(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



Disclaimer

This presentation and the accompanying slides (the "Presentation") which have been prepared by Best Pacific International Holdings Limited ("Best Pacific" or the "Company" or "We" and together with its subsidiaries, collectively, the "Group") do not constitute any offer or invitation to purchase or subscribe for any securities of the Company, and shall not form the basis for or be relied on in connection with any contract or binding commitment whatsoever. They are only being furnished to you and may not be photocopied, reproduced or distributed to any other persons at any time without the prior written consent of the Company. This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, expressed or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of or any omission from this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company's market opportunities and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. The Company's actual results, levels of activities, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation, including, amongst others: whether the Company can successfully penetrate new markets and the degree to which the Company gains traction in these new markets; the sustainability of recent growth rates; the anticipation of the growth of certain market segments; the positioning of the Company's products in those segments; the competitive environment; and general market conditions. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.

Stock Code 股份代號: 2111



Financial highlights

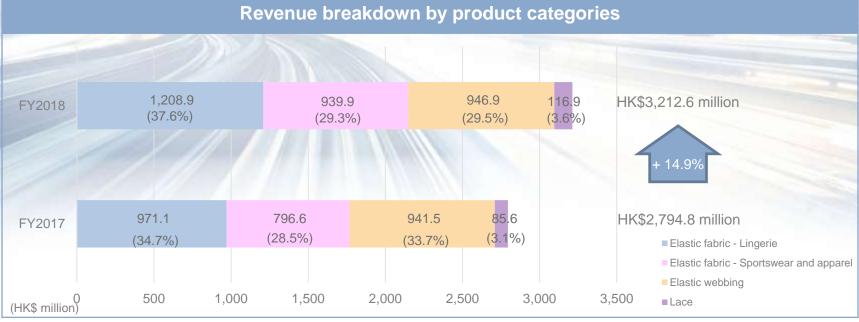
			FY2018*	FY2017*	Change
			(HK\$ r		(%)
Revenue			3,212.6	2,794.8	+14.9%
Gross profit			792.0	772.7	+2.5%
Net profit			280.2	303.6	-7.7%
	1H2018**	2H2018**	FY2018*	FY2017*	Change
Gross profit margin	23.9%	25.2%	24.7%	27.6%	-2.9% pts
Net profit margin	7.6%	9.5%	8.7%	10.9%	-2.2% pts
			FY2018*	FY2017*	Change
Earnings per share			(HK cents)	(HK cents)	(%)
- Basic			27.34	29.45	-7.2%
- Diluted			27.29	29.29	-6.8%
Dividend					
- Interim			Nil	Nil	Nil
- Final			6.7	5.9	+13.6%
- Full year			6.7	5.9	+13.6%

^{*} FY2018 and FY2017 referred to the year ended 31 December 2018 and 2017 respectively;

^{** 1}H2018 and 2H2018 referred to the six months ended 30 June 2018 and 31 December 2018 respectively.

Revenue

Revenue contribution by product categories						
	FY2018		FY2017		Change	
	(HK\$ million)	(% of revenue)	(HK\$ million)	(% of revenue)		
Elastic fabric	2,148.8	66.9%	1,767.7	63.2%	+21.6%	
- Lingerie	1,208.9	37.6%	971.1	34.7%	+24.5%	
- Sportswear and apparel	939.9	29.3%	796.6	28.5%	+18.0%	
Elastic webbing	946.9	29.5%	941.5	33.7%	+0.6%	
Lace	116.9	3.6%	85.6	3.1%	+36.6%	
Total	3,212.6	100.0%	2,794.8	100.0%	+14.9%	



Revenue

Overall

- Revenue increased by approximately 14.9% year-on-year to approximately HK\$3,212.6 million
- Increase in revenue was mainly attributable to:
 - the continual expansion into the lingerie as well as sportswear and apparel materials markets; and
 - the increase in the volume of products sold by the Group after acquisition of a subsidiary of the Company in Sri Lanka in August 2018

Elastic webbing

- Revenue: HK\$946.9 million
 - The volume sold during FY2018 was relatively stable as compared to FY2017





- Increased by approximately 21.6% year-on-year mainly due to:
 - the increase in the volume of products sold by the Group after acquisition of a subsidiary of the Company in Sri Lanka in August 2018;
 - the successful wins of several core programmes from existing lingerie customers;
 - new lingerie business with new lingerie customers; and
 - the continual expansion into the sportswear and apparel materials markets
 Lace
 - Revenue: HK\$116.9 million
 - Increased by approximately 36.6% yearon-year mainly due to the increase in sales volume of lace

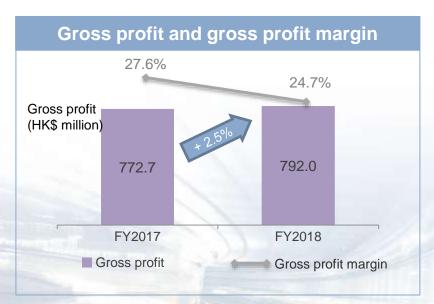








Gross profit and gross profit margin



Gross profit margin						
FY2018 FY2017 Change						
Overall	24.7%	27.6%	-2.9% pts			
Elastic Fabric	20.6%	25.6%	-5.0% pts			
Elastic Webbing	31.2%	29.9%	+1.3% pts			
Lace	45.7%	44.8%	+0.9% pt			

- Gross profit increased by approximately 2.5% to HK\$792.0 million
 - Overall gross profit margin reduced by approximately 2.9 percentage points to approximately 24.7%, mainly due to:
 - a lower-than-expected revenue from sales of elastic fabric;
 - the higher raw material costs and manufacturing overheads; and
 - the increase in costs due to appreciated Renminbi against Hong Kong Dollars during 1H2018



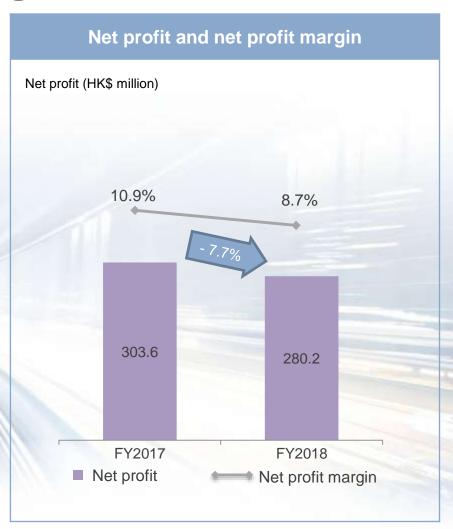




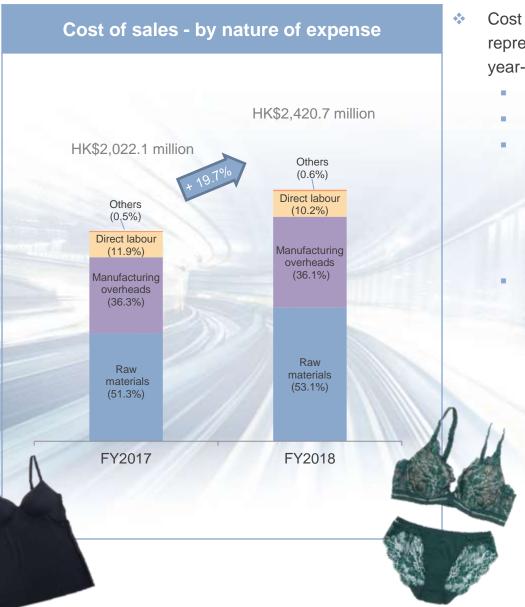
Net profit and net profit margin

Historical net profit margin						
FY2014 FY2015 FY2016 FY2017 FY2018						
13.3%	16.7%	18.5%	10.9%	8.7%		

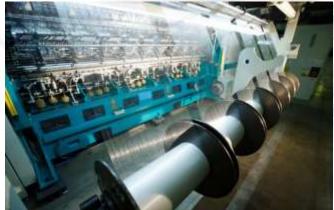
- Net profit for FY2018 decreased by approximately 7.7% to HK\$280.2 million (FY2017: HK\$303.6 million)
- Net profit margin for FY2018 decreased by approximately 2.2 percentage points to approximately 8.7% (FY2017: 10.9%)
- The decrease in net profit and net profit margin was mainly due to:
 - a lower gross profit margin attained;
 - the start-up costs of the operations in Sri Lanka;
 - the ramp-up costs of the operation in Vietnam;
 - the increase in finance costs; and
 - the increase in costs or losses due to appreciated Renminbi against Hong Kong Dollars during 1H2018



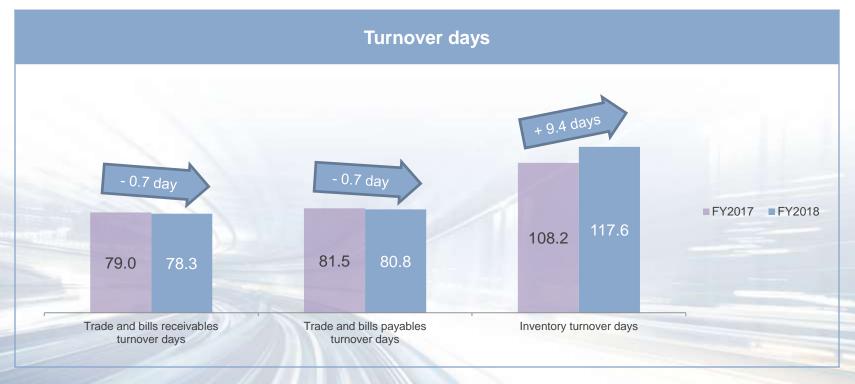
Cost of sales



- Cost of sales amounted to HK\$2,420.7 million, representing an increase of approximately 19.7% year-on-year, mainly due to:
 - the increase in overall sales volume;
 - the overall increment in raw material prices;
 - the increase in overall manufacturing overheads driven by the Group's continued business expansion as well as higher production costs to cope with the more stringent environmental rules and regulations; and
 - the increase in costs due to appreciated Renminbi against Hong Kong Dollars during 1H2018



Working capital management



- Trade and bills receivables turnover days remained relatively stable
- Trade and bills payables turnover days remained relatively stable
- Increase in inventory turnover days was primarily attributable to:
 - more raw materials being purchased by the Group to cope with the rising raw material prices; and
 - the shorter production lead time as demanded by customers, hence more work-in-progress inventories were prepared

Liquidity and financial resources

	As at 31 December 2017 (HK\$ million)	As at 31 December 2018 (HK\$ million)
Pledged bank deposits	54.6	82.2
Short term bank deposits	11.7	12.2
Bank balances and cash	176.7	459.9
Net working capital (Current assets less current liabilities)	744.3	520.1
Net debt position (Sum of bank deposits and bank balances and cash, less total bank and other borrowings and bank overdrafts)	(997.2)	(1,252.2)







Proactive actions and measures to cope with adversity

	2H2018	1H2018	Change	
			(HK\$ million)	%
Revenue (HK\$ million)	1,861.3	1,351.3	+510.0	+37.7%
Gross profit (HK\$ million)	468.9	323.0	+145.9	+45.2%
Gross profit margin (%)	25.2	23.9	+1.3% pts	
Net profit (HK\$ million)	177.4	102.8	+74.6	+72.6%
Net profit margin (%)	9.5	7.6	+1.9% pts	

Revenue

- Revenue increased by approximately 37.7% to approximately HK\$1,861.3 million in 2H2018 when compared to 1H2018, which was mainly due to:
 - the general industry seasonal effect of more orders in the second half of a year;
 - orders from brand large new customers; and
 - the increase in the volume of products sold by the Group after acquisition of a subsidiary of the Company in Sri Lanka in August 2018

Gross profit margin and net profit margin

- Gross profit margin and net profit margin in 2H2018 increased to approximately 25.2% and 9.5% respectively, representing improvements of approximately 1.3 percentage points and 1.9 percentage points, respectively, which was mainly due to:
 - improvement in utilisation of production facilities:
 - introduced in existing automation manufacturing processes to the extent possible;
 - streamlining of internal workflows:
 - reduction of redundancies; and
 - turning around of rising trend of Renminbi in 2H2018

Control on capital and operating expenditures

	FY2018	FY2017	Change	
			(HK\$ million)	%
Capital expenditure (HK\$ million)	648.5	992.7	-344.2	-34.7%
- of which, investment in machinery (HK\$ million)	264.4	653.8	-389.4	-59.6%

Capital expenditure

Decrease in investment in machinery was mainly due to the Group's overall control on production capacities

	FY2018	FY2017	Change (FY2018 vs FY2017)	
			(HK\$ million)	%
Revenue (HK\$ million)	3,212.6	2,794.8	+417.8	+14.9%
Selling and distribution expenses (as a % of total revenue)	4.8%	5.3%	-0.5% pt	
Administrative expenses (as a % of total revenue)	6.2%	6.6%	-0.4% pt	

Operating expenditures

- The overall decrease in percentage of operating expenditures against revenue was mainly due to:
 - the execution of cost controls;
 - efficiency enhancement; and
 - the benefits attained from the economies of scale

Stock Code 股份代號: 2111



Leading market position with continuous growth **One-stop solutions strategy** One stop sold of the state of t A comprehensive product portfolio, Close comprising of elastic fabric, elastic collaboration webbing and lace with brands **Market penetration** Enormous market potential with sportswear and apparel materials markets Achieved high growth since Market the official launch in 2012 penetration Innovation and R&D Provided customers with unique valueadded innovations and strategically enriched its new products offering Innovation and Close collaboration with brands Close collaboration with renowned international lingerie / apparel brands Established and deepened its partnership with the world's leading sportswear brands Best Pacific International Holdings Limited 15

1. Strengthened one-stop solutions strategy



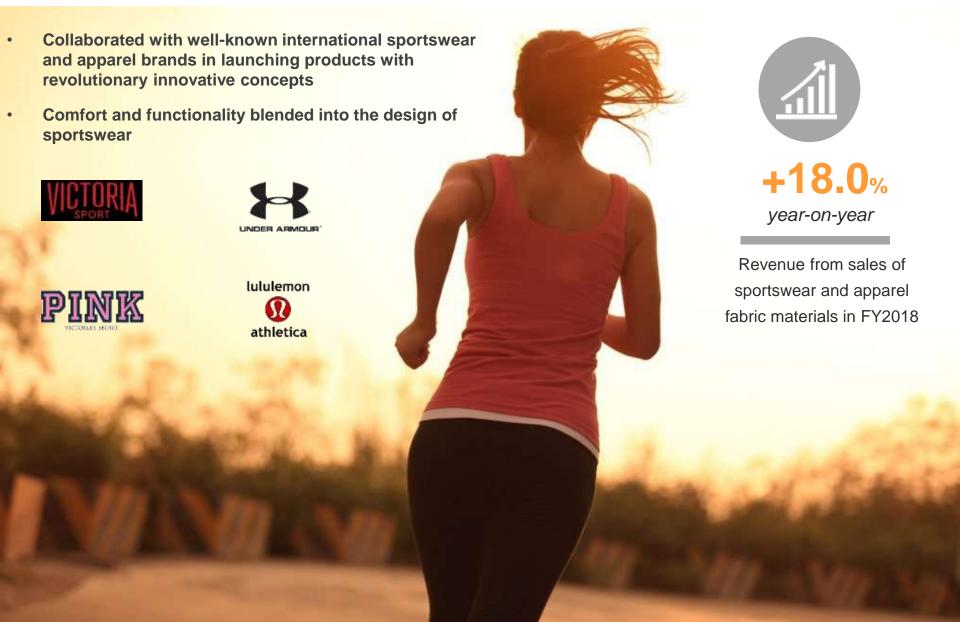
>>>>>>>

- ✓ More simplified procurement process
- ✓ Synchronisation of colors for different components within a lingerie product
- Shorter inventory cycle and production lead time
- ✓ Help lingerie 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

2. Strategically penetrating into sportswear and apparel materials markets



3. Enhanced innovation and R&D capabilities

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

STRONG R&D **CAPABILITIES**

- R&D team consists of over 100 technicians who have been offered technical training on a periodic basis
- Obtained qualification as a High and New **Technology Enterprise** in China since 2010

CONTINUOUS INVESTMENT

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



4. Close collaboration with leading lingerie and sportswear and apparel brands target lululemon Other leading international lingerie, apparel and sportswear athletica brands SPANX 2013 2010 UNDER ARMOUR 2005 Embry Form 安莉芳 MARKS Chantelle 2008 2004 華歌爾 Triumph W 2007 Maniform曼妮芬

Stock Code 股份代號: 2111



International footprint and production capacity



Lace: Approximately 29.8 million meters

Stock Code 股份代號: 2111





Commencement

- Trial production commenced in July 2017
- First batch of production in the third quarter of 2017
- Phase 2 development plan is in progress. Expected to commence production by mid-2019



Manpower

- Over 700 staff currently employed in Vietnam
- Expected to hire up to approximately 1,200 local workforce in total



Financial performance

 Net profit position was generated in selected months in FY2018



Production base: Vietnam Singapore Industrial Park ("VSIP"), Hai Duong, Vietnam



Total designed annual production capacity

To increase capacity in elastic fabric and elastic webbing production by approximately 25% - 30% as compared to the relevant capacities as of 31 December 2015



Gross floor area: ~ 121,804 square meters

- Land A: ~ 70,569 square meters
- Land B: ~ 51,235 square meters



Construction status

- Phase 1 completed in the third guarter of 2017
- Phase 2 in progress (expected to be completed) by the mid-2019)



Local tax incentives:



- Total waiver of tax first four years of profitable operations
- Incentives for project of manufacturing Supporting Industrial products



Capture the market opportunities through neighbourhood advantages



Costs savings on:

- Lower labour costs
- Logistic costs







Construction of Phase 2

Stock Code 股份代號: 2111

Section 3.2 **OVERSEAS FACTORY - SRI LANKA**

Joint Venture with MAS Capital (Private) Limited ("MAS")

Milestone

- Signing joint venture agreement on 4 December 2017
- Completion of acquisition of 51% equity interest of Trischel Fabric (Private) Limited ("Trischel") from MAS on 1 August 2018

Shareholding structure

- Best Pacific: 51%
- MAS: 49%

Particulars of MAS and its group

- One of the largest apparel and textile manufacturers in the world
- Over 50 manufacturing locations around the world
- Over 90,000 employees
- Partners with some of the world's foremost brands in fashion and style

Benefits to Best Pacific

- Market share gain
- Best Pacific will be able to leverage on MAS's well-established presence and experience in Sri Lanka to facilitate the development of the joint venture

Joint Venture with MAS

Total consideration

• 51% of the audited NAV of the Trischel as at 1 August 2018

Location

- · Thulhiriya, Sri Lanka
- Approximately 76.4Km from Colombo to Thulhiriya

Business of the joint venture

 Manufacturing of warp and weft knitted fabric, and the importation of yarn and greige fabric and complementary accessories for dyeing and finishing for export

Project status

- Best Pacific already took control of operations in August 2018
- Net profit position was generated in selected months since the acquisition
- Expected to comprise of approximately 10% of Group's elastic fabric production capacity after the transition and ramp-up period

Joint Venture with Brandix Lanka Limited ("Brandix")

Milestone

- Signing shareholders agreement on 6 November 2017
- Best Pacific Textiles Lanka (Pvt) Ltd became a joint venture with Brandix on 6 November 2017

Shareholding structure

- Best Pacific: 75%
- Brandix: 25%

Particulars of Brandix and its group

- One of the largest apparel and textile manufacturers in the world
- Over 40 manufacturing locations around the world
- Over 55,000 employees
- A preferred solutions provider to some of the world's leading apparel brands

Benefits to Best Pacific

- · Market share gain
- Best Pacific will be able to leverage on Brandix's well-established presence and experience in Sri Lanka to facilitate the development of the joint venture

Joint Venture with Brandix

Total investment amount

- Approximately USD70,000,000
- Approximately USD40,000,000 had been injected to the joint venture

Location

- · Pannala, Sri Lanka
- Approximately 63.8Km from Colombo to Pannala

Business of the joint venture

• Manufacturing and the sales of synthetic textiles and textile related products

Construction

- · Construction started in April 2018
- Expected to be completed by mid-2019

Trial production

• Expected to commence trial production in the first half of 2019

Joint Venture with Brandix



Installation of weft knitting machines



Installation of covered thread warping machine



Installation of dyeing machines



Installation of stenter machines

Stock Code 股份代號: 2111



Investor relations and media contact

Tel: 3185 3185

Email: ir@bestpacific.com

Best Pacific's innovations



