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 2016

HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2016 amounted to approximately HK$1,121.6 million, representing an increase of 23.1% when compared to the six months ended 30 June 2015.

  Sales revenue of sportswear materials achieved a period-on-period growth of approximately 77.0%.

  Revenue from sales of lace increased from approximately HK$32.8 million for the six months ended 30 June 2015 to approximately HK$49.5 million for the six months ended 30 June 2016, representing a growth of 50.8%.

- The Group's gross profit for the six months ended 30 June 2016 amounted to approximately HK$379.6 million, an increase of 33.3% when compared to the six months ended 30 June 2015. Gross profit margin increased by 2.6 percentage points to 33.8%, as compared to the six months ended 30 June 2015.

- Net profit for the six months ended 30 June 2016 amounted to approximately HK$191.8 million, representing an increase of approximately 39% as compared to approximately HK$137.6 million for the six months ended 30 June 2015. The Group achieved an improved net profit margin of 17.1% for the same period, representing a growth of 2.0 percentage points, as compared to 15.1% for the six months ended 30 June 2015.

- Basic earnings per share was approximately HK18.75 cents for the six months ended 30 June 2016, representing an increase of 38.8% from HK13.51 cents for the six months ended 30 June 2015.

- Proposed to declare an interim dividend of HK7.3 cents per share in respect of the six months ended 30 June 2016.

The board of Directors (the "**Board**") of Best Pacific International Holdings Limited (the "**Company**" or "**Best Pacific**") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2016 (unaudited)

	Notes	**Six months ended 30.6.2016 HK$'000 (unaudited)**	30.6.2015 HK$'000 (unaudited)
Revenue	*4*	**1,121,615**	911,424
Cost of sales		**(742,055)**	(626,698)
Gross profit		**379,560**	284,726
Other income		**20,697**	21,980
Other gains and losses		**9,639**	5,724
Selling and distribution expenses		**(57,684)**	(46,096)
Administrative expenses		**(81,357)**	(62,723)
Research and development costs		**(26,474)**	(21,411)
Share of result of a joint venture		**2,401**	–
Finance costs		**(14,797)**	(13,042)
Profit before taxation	*5*	**231,985**	169,158
Income tax expense	*6*	**(40,192)**	(31,510)
Profit for the period		**191,793**	137,648
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(44,240)**	191
Share of translation reserve of a joint venture		**(153)**	–
Fair value gain on available-for-sale financial assets		**13**	120
Other comprehensive (expense) income for the period		**(44,380)**	311
Total comprehensive income for the period attributable to owners of the Company		**147,413**	137,959
Earnings per share	*8*		
Basic (HK cents)		**18.75**	13.51
Diluted (HK cents)		**18.59**	13.33

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016 (unaudited)

	Notes	**30.6.2016 HK$'000 (unaudited)**	31.12.2015 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*9*	**1,061,482**	1,034,611
Interest in a joint venture		**12,423**	10,175
Prepaid lease payments		**38,721**	39,983
Deposits		**104,266**	33,733
Available-for-sale financial assets		**29,436**	2,522
Deferred tax assets		**6,716**	3,319
		1,253,044	1,124,343
Current assets			
Inventories		**405,624**	364,838
Prepaid lease payments		**936**	955
Trade and bills receivables	*10*	**425,782**	468,170
Other receivables, deposits and prepayments		**44,496**	29,259
Amount due from a joint venture		**12,028**	4,778
Derivative financial instrument		**10,484**	1,046
Pledged bank deposits		**73,239**	37,647
Short term bank deposits		**189,998**	242,430
Bank balances and cash		**516,497**	627,293
		1,679,084	1,776,416
Current liabilities			
Trade payable	*11*	**101,120**	123,813
Bills payable	*11*	**250,837**	264,925
Other payables and accrued charges		**139,127**	133,505
Amount due to a joint venture		**3,988**	2,745
Bank borrowings	*12*	**197,226**	588,157
Obligations under finance leases		**8,715**	11,427
Derivative financial instrument		**3,639**	323
Tax payable		**43,782**	24,011
		748,434	1,148,906
Net current assets		**930,650**	627,510
Total assets less current liabilities		**2,183,694**	1,751,853

	Notes	30.6.2016 HK$'000 (unaudited)	31.12.2015 HK$'000 (audited)
Non-current liabilities			
Bank borrowings	*12*	**358,244**	–
Obligations under finance leases		**2,492**	5,931
Deferred income		**8,692**	6,978
		369,428	12,909
Net assets		**1,814,266**	1,738,944
Capital and reserves			
Share capital	*13*	**10,269**	10,213
Reserves		**1,803,997**	1,728,731
Total equity attributable to owners of the Company		**1,814,266**	1,738,944

NOTES

For the six months ended 30 June 2016

1. GENERAL INFORMATION

The Company was 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 an executive director and the Chairman 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 Group are manufacturing and trading of elastic fabric, elastic webbing and lace.

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 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

3. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2016.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

4. SEGMENT INFORMATION

The financial information reported to the 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 from synthetic fibres that are commonly used in high-end knitted lingerie and sportswear products.

- Manufacturing and trading of elastic webbing

  This segment derives its revenue from manufacturing and trading of elastic webbing made from synthetic fibres that are commonly 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 2016 (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	735,303	386,312	1,121,615
Segment profits	153,243	91,525	244,768
Unallocated other income			11,822
Unallocated other gains and losses			9,639
Unallocated corporate expenses			(21,848)
Finance costs			(14,797)
Share of result of a joint venture			2,401
Profit before taxation			231,985

For the six months ended 30 June 2015 (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	590,577	320,847	911,424
Segment profits	98,197	77,109	175,306
Unallocated other income			16,910
Unallocated other gains and losses			5,245
Unallocated corporate expenses			(15,261)
Finance costs			(13,042)
Profit before taxation			169,158

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profits represent the results of each segment without allocation of corporate items including mainly bank interest income, rental income, net foreign exchange gain/loss, change in fair value of derivative financial instruments, corporate expenses and finance costs. Corporate expenses include directors' remuneration paid or payable by the Group, equity-settled share-based payments and certain administrative expenses for corporate functions. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

As at 30 June 2016 (unaudited)

	Manufacturing and trading of elastic fabric and lace HK$'000	**Manufacturing and trading of elastic webbing HK$'000**	**Total HK$'000**
ASSETS			
Segment assets	**1,596,536**	**473,508**	**2,070,044**
Property, plant and equipment			**3,862**
Available-for-sale financial assets			**29,436**
Deferred tax assets			**6,716**
Interest in a joint venture			**12,423**
Derivative financial instrument			**10,484**
Other receivables, deposits and prepayments			**19,429**
Pledged bank deposits			**73,239**
Short term bank deposits			**189,998**
Bank balances and cash			**516,497**
Total assets			**2,932,128**

	Manufacturing and trading of elastic fabric and lace HK$'000	Manufacturing and trading of elastic webbing HK$'000	Total HK$'000
LIABILITIES			
Segment liabilities	**344,480**	**157,809**	**502,289**
Other payables and accrued charges			**1,475**
Derivative financial instrument			**3,639**
Bank borrowings			**555,470**
Obligations under finance leases			**11,207**
Tax payable			**43,782**
Total liabilities			**1,117,862**

As at 31 December 2015 (audited)

	Manufacturing and trading of elastic fabric and lace HK$'000	Manufacturing and trading of elastic webbing HK$'000	Total HK$'000
ASSETS			
Segment assets	1,501,566	455,014	1,956,580
Property, plant and equipment			4,106
Deferred tax assets			3,319
Available-for-sale financial assets			2,522
Interest in a joint venture			10,175
Other receivables, deposits and prepayments			15,641
Derivative financial instrument			1,046
Pledged bank deposits			37,647
Short term bank deposits			242,430
Bank balances and cash			627,293
Total assets			2,900,759
LIABILITIES			
Segment liabilities	357,968	173,304	531,272
Other payables and accrued charges			694
Derivative financial instrument			323
Bank borrowings			588,157
Obligations under finance leases			17,358
Tax payable			24,011
Total liabilities			1,161,815

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than available-for-sale financial assets, deferred tax assets, interest in a joint venture, derivative financial instrument, pledged bank deposits, short term bank deposits and bank balances and cash and certain corporate assets.

- all liabilities are allocated to operating and reportable segments, other than obligations under finance leases, derivative financial instrument, bank borrowings, tax payable and certain corporate liabilities.

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**59,667**	63,739
Amortisation of prepaid lease payments	**475**	506
Cost of inventories recognised as an expense	**742,055**	626,698
Including: allowance for (reversal of allowance for) obsolete inventories *(Note)*	**11,653**	(988)
Bank interest income (included in other income)	**(10,434)**	(14,720)
Gross rental income from properties (included in other income)	**–**	(304)
Government grants (included in other income)	**(7,502)**	(1,823)
Proceeds from sales of scrap materials (included in other income)	**(2,524)**	(3,631)
Change in fair value of derivative financial instruments (included in other gains and losses)	**(6,122)**	–
Net foreign exchange gain (included in other gains and losses)	**(3,517)**	(5,245)
Equity-settled share based payments (included in administrative expenses)	**3,745**	6,375

Note: During the six months ended 30 June 2015, certain slow moving inventories, which were previously written down, were utilised or sold. Therefore, reversal of allowance for obsolete inventories was recognised to profit or loss.

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	**26,865**	6,647
The PRC Enterprise Income Tax ("**EIT**")	**16,789**	24,815
	43,654	31,462
Deferred taxation	**(3,462)**	48
	40,192	31,510

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, except as described below, the tax rate of the PRC subsidiaries is 25% during both periods.

The Company's subsidiary, Dongguan Best Pacific Textile Company Limited ("**Dongguan BPT**"), obtained the qualification as a high and new technology enterprise since 2010, which is now renewing for an additional three years from financial year 2016, and it also completed the relevant filing requirements with the competent tax authorities.

Hence, Dongguan BPT is subject to the preferential tax treatment and the applicable tax rate for the six months ended 30 June 2015 and 2016 is 15%.

7. DIVIDENDS

During the current interim period, a final dividend of HK8 cents per share in respect of the year ended 31 December 2015 (2015: HK5 cents per share in respect of the year ended 31 December 2014) was declared and paid to the shareholders of the Company. The aggregate amount of final dividend declared which are paid in the current interim period amounted to HK$81,829,000 (2015: HK$50,939,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK7.3 cents (2015: HK5.3 cents) per share will be paid to the owners of the Company whose names appear in the register of members on Friday, 2 September 2016.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2016	30.6.2015
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company) (HK$'000)	**191,793**	137,648
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,022,664,326**	1,018,982,244
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**8,776,175**	13,736,428
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,031,440,501**	1,032,718,672

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, total addition to property, plant and equipment were approximately HK$107,519,000 (six months ended 30 June 2015: approximately HK$72,335,000), which mainly included addition of machinery of approximately HK$68,795,000 (six months ended 30 June 2015: approximately HK$63,764,000) and addition to construction in progress of approximately HK$26,248,000 (six months ended 30 June 2015: approximately HK$4,458,000).

10. TRADE AND BILLS RECEIVABLES

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

The following is an aged analysis of trade receivables, net of allowance for bad and doubtful debts, presented based on the date of issuance of monthly statements at the end of each reporting period and an aged analysis of bills receivable presented based on the date of issuance of the bills at the end of each reporting period.

	30.6.2016	31.12.2015
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade receivables		
0 - 90 days	**370,399**	431,397
91-180 days	**43,076**	19,930
Over 180 days	**12,307**	4,901
	425,782	456,228
Bills receivables		
0 - 90 days	**–**	11,942
	425,782	468,170

11. TRADE AND BILLS PAYABLES

Trade payable

The credit period granted by the Group's creditors ranges from approximately 1 month to 3 months. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30.6.2016	31.12.2015
	HK$'000	HK$'000
	(unaudited)	(audited)
0 - 90 days	**95,908**	115,899
Over 90 days	**5,212**	7,914
	101,120	123,813

Bills payable

The following is an aged analysis of bills payable presented based on the date of issuance of bills at the end of each reporting period:

	30.6.2016	31.12.2015
	HK$'000	HK$'000
	(unaudited)	(audited)
0-90 days	**180,303**	179,721
91-180 days	**70,534**	85,204
	250,837	264,925

12. BANK BORROWINGS

	30.6.2016	31.12.2015
	HK$'000	HK$'000
	(unaudited)	(audited)
Unsecured syndicated loans	**392,142**	258,972
Unsecured bank borrowings	**163,328**	329,185
	555,470	588,157
Carrying amount repayable*:		
Within one year	**192,107**	578,816
More than one year, but not exceeding two years	**99,657**	6,223
More than two years, but not more than five years	**263,706**	3,118
	555,470	588,157
Less: Amounts due within one year and/or contain a repayment on demand clause shown under current liabilities	**(197,226)**	(588,157)
Amounts shown under non-current liabilities	**358,244**	–
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	**158,209**	319,844
Carrying amount of bank borrowings that are repayable more than one year but contain a repayment on demand clause	**5,119**	9,341
	163,328	329,185

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

The unsecured syndicated loan brought forward from prior year was guaranteed by certain group companies and the loan was to be repayable by instalments from 16 July 2014 to 16 July 2016. The loan was early repaid in full during the six months ended 30 June 2016.

During the six months ended 30 June 2016, the Group entered into a new facility agreement for an unsecured syndicated loan. The new unsecured syndicated loan is guaranteed by the Company. The loan is to be repayable by instalments from 1 February 2016 to 1 February 2019 and the interest rate is 2.6% plus Hong Kong Interbank Offered Rate per annum.

The unsecured bank borrowings were guaranteed by certain group companies, as at 30 June 2016 and 31 December 2015.

13. SHARE CAPITAL

All shares issued rank pari passu with each other in all aspects. The detailed movements of the Company's share capital are set out below:

	Number of shares	Amount	
		HK$	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2015, 30 June 2015, 1 January 2016 and 30 June 2016	50,000,000,000	500,000,000	500,000
Issued and fully paid:			
At 1 January 2015	1,018,778,000	10,187,780	10,188
Issue of shares upon exercise of share options (Note a)	2,044,000	20,440	20
At 30 June 2015 (unaudited)	1,020,822,000	10,208,220	10,208
At 1 January 2016	1,021,276,000	10,212,760	10,213
Issue of shares upon exercise of share options (Note b)	**5,575,000**	**55,750**	**56**
At 30 June 2016 (unaudited)	**1,026,851,000**	**10,268,510**	**10,269**

Notes:

(a) In June 2015, the Company issued 2,044,000 shares upon the exercise of share options by a director and certain employees.

(b) In January, April, May and June 2016, the Company issued 600,000, 154,000, 1,830,000 and 2,991,000 shares respectively upon the exercise of share options by three directors and certain employees.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2016, the global economy was overshadowed by a number of uncertainties and faced a challenging business environment. Following a modest recovery, the U.S. economy started displaying various negative signals, including decelerated employment growth, weaker consumer confidence, shrinking corporate investment and lower-than-expected inflation. In view of various uncertainties in the economy, the U.S. Federal Reserve took a cautious approach towards interest rate hikes. Economic recovery in the Eurozone was bumpy and the recovery pace was slow as a result of the combined effects of various internal and external factors – such as unsatisfactory results of structural reformation in the Eurozone, increased geopolitical tensions and slower-than-expected growth in emerging markets. The PRC economy, on the other hand, continued to experience fluctuations and downward pressure during the transformation stage of its structural reform, with the national consumption and exports performance showing signs of deterioration. According to the National Bureau of Statistics of China, the PRC's total retail sales of consumer goods recorded a period-on-period growth of 10.3% in June 2016, a considerably low level for the past twelve consecutive months. From January to June 2016, the total national export value of the PRC amounted to RMB6.4 trillion, representing a year-on-year decrease of 2.1%, and specifically, exports to the U.S. decreased by 4.6%.

Faced with this challenging macro-environment, Best Pacific acknowledged the enormous potential of the sportswear materials market and further capitalised on its unique advantages of being a one-stop solutions provider, timely responded to the market trend by aggressively expanding its sportswear and lace businesses. The Group delivered satisfactory results in its overall performance and achieved promising growth in various business segments. For the six months ended 30 June 2016, the Group's revenue increased considerably by 23.1% to approximately HK$1,121.6 million, as compared to approximately HK$911.4 million in the corresponding period of 2015, resulting in the highest overall growth since its listing in 2014. Profit attributable to equity shareholders increased by approximately 39.3% to approximately HK$191.8 million. Benefiting from the increased proportion of its lucrative lace business as well as its effective management and control over costs and expenses, the Group's gross profit margin and net profit margin further increased to 33.8% and 17.1% during the Reporting Period, from 31.2% and 15.1% for the first half of 2015, respectively.

During the Reporting Period, revenue from the two core business segments of the Group continued to record sound growth. Revenue from the sales of elastic fabric and elastic webbing increased by 23.0% and 20.4% to approximately HK$685.8 million and approximately HK$386.3 million, respectively, further consolidating the Group's leading position as a one-stop solutions provider in the world. During the Reporting Period, Best Pacific maintained and deepened its close cooperative relationships with renowned international lingerie brands, including ^Aimer, Chantelle, Embry Form, Maniform, Marks & Spencer, Spanx, Triumph, Victoria's Secret and Wacoal. By cultivating on its sharp industrial insights, innovative design concepts, robust research and development capability and persistent pursuit for high quality, the Group has promoted the development of lingerie industry and captured the emerging business growth opportunities successfully. In February 2016, Best Pacific was honored with the 2016 FEMMY Award (Supplier category) by the U.S. Underfashion Club. The FEMMY Award, which is recognised as one of the most influential awards in the intimate apparel industry, honors those individuals and companies that have significantly contributed to the intimate apparel industry and its growth. Winning the award proves that Best Pacific is well recognised and acclaimed in the industry.

^ *Brands are arranged in alphabetical order.*

Based on its extensive customer base, the Group continued to cross-sell its lace products to the existing customers, resulting in rapid business expansion of the lace segment during the Reporting Period. Revenue from the lace segment increased significantly by 50.8% period-on-period to approximately HK$49.5 million during the Reporting Period. Taking the advantage of economies of scale brought about by the expanded lace business, the respective gross profit margin rose further by 0.6 percentage point to 49.2%, contributing to the Group's overall profitability.

Despite the generally stagnant world's retail market, the demand for sportswear has remained strong on the back of the growing popularity of physical exercise among the general public in recent years. With increasing awareness of a healthy lifestyle and personal image, and the increased popularity of large international sports events such as the European Football Championship and the Brazil Olympic Games, consumers have become more enthusiastic about sports and fitness, and are making sports an integral part of their lives. Moreover, as a result of growing disposable income and more sophisticated tastes, consumers are paying more attention to the comfort, functionalities and style of sportswear, providing great development opportunities for brands with strong research and development capabilities and cutting-edge technology. With an eye on the immense sportswear market, Best Pacific has leveraged its existing production facilities and first-class technological capabilities to further expand its businesses into the sportswear materials market. The Company's technological experience and expertise in the lingerie market have enabled it to integrate the comfort and style of lingerie products with the design of sportswear materials. Together with its strong research and development capabilities and precise understanding of product functionalities, the Company has a unique competitive edge in the sportswear materials market. During the Reporting Period, the Group continued to deepen its partnership with Victoria's Secret, one of its long-term lingerie customers, and supplied sportswear materials for its PINK and [#]Victoria Sport series. In addition, the Group has strengthened its cooperation with [^]Lululemon, Under Armour and other leading international sportswear brands. Revenue from sportswear materials of the Group for the Reporting Period surged by approximately 77.0%, as compared to that for the corresponding period of 2015, representing an encouraging performance. The Group believes that the sportswear materials segment will continue to be the growth driver in the coming years.

As one of the few lingerie materials manufacturers offering one-stop solutions, Best Pacific has outstanding research and development and innovation capabilities, which are not only embedded in its corporate culture, but has also formed a crucial base for the Company to maintain its leading market position. A large research and development database has been built over the years which enables the Group to offer over hundred apparel innovations to the market each year. Coupled with the market trends and customer needs, the Group develops tailor-made innovative materials for its customers. This not only provides customers with unique value-added services, but also enables the Group to strategically enrich its new product offerings. The dedication to maintain Best Pacific's research and development strength and further enhance its innovative capabilities is paramount. The Group is prepared to invest approximately 2% to 3% of its revenue as research and development expenses each year. Currently, the Group has a research and development team of over 100 technicians, who are to support the design work that could accurately matches market trends with customer desire. On the other hand, Best Pacific Institute of Technology and Research and Best Pacific School of Management and Administration were officially established in June 2016, which marked the milestone of the Group to cultivate versatile management staff and to further improve its corporate governance. The strong support in research and development and in operational management has laid a solid foundation for the sustainable growth of Best Pacific in the future.

\# *VSX series of Victoria's Secret was re-named as Victoria Sport in July 2016.*

^ *Brands are arranged in alphabetical order.*

In order to capitalise on the vast market growth potentials and to further consolidate the Group's leading market position, in the first half of 2016, the Group continued to expand its production capacities through constructing new production facilities and exploring the feasibility of other ancillary projects. The construction of the Group's Phase VI production plant in Machong Town, Dongguan, the PRC (the "**Machong Site**"), with a gross floor area of approximately 35,000 square metres, is expected to complete in the second half of 2016. The designed annual production capacity of elastic fabric, elastic webbing and lace as at the end of the Reporting Period was approximately 72.9 million metres, 1,135.8 million metres and 18.8 million metres, respectively. As disclosed in the Company's announcement on 9 May 2016, the Group obtained approval from the Dongguan Environmental Protection Bureau to expand its production facility at its Machong Site. Upon completion of the expansion project and commencement of operation of the new production facility, the maximum volume of wastewater generated from the production process will be increased from 11,545 tonnes to 23,545 tonnes per day, of which the maximum emission of wastewater will be increased from 4,800 tonnes to 9,600 tonnes per day.

During the Reporting Period, the Group proactively made preparation for the construction of its pioneer overseas production base in Vietnam. The popularity of Vietnam being treated as an emerging manufacturing base has been further boosted by various free trade agreements including the Trans-Pacific Strategic Economic Partnership Agreement between the U.S. and Asia-Pacific countries and the Free Trade Agreement between the European Union and Vietnam. These agreements will enable the textile industry within the region to enjoy beneficial tariff concessions, as well as lower labour and transportation costs. In addition, as numerous clients of the Group have established their production facilities in Vietnam, the Group will be able to cooperate more closely with these customers, in the hope to capture greater market share. The Group has planned to invest approximately HK$600 million to develop its production facilities in Vietnam and has entered into agreements for leasing two plots of lands located at the Vietnam Singapore Industrial Park in Hai Duong Province, Vietnam. Such investment is expected to be financed by the Group's internal funding as well as bank loans and the Vietnam plant is expected to be put in use by 2017.

FINANCIAL REVIEW

Revenue

The Group's revenue is primarily derived from the sales of its major products, elastic fabric, elastic webbing and lace. For the six months ended 30 June 2016, revenue amounted to approximately HK$1,121.6 million, representing an increase of approximately HK$210.2 million, or 23.1%, from approximately HK$911.4 million for the six months ended 30 June 2015. The increase in revenue during the Reporting Period was mainly attributable to the increase in the volume of products sold as a result of the Group's dedicated efforts on penetrating to its existing lingerie customers by cross-selling the three major products, as well as the continual expansion into the new sportswear materials segment.

A comparison of the Group's revenue for the six months ended 30 June 2016 and the six months ended 30 June 2015 by product categories is as follows:

	Six months ended 30 June					
	2016		2015		Change	
	Revenue (HK$'000)	**% of Revenue**	Revenue (HK$'000)	% of Revenue	(HK$'000)	%
Elastic fabric	**685,812**	**61.2**	557,750	61.2	128,062	23.0
Elastic webbing	**386,312**	**34.4**	320,847	35.2	65,465	20.4
Lace	**49,491**	**4.4**	32,827	3.6	16,664	50.8
Total	**1,121,615**	**100.0**	911,424	100.0	210,191	23.1

For the six months ended 30 June 2016, revenue from sales of elastic fabric amounted to approximately HK$685.8 million, representing an increase of approximately HK$128.1 million, or 23.0%, as compared to the six months ended 30 June 2015. The growth in revenue was mainly driven by the Group's continued expansion into the sportswear materials market, by leveraging on its high product quality, strong innovation and research and development capability, and by fostering relationships with different sportswear brands, which were represented by a period-on-period growth of approximately 77.0% in sales revenue of sportswear materials.

Revenue from sales of elastic webbing amounted to approximately HK$386.3 million, representing an increase of approximately HK$65.5 million, or 20.4%, as compared to the six months ended 30 June 2015. The growth in revenue was mainly due to the Group's dedication in cross-selling its primary lingerie products and growing market demand for elastic webbing.

Benefiting from the Group's one-stop solutions strategy and strong market demand for lace, revenue from sales of lace increased from approximately HK$32.8 million for the six months ended 30 June 2015 to approximately HK$49.5 million for the six months ended 30 June 2016, giving a period-on-period growth of 50.8%.

Cost of sales

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

Cost of sales – by nature of expenses

	Six months ended 30 June					
	2016		2015		Change	
	(HK$'000)	**%**	(HK$'000)	%	(HK$'000)	%
Direct labour	**88,843**	**12.0**	76,403	12.2	12,440	16.3
Raw materials	**410,683**	**55.4**	363,088	57.9	47,595	13.1
Manufacturing overheads	**237,073**	**31.9**	182,135	29.1	54,938	30.2
Others	**5,456**	**0.7**	5,072	0.8	384	7.6
Total	**742,055**	**100.0**	626,698	100.0	115,357	18.4

The Group's cost of sales for the six months ended 30 June 2016 amounted to approximately HK$742.1 million, representing an increase of approximately HK$115.4 million, or 18.4%, as compared to the six months ended 30 June 2015. The increase in our cost of sales was primarily due to (1) the increase in total sales volume; and (2) the increase in overall manufacturing overheads driven by the Group's continued investments in property, plant and equipment to cope with our business expansion and the anticipated growth in demand.

Cost of sales – by product category

	Six months ended 30 June					
	2016		2015		Change	
	(HK$'000)	**%**	(HK$'000)	%	(HK$'000)	%
Elastic fabric	**454,615**	**61.3**	394,536	63.0	60,079	15.2
Elastic webbing	**262,284**	**35.3**	215,304	34.3	46,980	21.8
Lace	**25,156**	**3.4**	16,858	2.7	8,298	49.2
Total	**742,055**	**100.0**	626,698	100.0	115,357	18.4

The cost of sales by product category as a percentage of the total cost of sales for the six months ended 30 June 2016 remained relatively stable as compared to the six months ended 30 June 2015.

Gross profit, gross profit margin and net profit margin

	Six months ended 30 June			
	2016		2015	
	Gross profit (HK$'000)	**Gross profit margin (%)**	Gross profit (HK$'000)	Gross profit margin (%)
Elastic fabric	**231,197**	**33.7**	163,214	29.3
Elastic webbing	**124,028**	**32.1**	105,543	32.9
Lace	**24,335**	**49.2**	15,969	48.6
	379,560	**33.8**	284,726	31.2

The overall gross profit increased from approximately HK$284.7 million for the six months ended 30 June 2015 to approximately HK$379.6 million for the six months ended 30 June 2016. The Group's overall gross profit margin for the six months ended 30 June 2016 increased by 2.6 percentage points to 33.8%, as compared to 31.2% for the six months ended 30 June 2015. The improved gross profit margin was mainly driven by the continual improvements in production efficiency and economies of scale.

The Group generally adopts a cost plus pricing model which has enabled the Group to maintain a relatively stable gross profit margin.

According to the Frost & Sullivan Industry Report, as quoted in the prospectus of the Company dated 13 May 2014 (the "**Prospectus**") in relation to its initial public offering (the "**IPO**"), the industry average for the gross profit margin of lace generally ranges from approximately 40% to 60%. With the continual ramping up of production subsequent to the launch of the Group's lace products in the second half of 2012, and benefiting from the economies of scale, gross profit margin of lace segment of the Group further improved by 0.6 percentage point, from 48.6% for the six months ended 30 June 2015 to 49.2% for the six months ended 30 June 2016.

Net profit for the six months ended 30 June 2016 amounted to approximately HK$191.8 million, representing an increase of approximately 39% as compared to approximately HK$137.6 million for the six months ended 30 June 2015. The Group achieved an improved net profit margin of 17.1% for the same period, representing a growth of 2.0 percentage points. The increase in the net profit margin was mainly driven by the overall improved manufacturing efficiency and improved profit contribution by lace.

Other income

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

	Six months ended 30 June	
	2016	2015
	(HK$'000)	(HK$'000)
Bank interest income	**10,434**	14,720
Sales of scrap material income	**2,524**	3,631
Government grants	**7,502**	1,823
Rental income	**–**	304
Others	**237**	1,502
Total	**20,697**	21,980

The decrease in other income by 5.8%, from approximately HK$22.0 million for the six months ended 30 June 2015 to approximately HK$20.7 million for the six months ended 30 June 2016, was mainly driven by the aggregate effect of the decrease in bank interest income and the increase in government grants received.

Other gains and losses

Other gains and losses mainly consist of the fair value gain in derivative financial instruments.

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 2015 and 2016, the Group's selling and distribution expenses represented 5.1% of its total revenue. The increase in selling and distribution expenses was generally in line with the increase in revenue.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, depreciation and amortisation, motor vehicle expenses, bank charges and other administration expenses. For the six months ended 30 June 2015 and 2016, the Group's administrative expenses represented 6.9% and 7.3% of its total revenue, respectively. The increase in administrative expenses was primarily due to the increase in business scale and average employee benefit expenses. The equity-settled share-based compensation included in employee benefit expenses for the six months ended 30 June 2016 was approximately HK$3.7 million (as compared to approximately HK$6.4 million for the six months ended 30 June 2015).

Research and development costs

The Group is dedicated to catering to the changing market preferences by introducing innovative lingerie and sportswear materials. For the six months ended 30 June 2015 and 2016, our research and development costs represented 2.3% and 2.4% of the revenue, respectively.

Finance costs

The Group's finance costs represent interest expenses for bank borrowings, net of interest expenses capitalised. The finance costs increased by approximately 13.5% from approximately HK$13.0 million for the six months ended 30 June 2015 to approximately HK$14.8 million for the six months ended 30 June 2016. The increase in finance costs was primarily due to the increase in finance charges resulted in a new syndicated loan arranged in January 2016. Details of the syndicated loan, please refer to the Company's announcement dated 8 January 2016.

Income tax expense

Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profit for the period ended. Under the EIT Law and Implementation Regulation of the EIT Law, except as described below, the tax rate of the PRC subsidiaries of the Group was 25% during the six months ended 30 June 2015 and the six months ended 30 June 2016.

The Group's subsidiary, Dongguan BPT, obtained its qualification as a high and new technology enterprise since 2010, which is now renewing for an additional three years from the financial year 2016. Dongguan BPT also completed the relevant filing requirements with the relevant tax authorities. Hence, Dongguan BPT is subject to the preferential tax treatment and the applicable tax rate of 15% for the six months ended 30 June 2015 and 2016.

The effective tax rate decreased from 18.6% for the six months ended 30 June 2015 to 17.3% for the six months ended 30 June 2016.

Liquidity, financial resources and bank borrowings

The Group maintains a strong and healthy financial position. As at 30 June 2016, net working capital (calculated as current assets less current liabilities) was approximately HK$930.7 million, representing an increase of approximately HK$303.1 million as compared with 31 December 2015. The current ratio (calculated as current assets/current liabilities) is 2.2 times as at 30 June 2016 as compared to 1.5 times as at 31 December 2015.

For the six months ended 30 June 2016, net cash generated from operating activities further increased to approximately HK$210.0 million, as compared to approximately HK$189.9 million for the six months ended 30 June 2015. Net cash used in investing activities amounted to approximately HK$182.5 million for the six months ended 30 June 2016, as compared to approximately HK$78.1 million for the six months ended 30 June 2015. The increase in net cash used in inventing activities was mainly due to larger investments being spent on addition of property, plant and equipment for the six months ended 30 June 2016, to cope with business expansion of the Group.

During the six months ended 30 June 2016, net cash used in financing activities amounted to approximately HK$128.6 million, as compared to net cash used in financing activities of approximately HK$119.4 million for the six months ended 30 June 2015. The cash used in financing activities for the six months ended 30 June 2016 was mainly for the repayment of syndicated loan and bank borrowings.

As at 30 June 2016, the Group's gearing ratio was 30.6% (as at 31 December 2015: 33.8%), which was calculated on the basis of the amount of total bank borrowings as a percentage of total equity. The Group was in a net cash position of approximately HK$224.3 million, as compared to approximately HK$319.2 million as at 31 December 2015.

Working capital management

	For the six months/ year ended			
	30 June 2016 (days)	31 December 2015 (days)	Change (days)	(%)
Trade and bills receivables turnover days	**72.5**	79.0	(6.5)	(8.2)
Trade and bills payables turnover days	**90.8**	99.5	(8.7)	(8.7)
Inventory turnover days	**94.5**	95.1	(0.6)	(0.6)

The decrease in trade and bills receivables turnover days from 79.0 days for the year ended 31 December 2015 to 72.5 days for the six months ended 30 June 2016 was primarily attributable to the decrease of trade and bills receivables as a result of continuous improvement in management of trade receivables.

The decrease in trade and bills payables turnover days for the six months ended 30 June 2016 by 8.7 days was primarily due to the increase in use of cash to settle transactions for the benefits of lower prices.

The inventory turnover days remained relatively stable for the year ended 31 December 2015 and the six months ended 30 June 2016.

Capital expenditures

For the six months ended 30 June 2016, total addition to property, plant and equipment amounted to approximately HK$107.5 million (for the six months ended 30 June 2015: approximately HK$72.3 million), and was mainly attributed to the increase in investment in machinery of approximately HK$68.8 million (for the six months ended 30 June 2015: approximately HK$63.8 million) and addition to construction in progress of approximately HK$26.2 million (for the six months ended 30 June 2015: approximately HK$4.6 million), to cope with the Group's overall business expansion.

Pledged assets

As at 30 June 2016, the Group pledged certain bank deposits and equipment to secure the bank borrowings granted to and bills payable issued by the Group.

The carrying amounts of the assets pledged are as follows:

	As at	
	30 June 2016 (HK$'000)	31 December 2015 (HK$'000)
Pledged bank deposits	**73,239**	37,647
Equipment	**40,450**	50,965
Total	**113,689**	88,612

Segment information

Details of segment information are set out in Note 4 to the condensed consolidated financial statements.

Foreign exchange risk

A substantial portion of the Group's revenue is denominated in U.S. dollars and Hong Kong dollars and a portion of its purchases and expenses are denominated in Renminbi. 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. We intend to manage our foreign exchange risks by (i) managing our sales, purchases and expenses denominated in Hong Kong dollars and U.S. dollars through our Hong Kong subsidiaries and managing our sales, purchases and expenses denominated in Renminbi through our PRC subsidiaries; and (ii) holding cash and bank deposits denominated in Renminbi primarily by our PRC subsidiaries and cash and bank deposits denominated in Hong Kong and U.S. dollars primarily by the Company and its Hong Kong subsidiaries.

Contingent liabilities

As at 30 June 2016, the Group did not have any significant contingent liabilities.

Employees and remuneration policies

As at 30 June 2016, the Group employed a total of approximately 5,071 full-time employees (as at 31 December 2015: 4,532). The increase in the number of employees was mainly due to the increase in the scale of the Group's business. There was 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 options granted to eligible employees under the share option schemes, as described in the Prospectus.

Use of proceeds

As stated in the Prospectus, the Group planned to use the proceeds from the Company's IPO mainly for increasing its production capacity, settling syndicated loan installments and for general working capital purposes. The total net proceeds from the IPO amounted to approximately HK$527.7 million. For the period from 23 May 2014, the date on which the Company's shares were listed on the Stock Exchange, to 30 June 2016, the Group's total cost of purchasing new machineries, construction of Phase VI production plant (the ninth production facility), settling syndicated loan installments, and for general working capital purposes, by using the proceeds from the IPO, amounted to approximately HK$409.4 million. Unutilised net proceeds as at 30 June 2016 amounted to approximately HK$118.3 million, which was deposited in licensed banks in Hong Kong and the PRC. The Company intends to use the remaining net proceeds in the second half of 2016 and 2017, in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

FUTURE STRATEGIES AND PROSPECTS

The International Monetary Fund has recently downgraded its forecast for global economic growth as Britain's surprising vote to leave the European Union in June 2016 weighs on consumer confidence and investor sentiment. Alongside with the geopolitical turmoil, rising protectionism, terrorist attacks and the PRC's possible "L-shaped" economic growth, the global economic outlook remains gloomy in the second half of 2016 and the world's economic growth might be pushed into a deeper rut.

Continued uncertainty towards the global economic outlook underscores the importance of using all policy tools, monetary, fiscal and structural, in combination by all countries to boost economic growth. The Chinese government remains committed to a proactive fiscal policy in order to push forward and support its economic development. Albeit the different challenges ahead, lingerie, as a personal necessity, is expected to maintain a moderate growth. In addition, the requirement of consumers in terms of intimate wear has evolved from warm, comfortable and supportive wear to stylish fashion which enables them to make their own fashion style. The lingerie market, with its consistent growth and consumption upgrading, offers vast development potential for the Group.

While maintaining steady growth of the elastic fabric and elastic webbing businesses, we are committed to making further breakthroughs in the lace segment so as to fuel the enlarging market share of the Group's presence in the lingerie space. With the increasing awareness and recognition of our lace products, the Group further expanded its lace customer portfolio and the lace segment is expected to see a steady expansion, and an increasing sales proportion of the Group, alongside contributing to the Group's overall profit margin.

In addition, there will be constantly emerging fresh opportunities in the sportswear apparel market. According to a report from global market research company, Allied Market Research, the world sports apparel market will be growing at a CAGR of 4.3% during the forecast period from 2015 to 2020. For the PRC market, research by Euromonitor International shows that the sportswear market grew to US$25 billion in 2015, and is expected to grow to US$40 billion by 2020. The State Council of the PRC has issued a "National Fitness Program (2016-2020)", which states that the total sports-related consumption will reach RMB1.5 trillion by 2020, and the national fitness program will become a driver for promoting the development of the sports industry, increasing domestic demand and forming new economic growth points. The Group will take advantage of its outstanding in-house innovation capabilities, aggressively expand its sportswear materials business, monitor consumption trends and continue to closely cooperate with leading sportswear brands, with an aim to capture the immense growth potential in the sportswear apparel market.

Regarding production capacity expansion, apart from the continuous expansion of the production facilities in the PRC, the Group is also committed to expanding into other regions of the world, including Vietnam. The construction of the manufacturing site in Vietnam is expected to complete in 2017 and the total annual production capacities in elastic fabric and elastic webbing of the Group will be expected to be increased by approximately 25% to 30%, as compared to the relevant capacities as of 31 December 2015. Establishing production facilities in Vietnam will allow the Group to benefit from cost advantages including labour and transportation costs, strengthen its business collaboration with customers who are currently having their presence in Vietnam, and enjoy favourable conditions for intra-regional trade and tariff reductions. Upon compliance of the relevant regulatory requirements, the Group is also expected to enjoy local tax incentives including total waiver for profits tax for the first two profitable years, followed by half profits tax rate for the subsequent four years.

Looking ahead, despite the challenges brought on by the volatile global economy and retail markets, Best Pacific will respond to market changes by delivering innovative concepts in a swift manner, thus maintaining business growth amid of the period of industry integration. The Group will be committed to strengthening cooperation with its existing customers by reinforcing its one-stop solutions business strategy, while actively exploring new business opportunities to achieve sustainable long term returns for its shareholders.

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 2016.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the three independent non-executive Directors (being Mr. Sai Chun Yu, Mr. Cheung Yat Ming and Mr. Ding Baoshan), has reviewed with management the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 and internal control procedures of the Group, and 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 2016 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 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 HK7.3 cents per ordinary share for the six months ended 30 June 2016 (the "**Interim Dividend**"). The Interim Dividend is expected to be paid on or after Tuesday, 13 September 2016 to all shareholders whose names appear on the register of members of the Company on Friday, 2 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 30 August 2016 to Friday, 2 September 2016 (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 Monday, 29 August 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the six-month period ended 30 June 2016, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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

Hong Kong, 15 August 2016

As at the date of this announcement, the Board comprises Mr. Lu Yuguang, Mr. Zhang Haitao, Mr. Wu Shaolun, Ms. Zheng Tingting, Mr. Cheung Yat Ming, Mr. Ding Baoshan* and Mr. Sai Chun Yu*.*

* *Independent non-executive Director*