 design technicians and those who are managers or above have 10 years or more relevant experience

Expanded production facilities to capture market opportunities

- ❖ Continued to expand production capacity by purchasing additional machinery and constructing a new production facility
- ❖ Completed construction of Phase V of production plant in Machong, Dongguan City, China in 2014
- ❖ Annual designed capacity of elastic fabric, elastic webbing and lace of the Group's production facility increased to 56.6 million metres, 942.7 million metres and 13.5 million metres, respectively
- ❖ Implemented management philosophy of lean manufacturing production to enhance production efficiency



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Section 3

FUTURE PLANS



Future plans

<p>Research and development</p>	<p>Production capacity</p>
<ul style="list-style-type: none"> ❖ Enhance R&D capability, establish new R&D facilities ❖ Recruit more talented college graduates 	<ul style="list-style-type: none"> ❖ Plans to start construction of its ninth production facility (Phase VI) in 2015
<p>BEST PACIFIC</p>	
<ul style="list-style-type: none"> ❖ Further increase the sale of lace products to new and existing customers ❖ Enhance presence in sportswear materials market 	<ul style="list-style-type: none"> ❖ Enhance “one-stop” solutions by offering diversified lingerie materials
<p>Products</p>	<p>Services</p>

Awards and recognition



❖ High-tech Enterprise

Awarded by Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, Guangdong Provincial Bureau of State Taxation and Guangdong Provincial Bureau of Local Taxation

❖ Best IR Company for an IPO

Awarded by Hong Kong Investor Relations Association

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THANK YOU

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