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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

### HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2023 amounted to approximately HK\$4,200.7 million, representing a decrease of approximately 6.5% when compared to the year ended 31 December 2022.
- The Group recorded a gross profit margin of approximately 23.9% for the year ended 31 December 2023, representing an increase of approximately 5.0 percentage points, as compared to the year ended 31 December 2022.
- The Group recorded a net profit margin of approximately 8.3% for the year ended 31 December 2023, representing an increase of approximately 2.0 percentage points, as compared to the year ended 31 December 2022.
- Profit for the year ended 31 December 2023 of the Group amounted to approximately HK\$349.4 million, representing an increase of approximately 23.3%, as compared to the year ended 31 December 2022. Profit attributable to owners of the Company amounted to approximately HK\$346.9 million, representing an increase of approximately 15.9%, as compared to the year ended 31 December 2022.
- As at 31 December 2023, the Group's net gearing ratio was approximately 15.0% (as at 31 December 2022: approximately 30.0%).
- Earnings before interest, taxation, depreciation and amortization ("EBITDA") of the Group was approximately HK\$883.6 million for the year ended 31 December 2023, representing an increase of approximately 15.4% from an EBITDA of approximately HK\$766.0 million for the year ended 31 December 2022.
- Basic earnings per share was approximately HK33.36 cents for the year ended 31 December 2023, representing an increase of approximately 15.9% from a basic earnings per share of approximately HK28.77 cents for the year ended 31 December 2022.
- Proposed to declare a final dividend of HK11.38 cents per ordinary share in respect of the year ended 31 December 2023 (2022: HK4.22 cents per ordinary share).

The board (the “**Board**”) of directors (the “**Directors**”) of Best Pacific International Holdings Limited (the “**Company**” or “**Best Pacific**” or “**We**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>4,200,707</b>	4,492,790
Cost of sales		<u><b>(3,197,081)</b></u>	<u>(3,642,877)</u>
Gross profit		<b>1,003,626</b>	849,913
Other income		<b>51,416</b>	49,425
Other gains and losses		<b>15,531</b>	58,522
Net remeasurement of credit loss allowance for trade receivables		<b>(1,512)</b>	2,670
Selling and distribution expenses		<b>(182,275)</b>	(182,788)
Administrative expenses		<b>(302,382)</b>	(286,637)
Research and development costs		<b>(85,320)</b>	(101,178)
Share of result of a joint venture		<b>2,485</b>	2,539
Finance costs		<u><b>(116,224)</b></u>	<u>(75,794)</u>
Profit before taxation	5	<b>385,345</b>	316,672
Income tax expense	6	<u><b>(35,924)</b></u>	<u>(33,194)</u>
<b>Profit for the year</b>		<u><b>349,421</b></u>	<u>283,478</u>
<b>Profit (loss) for the year attributable to</b>			
– Owners of the Company		<b>346,918</b>	299,199
– Non-controlling interests		<u><b>2,503</b></u>	<u>(15,721)</u>
		<u><b>349,421</b></u>	<u>283,478</u>
<b>Earnings per share</b>	8		
– Basic (HK cents)		<u><b>33.36</b></u>	<u>28.77</u>

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit for the year</b>	<u>349,421</u>	<u>283,478</u>
<b>Other comprehensive (expense) income:</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(73,902)	(340,456)
Share of translation reserve of a joint venture	(541)	(873)
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefit obligations, net of tax	<u>1,106</u>	<u>(1,228)</u>
<b>Other comprehensive expense for the year</b>	<u>(73,337)</u>	<u>(342,557)</u>
<b>Total comprehensive income (expense) for the year</b>	<u><u>276,084</u></u>	<u><u>(59,079)</u></u>
<b>Total comprehensive income (expense) for the year attributable to</b>		
– Owners of the Company	273,093	(42,848)
– Non-controlling interests	<u>2,991</u>	<u>(16,231)</u>
	<u><u>276,084</u></u>	<u><u>(59,079)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,735,043</b>	2,818,476
Right-of-use assets		<b>280,066</b>	287,229
Interest in a joint venture		<b>37,926</b>	39,417
Deposits		<b>41,916</b>	39,409
Deferred tax assets		<b>7,635</b>	9,071
		<b>3,102,586</b>	3,193,602
<b>Current assets</b>			
Inventories		<b>1,008,599</b>	1,135,776
Trade and bills receivables	9	<b>737,674</b>	654,745
Other receivables, deposits and prepayments		<b>107,842</b>	127,460
Tax recoverables		<b>10,906</b>	4,526
Pledged bank deposits		<b>87,951</b>	68,428
Short term bank deposits		–	36,954
Bank balances and cash		<b>927,838</b>	1,051,165
		<b>2,880,810</b>	3,079,054
<b>Current liabilities</b>			
Trade payables	10	<b>323,697</b>	301,525
Bills payables	10	<b>303,022</b>	227,611
Other payables and accrued charges		<b>309,191</b>	289,707
Contract liabilities		<b>31,414</b>	41,049
Bank and other borrowings	11	<b>1,079,385</b>	1,992,685
Lease liabilities		<b>42,588</b>	38,177
Tax payables		<b>13,204</b>	10,191
		<b>2,102,501</b>	2,900,945
<b>Net current assets</b>		<b>778,309</b>	178,109
<b>Total assets less current liabilities</b>		<b>3,880,895</b>	3,371,711

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Bank and other borrowings	<i>11</i>	<b>435,191</b>	105,515
Lease liabilities		<b>91,989</b>	93,369
Deferred income		<b>12,169</b>	14,294
Deferred tax liabilities		<b>11,415</b>	9,735
Retirement benefit obligations		<b>9,414</b>	8,191
Other liabilities		<b>5,176</b>	2,160
		<u><b>565,354</b></u>	<u>233,264</u>
<b>Net assets</b>		<u><b>3,315,541</b></u>	<u>3,138,447</u>
<b>Capital and reserves</b>			
Share capital		<b>10,398</b>	10,398
Reserves		<b>3,203,920</b>	3,029,817
<b>Equity attributable to owners of the Company</b>		<b>3,214,318</b>	3,040,215
<b>Non-controlling interests</b>		<b>101,223</b>	98,232
<b>Total equity</b>		<u><b>3,315,541</b></u>	<u>3,138,447</u>

# NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

## 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 principal activities of the Company and its subsidiaries are manufacturing and trading of elastic fabric, lace and elastic webbing.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

### 3. REVENUE

The Group's revenue is derived from manufacturing and trading of elastic fabric, lace and elastic webbing in 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 year ended 31 December 2023*

<b>Types of goods</b>	<b>Manufacturing and trading of elastic fabric and lace <i>HK\$'000</i></b>	<b>Manufacturing and trading of elastic webbing <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Sales of products</b>			
Elastic Fabric			
– Sportswear and apparel	2,180,003	–	2,180,003
– Lingerie	1,121,381	–	1,121,381
	<u>3,301,384</u>	<u>–</u>	<u>3,301,384</u>
Lace	64,986	–	64,986
Elastic webbing	–	834,337	834,337
	<u>3,366,370</u>	<u>834,337</u>	<u>4,200,707</u>

For the year ended 31 December 2022

<b>Types of goods</b>	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>
<b>Sales of products</b>			
Elastic Fabric			
– Sportswear and apparel	2,146,456	–	2,146,456
– Lingerie	1,292,507	–	1,292,507
	3,438,963	–	3,438,963
Lace	76,267	–	76,267
Elastic webbing	–	977,560	977,560
	<u>3,515,230</u>	<u>977,560</u>	<u>4,492,790</u>

#### 4. 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 *Operating Segments* 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 year ended 31 December 2023*

	<b>Manufacturing and trading of elastic fabric and lace HK\$'000</b>	<b>Manufacturing and trading of elastic webbing HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue from external customers	<u>3,366,370</u>	<u>834,337</u>	<u>4,200,707</u>
Segment gross profit	<u>827,976</u>	<u>175,650</u>	<u>1,003,626</u>
Segment profit	<u>439,947</u>	<u>67,106</u>	<u>507,053</u>
Unallocated other income			21,006
Unallocated other gains and losses			17,044
Unallocated corporate expenses			(46,019)
Share of result of a joint venture			2,485
Finance costs			<u>(116,224)</u>
Profit before taxation			<u>385,345</u>

### *For the year ended 31 December 2022*

	<b>Manufacturing and trading of elastic fabric and lace HK\$'000</b>	<b>Manufacturing and trading of elastic webbing HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue from external customers	<u>3,515,230</u>	<u>977,560</u>	<u>4,492,790</u>
Segment gross profit	<u>622,201</u>	<u>227,712</u>	<u>849,913</u>
Segment profit	<u>226,453</u>	<u>116,708</u>	343,161
Unallocated other income			24,283
Unallocated other gains and losses			58,949
Unallocated corporate expenses			(36,466)
Share of result of a joint venture			2,539
Finance costs			<u>(75,794)</u>
Profit before taxation			<u>316,672</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, change in fair value of a derivative financial instrument, net foreign exchange 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 function. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Geographical information

The Group's operations are located in Mainland China, Hong Kong, Vietnam, Sri Lanka and the United States of America (the "U.S."). The Group's revenue from external customers based on the location of the customers are detailed below:

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Mainland China	861,642	912,809
Hong Kong	851,596	1,015,613
Sri Lanka	709,178	850,102
Vietnam	453,720	405,096
Taiwan	428,610	207,845
South Korea	164,431	248,618
Thailand	142,167	151,808
Bangladesh	115,294	115,225
Indonesia	98,522	101,249
Macau	11,999	97,499
Others	363,548	386,926
	<u>4,200,707</u>	<u>4,492,790</u>

Non-current assets (excluding financial assets and deferred tax assets) by geographical location of assets are detailed below:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Mainland China	1,466,545	1,639,411
Vietnam	890,740	838,010
Sri Lanka	698,884	667,964
Hong Kong	26,032	26,346
	<u>3,082,201</u>	<u>3,171,731</u>

## Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022 are as follows:

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Revenue from manufacturing and trading of elastic fabric and lace		
– customer A	397,156	533,696
– customer B	438,229	492,619
Revenue from manufacturing and trading of elastic webbing		
– customer A	69,775	70,877
– customer B	63,983	94,022
	<u>63,983</u>	<u>94,022</u>

## 5. PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	2,572	2,479
Staff costs		
Directors' remuneration	37,631	29,380
Other staff costs		
– salaries and other benefits	799,684	775,656
– contributions to retirement benefits schemes	60,411	57,783
	<b>897,726</b>	<b>862,819</b>
Depreciation of property, plant and equipment	327,734	327,107
Depreciation of right-of-use assets	54,281	46,410
Depreciation capitalised in inventories	(308,246)	(299,216)
	<b>73,769</b>	<b>74,301</b>
Cost of inventories recognised as an expense	<b>3,197,081</b>	<b>3,642,877</b>

## 6. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	9,778	24,821
The People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	14,696	6,519
Withholding tax on dividends from subsidiaries	–	3,884
Income tax in other jurisdictions	9,734	3,198
Overprovision in prior years:		
Hong Kong Profits Tax	(185)	(219)
The PRC EIT	(681)	(2,727)
	<b>33,342</b>	<b>35,476</b>
Deferred taxation	<b>2,582</b>	<b>(2,282)</b>
	<b>35,924</b>	<b>33,194</b>

Under the two-tiered profits tax rates regime of the Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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% for years ended 31 December 2023 and 2022, 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 had been subject to the preferential tax treatment and the applicable tax rate for the years ended 31 December 2023 and 2022 was 15%.

Withholding tax on dividends was calculated at 5% of the dividends received and estimated dividends to be received from the subsidiaries in the PRC during the years ended 31 December 2023 and 2022.

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 in Vietnam is eligible for a tax holiday for two financial years since the first financial year of taxable profits 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, the subsidiary 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.

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 during the years ended 31 December 2023 and 2022.

Pursuant to the Inland Revenue (Amendment) Act, No. 10 of 2021 in Sri Lanka, the applicable tax rate for the subsidiaries operating in Sri Lanka is 24% for the year ended 31 December 2022. In terms of the changes to the Inland Revenue Act No. 24 of 2017, as passed in parliament on 9 December 2022, the subsidiaries of the Group in Sri Lanka are liable for income tax rate of 30% from 1 July 2022 onwards. In addition, one of these subsidiaries is currently eligible for a tax holiday till the year ending 31 December 2024.

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

## 7. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Interim dividend – HK5.3 cents (2022: HK7.28 cents) per ordinary share	55,110	75,698
2022 Final dividend – HK4.22 cents (2022: 2021 Final dividend HK11.8 cents) per ordinary share	<u>43,880</u>	<u>122,697</u>
	<u><u>98,990</u></u>	<u><u>198,395</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of HK11.38 cents per ordinary share (approximately HK\$118.3 million in aggregate) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 8. EARNINGS PER SHARE

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

	2023	2022
<b>Earnings</b>		
Earnings for the purposes of the basic earnings per share (profit for the year attributable to owners of the Company) (HK\$'000)	<u>346,918</u>	<u>299,199</u>
<b>Number of shares</b>		
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 years ended 31 December 2023 and 2022 were presented as there was no potential ordinary shares in issue for both years.

## 9. TRADE AND BILLS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	730,641	651,675
Less: Allowance for credit losses	<u>(5,703)</u>	<u>(19,948)</u>
Total trade receivables	724,938	631,727
Bills receivables	<u>12,736</u>	<u>23,018</u>
Total trade and bills receivables	<u><u>737,674</u></u>	<u><u>654,745</u></u>

Trade receivables from third parties mainly represent receivables from customers in relation to the sales of elastic fabric, lace and elastic webbing. The credit period granted to the customers ranges from 30 to 90 days from the date of issuance of a monthly statement with respect to sales delivered in the particular month.

The following ageing analysis of trade receivables, net of credit loss allowance, is presented based on the date of issuance of monthly statements at the end of each reporting period and the ageing analysis of bills receivables is presented based on the date of issuance of the bills at the end of each reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade receivables</b>		
0–90 days	681,265	595,237
91–180 days	42,279	35,058
Over 180 days	1,394	1,432
	<u>724,938</u>	<u>631,727</u>
<b>Bills receivables</b>		
0–90 days	12,736	19,688
91–180 days	–	3,330
	<u>12,736</u>	<u>23,018</u>
	<u><u>737,674</u></u>	<u><u>654,745</u></u>

## 10. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–90 days	300,030	278,631
Over 90 days	23,667	22,894
	<u>323,697</u>	<u>301,525</u>

### Bills payables

The bills payables are secured by pledged bank deposits. The following is an ageing analysis of bills payables presented based on the date of issuance of the bills at the end of each reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–90 days	190,748	120,977
91–180 days	112,274	106,634
	<u>303,022</u>	<u>227,611</u>

## 11. BANK AND OTHER BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank overdrafts	–	9,686
Unsecured syndicated loan	–	474,869
Unsecured bank borrowings	<b>1,370,763</b>	1,508,130
Unsecured other borrowings	<b>143,813</b>	105,515
	<b><u>1,514,576</u></b>	<b><u>2,098,200</u></b>
Carrying amount repayable*:		
Within one year	<b>1,079,385</b>	1,838,077
More than one year, but not exceeding two years	<b>161,364</b>	72,374
More than two years, but not exceeding five years	<b>273,827</b>	187,749
	<b><u>1,514,576</u></b>	<b><u>2,098,200</u></b>
Less: Amounts due within one year or contain a repayment on demand clause shown under current liabilities	<b><u>(1,079,385)</u></b>	<b><u>(1,992,685)</u></b>
Amounts shown under non-current liabilities	<b><u>435,191</u></b>	<b><u>105,515</u></b>
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	<b>1,017,643</b>	1,363,208
Carrying amount of bank borrowings that are repayable more than one year but contain a repayment on demand clause	–	154,608
	<b><u>1,017,643</u></b>	<b><u>1,517,816</u></b>

\* The amounts due are based on scheduled repayment dates set out in the loan agreements and include the unamortised portion of the prepaid transaction cost in relation to the unsecured syndicated loan.

## CHAIRMAN'S STATEMENT

On behalf of the Board, I am delighted to present the annual results for the year ended 31 December 2023.

Throughout the past year, amidst continuous geopolitical uncertainties and volatile economic conditions impacting the global consumer markets, Best Pacific has made significant strides in implementing our strategies centered around innovation, sustainability and cost and risk management. Our strong financials in 2023 is a testament to our successful business approach.

It was observed that global activity had bottomed out by the mid of 2023. As we progressed into the second half of 2023, a gradual recovery of the global economy was witnessed amidst the blows of the pandemic, the Russia-Ukraine conflict and the cost-of-living crisis. Notably, private consumption demonstrated a quicker rebound in advanced economies, particularly in the U.S. market. According to the World Economic Outlook of International Monetary Fund (“IMF”) in October 2023, private consumption in the U.S. exceeded pre-pandemic projections by 3%. In the textile and garment industry, we were pleased to note a proactive increase in order placements by many of our international apparel brand customers after they had successfully normalized their inventory levels in the latter part of 2023.

For the year ended 31 December 2023, we attained an overall sales revenue of approximately HK\$4,200.7 million, marking a drop of approximately 6.5% compared to 2022. This signified a positive recovery in our overall business following a revenue decrease of approximately 16.3% in the initial half of 2023. With improved utilization of production capacities and economies of scale in the second half of 2023, our overall gross profit margin increased to approximately 23.9% for the year ending 31 December 2023, compared to approximately 18.9% in 2022.

Over the past few years, we had methodically and gradually completed our expansion initiatives in Vietnam and Sri Lanka, consistently enhancing their operational efficiencies. We were pleased to note the improved financial performance of our overseas production sites, notably in the latter part of 2023. In particular, our Vietnam facility achieved double-digit sales growth in 2023, while our investments in Sri Lanka had begun to yield an overall positive financial contribution to our Group. Our internationalization roadmap allows us to anticipate a close collaboration with our esteemed international brand partners who are increasingly interested in our overseas production capacities. With this positive outlook for the medium and long term, we are assessing the feasibility of additional overseas capacity expansion, especially in Vietnam. Our ongoing strategy of allocating resources to our strategic expansion plan bodes well for the Group's future development, and we are confident that our continuous deployment will deliver promising returns for our shareholders and stakeholders in the long run.

In face of the rapidly changing global economic and geopolitical environment, Best Pacific has consistently showcased its resilience and strength. This accomplishment would not have been achievable without the unwavering support from our customers, business partners and shareholders. Guided by a clear vision, focused strategy and a seasoned leadership team, we are well positioned to seize forthcoming growth opportunities and drive sustainable success in our markets in the future. Last but not least, I would like to express my deep gratitude to the Board of Directors and all our dedicated team members for their relentless commitment, loyalty, professionalism and contributions throughout Best Pacific's journey.

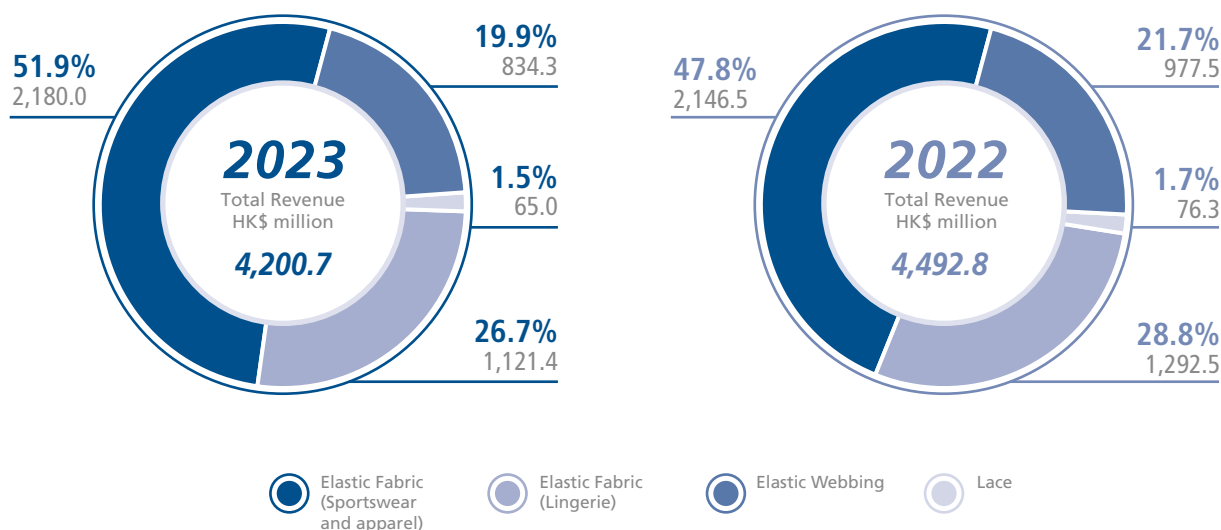


## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET AND BUSINESS REVIEW

Moving into 2023, global dynamics had been moving away from the waning effects of the pandemic, and the global economy had concluded 2023 with a better-than-expected overall performance. Nevertheless, economic vulnerabilities, a prolonged period of high interest rates, and escalating geopolitical tensions persisted, affected the global business landscape intermittently throughout the year.

Amid market uncertainties and high inventories, international brand customers began reducing their inventory levels and adopting a more cautious approach in regard to order placements from the second half of 2022 onwards and such destocking process had continued throughout the first half of 2023. Nevertheless, signs of improvement emerged in the latter part of 2023 as apparel brand customers began actively replenishing their inventories. According to China Customs Statistics, China's exports of textile related products initially dropped by 11.2% in the first half of 2023, but the relevant drop was narrowed to 8.5% for the entire year. During the year ended 31 December 2023, we achieved overall sales revenue of approximately HK\$4,200.7 million, representing a decline of approximately 6.5%, as compared to the financial year 2022, with approximately HK\$2,294.0 million generated in the second half of 2023.



In 2023, we implemented a combination of measures, which included but not limited to further optimization of our production efficiencies, more stringent wastage and costs controls and adopting a more conservative capital expenditure plan. By optimizing our production capacities, leveraging on generally lower raw materials prices and benefiting from economies of scale in the latter part of 2023, we improved our overall gross profit margin to approximately 23.9% for the year, as compared to a gross profit margin of approximately 18.9% for 2022. Our gross profit for the year ended 31 December 2023 stood at approximately HK\$1,003.6 million, representing an increase of about 18.1% compared to the previous year.

## **Our international operations**

Our international manufacturing footprint is one of our core competitive advantages. Best Pacific leverages this advantage to offer sustainable supply-chain solutions to cater for 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 of Vietnam, Vietnam achieved a growth of gross domestic product (“**GDP**”) of 5.05% in 2023. Despite the export data released by the General Department of Customs of Vietnam showed a 11.4% on year-on-year decrease in 2023 by export value of textile and garment products in Vietnam, our operations in Vietnam had not been adversely affected. On the contrary, we achieved a double-digit sales growth in 2023 at our Vietnam site, mostly credited to the promising performance of our major apparel brand customers placing orders at the site.

### ***SRI LANKA***

The political and financial landscape in Sri Lanka stabilized in 2023, but the textile and apparel exports in Sri Lanka continued to face challenges due to the global economic slowdown. The textile and apparel export value amounted to approximately 4.5 billion United States dollar (“**US\$**”) in 2023, marking a decline of approximately 18.8% as compared to the corresponding year, as per the statistics disclosed by Joint Apparel Association Forum of Sri Lanka. However, our drop in revenue in our Sri Lanka’s production sites had narrowed down in the second half of 2023 and recorded only a mid-single digit decrease in overall sales revenue for the whole year. As a result of improved efficiencies and economies of scale, the financial performance of our production sites in Sri Lanka recorded notable improvements.

## FINANCIAL REVIEW

### Revenue

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

For the year ended 31 December 2023, revenue amounted to approximately HK\$4,200.7 million, representing a decrease of approximately HK\$292.1 million, or approximately 6.5%, from approximately HK\$4,492.8 million for the year ended 31 December 2022.

A comparison of the Group's revenue for the year ended 31 December 2023 and the year ended 31 December 2022 by product categories is as follows:

	For the year ended 31 December				Change	
	2023		2022		(HK\$'000)	%
	<i>Revenue</i>	<i>% of</i>	<i>Revenue</i>	<i>% of</i>		
	<i>(HK\$'000)</i>	<i>Revenue</i>	<i>(HK\$'000)</i>	<i>Revenue</i>		
Elastic fabric	<b>3,301,384</b>	<b>78.6</b>	3,438,963	76.6	(137,579)	(4.0)
– <i>Sportswear and apparel</i>	2,180,003	51.9	2,146,456	47.8	33,547	1.6
– <i>Lingerie</i>	1,121,381	26.7	1,292,507	28.8	(171,126)	(13.2)
Elastic webbing	<b>834,337</b>	<b>19.9</b>	977,560	21.7	(143,223)	(14.7)
Lace	<b>64,986</b>	<b>1.5</b>	76,267	1.7	(11,281)	(14.8)
<b>Total</b>	<b><u>4,200,707</u></b>	<b><u>100.0</u></b>	<b><u>4,492,790</u></b>	<b><u>100.0</u></b>	<b><u>(292,083)</u></b>	<b><u>(6.5)</u></b>

Due to the prevailing lukewarm market conditions in the lingerie industry in 2023, our two primary products focusing on lingerie business had experienced a decline in revenue. During the year ended 31 December 2023, the revenue from the sales of lingerie elastic fabric totaled around HK\$1,121.4 million, representing a decrease of approximately HK\$171.1 million or approximately 13.2% compared to the corresponding year. Similarly, the revenue generated from the sales of elastic webbing amounted to approximately HK\$834.3 million for the year ended 31 December 2023, indicating a decline of approximately HK\$143.2 million or approximately 14.7%, as compared to the year ended 31 December 2022.

Our customers continued to recognize our innovation, high product quality and our multi-region production advantage. We witnessed significant improvements in our sales order in the second half of 2023, when most of our sportswear and apparel brand customers started to replenish their inventories more actively. In particular, despite our sales revenue from the sales of sportswear and apparel elastic fabric had declined by approximately 8.4% in the first half of 2023, we managed to achieve sales revenue from the sales of sportswear and apparel elastic fabric of approximately HK\$2,180.0 million for the year ended 31 December 2023, representing an increase of approximately HK\$33.5 million or approximately 1.6%, as compared to approximately HK\$2,146.5 million for the year end 31 December 2022.

## Cost of sales, gross profit and gross profit margin

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

For the year ended 31 December 2023, the Group's cost of sales amounted to approximately HK\$3,197.1 million, representing a decrease of approximately HK\$445.8 million or approximately 12.2%, as compared to the year ended 31 December 2022. The overall decrease in cost of sales in 2023 was primarily due to the decrease in overall sales.

	For the year ended 31 December			
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross profit
	profit	margin	profit	margin
	(HK\$'000)	(%)	(HK\$'000)	(%)
Elastic fabric	813,385	24.6	595,629	17.3
Elastic webbing	175,650	21.1	227,712	23.3
Lace	14,591	22.5	26,572	34.8
<b>Total</b>	<b>1,003,626</b>	<b>23.9</b>	<b>849,913</b>	<b>18.9</b>

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. Despite the complicated business environment since the second half of 2022, our sportswear and apparel elastic fabric business segment had demonstrated its resilience and experienced a quicker rebound in the second half of 2023, indicating its long-term development potential. Our continuous efforts in streamlining manufacturing processes, enhancing production efficiencies, and the generally lower raw material prices, with which costs represented approximately 41.4% and 35.6% of the overall revenue for the years ended 31 December 2022 and 2023, respectively, had helped alleviate some of the costs pressures faced by the Group during the year.

## Other income

The Group's other income mainly consisted of bank interest income, government grants, net proceeds from sales of scrap materials, compensation income from customers and others. The following table sets forth the breakdown of the Group's other income for the years indicated:

	For the year ended	
	31 December	
	2023	2022
	(HK\$'000)	(HK\$'000)
Bank interest income	15,490	16,038
Government grants	11,361	15,308
Net proceeds from sales of scrap materials	8,131	8,540
Compensation income from customers	8,264	1,226
Others	8,170	8,313
	<hr/>	<hr/>
Total	<u>51,416</u>	<u>49,425</u>

The other income for the year ended 31 December 2023 of the Group amounted to approximately HK\$51.4 million, represented an increase of approximately 4.0%, as compared to approximately HK\$49.4 million recorded for the year ended 31 December 2022. The increase was mainly caused by an increase in compensation income from customers, which was partly offset by the decrease in government grants received during the year.

## Other gains and losses

Other gains and losses in the year ended 31 December 2023 mainly consisted of a net foreign exchange gain of approximately HK\$17.0 million, as a result of the currency depreciation of Renminbi (“RMB”) and Vietnam Dong (“VND”) against HK\$ during the year.

## 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 years ended 31 December 2022 and 2023, the Group maintained a relatively stable selling and distribution expenses ratio at approximately 4.1% and approximately 4.3% 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 the years ended 31 December 2022 and 2023, the Group's administrative expenses represented approximately 6.4% and approximately 7.2% of its total revenue, respectively. The increase in the ratio of administrative expenses against total revenue was mainly due to an increase in employee benefit expenses and the diseconomies of overall business scale in 2023.

## **Research and development costs**

The Group is dedicated to catering to the changing market preferences by introducing innovative lingerie, sportswear and apparel materials. For the year ended 31 December 2022 and 2023, the Group's research and development costs represented approximately 2.3% and approximately 2.0% 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 increased by approximately 53.3% from approximately HK\$75.8 million for the year ended 31 December 2022 to approximately HK\$116.2 million for the year ended 31 December 2023. The increase in finance costs during the year ended 31 December 2023 was primarily due to increase in overall market lending interest rate in 2023.

## **Income tax expense**

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

For the year ended 31 December 2023, the income tax expense amounted to approximately HK\$35.9 million, as compared to approximately HK\$33.2 million for the year ended 31 December 2022. The effective tax rate of the Group was approximately 9.3% for the year ended 31 December 2023 (for the year ended 31 December 2022: approximately 10.5%). The decrease in effective tax rate in 2023 was mainly due to the increase in profits contribution from our subsidiary in Vietnam, which was currently enjoying a preferential profit tax rate.

## **Net profit and net profit margin**

Net profit for the year ended 31 December 2023 of the Group amounted to approximately HK\$349.4 million, representing an increase of approximately 23.2% as compared to approximately HK\$283.5 million for the year ended 31 December 2022. The Group recorded a net profit margin of approximately 8.3% for the year ended 31 December 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, financial resources and bank borrowings**

As at 31 December 2023, net working capital (calculated as current assets less current liabilities) was approximately HK\$778.3 million, representing an increase of approximately HK\$600.2 million, as compared to approximately HK\$178.1 million as at 31 December 2022. The current ratio (calculated as current assets being divided by current liabilities) was 1.4 times as at 31 December 2023, as compared to 1.1 times as at 31 December 2022.

For the year ended 31 December 2023, net cash generated from operating activities was approximately HK\$999.7 million, as compared to approximately HK\$773.6 million for the year ended 31 December 2022. The increase was mainly due to increase in profit before taxation and better management in payables and inventory levels during the year ended 31 December 2023.

Net cash used in investing activities amounted to approximately HK\$238.7 million for the year ended 31 December 2023, as compared to approximately HK\$174.2 million for the year ended 31 December 2022. To achieve our long term development goal and to cater for potential business growth, we continued to invest approximately HK\$275.4 million to purchase property, plant and equipment during the year.

For the year ended 31 December 2023, net cash used in financing activities amounted to approximately HK\$872.0 million, as compared to approximately HK\$377.5 million for the year ended 31 December 2022. The cash used in financing activities for the year ended 31 December 2023 was mainly used for the payments of dividends and the repayment of borrowings and the related interests amidst the rather high interest environment during the year.

The Group attained an EBITDA of approximately HK\$883.6 million for the year ended 31 December 2023, representing an increase of approximately 15.4% from an EBITDA of approximately HK\$766.0 million for the year ended 31 December 2022. As at 31 December 2023, the Group's net gearing ratio was approximately 15.0% (as at 31 December 2022: approximately 30.0%), which was calculated on the basis of the amount of net debt position (sum of total bank and other borrowings and bank overdrafts, 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\$498.8 million as at 31 December 2023, as compared to approximately HK\$941.7 million as at 31 December 2022. There is no material seasonality of borrowing requirements for the Group.

### Working capital management

	For the year ended 31 December			
	2023 (days)	2022 (days)	Change (days)	(%)
Trade and bills receivables turnover days	<b>60.5</b>	61.1	(0.6)	(1.0)
Trade and bills payables turnover days	<b>66.0</b>	67.3	(1.3)	(1.9)
Inventory turnover days	<b>122.4</b>	129.9	(7.5)	(5.8)

We had maintained stable trade and bills receivables, trade and bills payables as well as inventory turnover days for both years ended 31 December 2023 and 2022.

### Capital expenditures

For the year ended 31 December 2023, the Group's total additions to property, plant and equipment amounted to approximately HK\$291.9 million (for the year ended 31 December 2022: approximately HK\$387.2 million), in order to achieve our long term development goal.

### Pledge of assets

As at 31 December 2023, the Group pledged bank deposits of approximately HK\$88.0 million (as at 31 December 2022: approximately HK\$68.4 million) to secure the bills payables issued by the Group in connection with its trade transactions.

## **Contingent liabilities**

As at 31 December 2023, the Group did not have any significant contingent liabilities.

## **Events after the reporting period**

Save as disclosed in this announcement, the Group has no other significant events after the reporting period and up to the date of this announcement.

## **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, VND and Sri Lankan Rupee ("LKR"). The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. Our finance department monitors our foreign exchange risks 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 Mainland China, respectively, 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 Mainland China, Vietnam and Sri Lanka, respectively.

## **Employees and remuneration policies**

As at 31 December 2023, the Group employed a total of 9,604 full-time employees (as at 31 December 2022: 9,050). The Group remunerates its staff according to their performance, qualification, experience and industry practices, and conducts regular reviews of its remuneration policy.

The remuneration committee of the Company was set up primarily for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to factors including but not limited to salaries paid by comparable companies, time commitment and responsibilities of the Directors and employees, employment conditions elsewhere in the Group, and whether the remuneration is commensurate with the performance.

There has been no significant change in the Group's remuneration policy, and the Group will continue to provide regular training and competitive remuneration packages to its staff. 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-based remuneration granted to eligible employees under the share-based incentive plans of the Company from time to time.



## **FUTURE STRATEGIES AND PROSPECTS**

Looking ahead to the year 2024, it is poised to be another eventful year. The recent easing of inflationary pressures since the latter part of 2023 signals that the era of monetary tightening is approaching its conclusion. Projections suggest that global inflation will remain relatively stable throughout 2024, with expectations mounting that the U.S. Federal Reserve will embark on a course of reducing federal interest rates by the middle of the year. Nonetheless, some economies continue to grapple with inflation rates that surpass their targets, creating an ongoing economic imbalance. Furthermore, the global landscape is set to be shaped by a series of pivotal elections taking place across various nations, with the outcomes likely to have far-reaching implications on governmental policies, both on a domestic and international scale. Amidst these political transitions, the world faces heightened uncertainties stemming from conflicts in regions such as Europe and the Middle East. These geopolitical tensions not only pose risks to regional stability but also have the potential to reverberate across global markets, impacting investor confidence and economic growth.

Despite the short-term challenges and intricacies of current market conditions, there is a discernible trend towards the gradual recovery of the global economy. Projections from the IMF suggest that the world economy is slated to achieve a notable 3.1% increase in GDP growth by the end of 2024. While China's recovery after reopening is perceived to be bumpier than expected, its economy has grown in line with its annual target of around 5% in 2023 and we expect this to be maintained in 2024. We maintain a cautious yet optimistic outlook on the global economic landscape for the upcoming year. In tandem with the broader economic recovery, we anticipate a consistent uptick in sales orders across our diverse customer base. This positive outlook is bolstered by their ongoing restocking initiatives, reflecting a growing confidence in the economic rebound. As the global economy continues its upward trajectory, we are positioned to benefit from the overall recovery and are prepared to seize emerging opportunities in the marketplace.

### **Sportswear and apparel markets**

The sportswear and apparel business segment has been the growth engine for the Group over an extended period of time. Despite the prevailing market challenges witnessed throughout 2023, we were able to achieve sales revenue from the sales of sportswear and apparel elastic fabric of approximately HK\$2,180.0 million for the year ended 31 December 2023, representing an increase of approximately HK\$33.5 million or approximately 1.6%, as compared to approximately HK\$2,146.5 million for the year end 31 December 2022. Looking ahead, we perceive immense market opportunities that underpin a positive and sustainable growth momentum for both the industry and our sportswear and apparel business segment. At Best Pacific, we firmly believe that innovation and technological advancements stand as crucial pillars for ensuring our future growth and success. As such, we are unwavering in our commitment to allocate resources strategically to further enhance our innovation and research and development capabilities. This strategic investment is geared towards meeting the escalating demand from our customers for cutting-edge and innovative sportswear and apparel products. With an eye on the future and an anticipation of market recovery, we stand poised to capitalize on emerging growth prospects. Our strategic focus is on cultivating stronger and more symbiotic partnerships with our valued apparel brand customers, fostering collaboration and synergy to navigate the evolving market landscape successfully.

## **International footprint and capital expenditure and cashflows**

As at 31 December 2023, the overall annual designed production capacities of elastic fabric, elastic webbing and lace of the Group were approximately 250.7 million meters, 1,933.0 million meters and 45.0 million meters, respectively. The distribution of our core production capacities between China and overseas stood at a balanced ratio of 50:50. Our international footprint is one of our core advantages, although we have been taking a more prudent approach in evaluating our capital investments in the past few years, Best Pacific is committed to our multi-location manufacturing strategy. The further enhancement on operational efficiencies of our overseas manufacturing sites in Vietnam and Sri Lanka has been orderly implemented, so as to cater for the best interests of our customers.

The economies of Southeast Asia exhibit strong economic momentum heading into 2024, with Vietnam emerging as one of the fastest-growing economies in the world. Fueled by its competitive labour costs, supportive policies and evolving supply chain dynamics, Vietnam presents compelling opportunities. As China progresses towards high-quality growth and increased domestic consumption, Chinese companies are increasingly exploring opportunities in vibrant markets like Vietnam. Leveraging our Group's strong financials and building on the success of our operation in Vietnam, we are actively assessing the feasibility of expanding our manufacturing capacities in Vietnam.

As we move into 2024, we are optimistic about the opportunities on the horizon that can support our strong performance. We believe that our world-class innovation capabilities, international footprint, strong partnership with customers, our talented people and healthy financial position have laid a solid foundation for Best Pacific's sustainable growth and future success.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Audit Committee of the Company, comprising the three independent non-executive Directors (being Mr. Cheung Yat Ming, Mr. Ding Baoshan and Mr. Kuo Dah Chih, Stanford), has reviewed with management the consolidated financial statements of the Group for the year ended 31 December 2023, including accounting principles and practices adopted by the Group, and discussed the relevant financial reporting matters.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **DIVIDEND POLICY AND FINAL DIVIDEND**

The Board intends to maintain a long term, stable dividend payout ratio of not less than 20% of the Group's distributable profit for the year, providing shareholders with an equitable return.

The Board has resolved to declare a final dividend of HK11.38 cents per ordinary share in respect of the year ended 31 December 2023 (the "**Final Dividend**") (for the year ended 31 December 2022: HK4.22 cents per ordinary share). The Final Dividend is expected to be paid on 16 July 2024 to shareholders whose names appear on the register of members of the Company on 8 July 2024, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company on 25 June 2024 (the "**AGM**").

An interim dividend of HK5.3 cents per ordinary share was paid to shareholders on 30 November 2023 (2022: HK7.28 cents per ordinary share).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 20 June 2024 to 25 June 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of shareholders who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on 19 June 2024 with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Subject to the approval of shareholders at the forthcoming AGM, the proposed Final Dividend will be payable to shareholders whose names appear on the register of members of the Company on 8 July 2024 and the register of members of the Company will be closed from 3 July 2024 to 8 July 2024, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates shall be lodged not later than 4:30 p.m. on 2 July 2024 with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standard of corporate governance which is essential to the sustainable development and growth of the Company. The Board is of the view that the Company has met all the applicable code provisions in force set out in the Corporate Governance Code contained in Appendix C1 (previously known as Appendix 14) to the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2023.

## **APPRECIATION**

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

By Order of the Board  
**Best Pacific International Holdings Limited**  
**Lu Yuguang**  
*Chairman and executive Director*

Hong Kong, 25 March 2024

*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. Ding Baoshan\* and Mr. Kuo Dah Chih, Stanford\*.*

*\* Independent non-executive Director*