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EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED

鷹美（國際）控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02368)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 September 2022 increased by 26.2% to HK\$2,547,600,000 compared with HK\$2,018,800,000 for the corresponding period in 2021.
- Gross profit margin increased from 18.3% to 20.6% for the six months ended 30 September 2022 when compared with corresponding period in 2021.
- Profit attributable to owners of the Company was HK\$239,100,000 for the six months ended 30 September 2022, representing an increase of 42.6% compared to HK\$167,700,000 for the corresponding period in 2021.
- The Board resolves to declare an interim dividend of HK30 cents per share for the six months ended 30 September 2022 (2021: HK22 cents per share).

* *For identification purposes only*

The board of directors (the “Board”) of Eagle Nice (International) Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2022 together with the comparative unaudited figures for the corresponding period in 2021 and the relevant explanatory notes.

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

		Six months ended	
		30 September	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
REVENUE	4	2,547,555	2,018,830
Cost of sales		<u>(2,023,767)</u>	<u>(1,649,158)</u>
Gross profit		523,788	369,672
Other income and gains, net	4	12,533	9,098
Selling and distribution expenses		(22,168)	(17,367)
Administrative expenses		(174,899)	(128,644)
Finance costs	5	<u>(7,667)</u>	<u>(2,517)</u>
PROFIT BEFORE TAX	6	331,587	230,242
Income tax expense	7	<u>(85,730)</u>	<u>(56,367)</u>
PROFIT FOR THE PERIOD		<u>245,857</u>	<u>173,875</u>
Attributable to:			
Owners of the Company		239,111	167,676
Non-controlling interests		<u>6,746</u>	<u>6,199</u>
		<u>245,857</u>	<u>173,875</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		<u>HK44.79 cents</u>	<u>HK31.52 cents</u>
Diluted		<u>HK44.79 cents</u>	<u>HK31.52 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	<u>245,857</u>	<u>173,875</u>
OTHER COMPREHENSIVE INCOME:		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(136,560)</u>	<u>22,695</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>109,297</u>	<u>196,570</u>
Attributable to:		
Owners of the Company	<u>107,973</u>	189,665
Non-controlling interests	<u>1,324</u>	<u>6,905</u>
	<u>109,297</u>	<u>196,570</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

		As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		956,024	976,237
Right-of-use assets		263,465	267,972
Goodwill		104,076	104,076
Intangible assets		6,347	7,758
Deposits		16,665	48,236
		<hr/>	<hr/>
<i>Total non-current assets</i>		1,346,577	1,404,279
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		476,342	728,962
Accounts receivable	10	855,164	393,843
Prepayments, deposits and other receivables		118,310	138,790
Tax recoverable		-	3,070
Restricted bank balance		552	617
Cash and bank balances		452,100	455,841
		<hr/>	<hr/>
<i>Total current assets</i>		1,902,468	1,721,123
		<hr/>	<hr/>
CURRENT LIABILITIES			
Accounts payable	11	322,892	299,634
Accrued liabilities and other payables		260,023	292,280
Interest-bearing bank borrowings	12	701,615	648,557
Lease liabilities		9,995	9,713
Tax payable		131,089	78,246
		<hr/>	<hr/>
<i>Total current liabilities</i>		1,425,614	1,328,430
		<hr/>	<hr/>
NET CURRENT ASSETS		476,854	392,693
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,823,431	1,796,972
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 SEPTEMBER 2022

	<i>Notes</i>	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Pension scheme obligation		23,018	19,861
Lease liabilities		6,457	12,098
Deferred tax liabilities		37,702	43,324
		<hr/>	<hr/>
<i>Total non-current liabilities</i>		67,177	75,283
		<hr/>	<hr/>
Net assets		1,756,254	1,721,689
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		5,338	5,338
Reserves		1,701,552	1,668,311
		<hr/>	<hr/>
		1,706,890	1,673,649
Non-controlling interests		49,364	48,040
		<hr/>	<hr/>
Total equity		1,756,254	1,721,689
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standards (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022. The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 March 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards had no material impact on the results and financial position for the current or prior accounting periods which have been prepared and presented.

3. OPERATING SEGMENT INFORMATION

The Group is solely engaged in manufacture and trading of sportswear and garments. For management purposes, the Group determines that there are five reportable operating segments, based on location of customers (the destination of sales), including Mainland China, Europe, the United States of America (the “USA”), Japan and others. These segments are managed separately as each segment is subject to risks and returns that are different from one another.

The revenue and the result of each operating segment for the six months ended 30 September 2022 are as follows:

	Revenue		Segment result	
	Six months ended		Six months ended	
	30 September		30 September	
	(Unaudited)		(Unaudited)	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	1,195,852	1,084,721	275,440	204,860
Europe	574,996	352,033	100,507	56,917
USA	457,970	323,055	66,503	43,410
Japan	64,685	43,661	14,176	5,348
Others	254,052	215,360	41,572	37,380
	<u>2,547,555</u>	<u>2,018,830</u>	<u>498,198</u>	<u>347,915</u>
Interest income and other unallocated income and gains			12,533	9,098
Unallocated expenses			<u>(179,144)</u>	<u>(126,771)</u>
Profit before tax			331,587	230,242
Income tax expense			<u>(85,730)</u>	<u>(56,367)</u>
Profit for the period			<u>245,857</u>	<u>173,875</u>

4. REVENUE AND OTHER INCOME AND GAINS, NET

(a) An analysis of revenue is as follows:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
- sale of sportswear and garments	<u>2,547,555</u>	<u>2,018,830</u>

(b) An analysis of other income and gains, net is as follows:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	1,083	1,268
Income derived from financial assets at fair value through profit or loss	412	1,957
Government grants*	10,284	5,322
Loss on disposal and write-off of items of property, plant and equipment, net	(1,209)	(186)
Others	<u>1,963</u>	<u>737</u>
	<u>12,533</u>	<u>9,098</u>

* The amount represents various government grants received by certain subsidiaries of the Group established in Mainland China and/or Hong Kong for promoting the manufacturing industry and maintaining the employment rate. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans	7,396	2,234
Interest on lease liabilities	<u>271</u>	<u>283</u>
	<u>7,667</u>	<u>2,517</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$ '000	HK\$ '000
Depreciation of property, plant and equipment	50,014	46,372
Depreciation of right-of-use assets	9,114	7,626
Amortisation of intangible assets	1,411	1,410
Loss on disposal and write-off of items of property, plant and equipment, net	<u>1,209</u>	<u>186</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$ '000	HK\$ '000
Current tax charge for the period:		
Hong Kong	18,471	12,281
Elsewhere	66,229	44,148
Deferred	<u>1,030</u>	<u>(62)</u>
Total tax charge for the period	<u>85,730</u>	<u>56,367</u>

8. INTERIM DIVIDEND

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared of HK\$0.30 per share (2021: HK\$0.22 per share)	<u>160,140</u>	<u>117,040</u>

The Board resolved that an interim dividend of HK\$0.30 per share for the six months ended 30 September 2022 to be paid to the shareholders whose names appear on the Company's register at the close of business on 9 December 2022. The interim dividend was declared after the period ended 30 September 2022, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$239,111,000 (2021: HK\$167,676,000) and 533,800,000 (2021: 532,000,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. ACCOUNTS RECEIVABLE

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Accounts receivable	<u>855,164</u>	<u>393,843</u>

The Group's accounts receivable mainly relates to a few recognised and creditworthy customers. The credit period is generally for a period of 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivable to minimise the credit risk. Overdue balances are regularly reviewed by the management of the Group. The Group does not hold any collateral or other credit enhancements over its accounts receivable balance. The accounts receivable is non-interest-bearing.

10. ACCOUNTS RECEIVABLE (continued)

An ageing analysis of the accounts receivable as at the end of reporting period, based on the invoice date, is as follows:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Within 30 days	688,096	312,515
31 to 60 days	135,409	53,137
61 to 90 days	20,761	9,907
Over 90 days	10,898	18,284
	<u>855,164</u>	<u>393,843</u>

The accounts receivable balance is neither past due nor impaired. It relates to customers for which there is no recent history of default.

11. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of reporting period, based on the invoice date, is as follows:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Within 90 days	300,298	282,095
91 to 180 days	13,455	9,057
181 to 365 days	3,474	1,417
Over 365 days	5,665	7,065
	<u>322,892</u>	<u>299,634</u>

The accounts payable are non-interest-bearing and are normally settled on terms of 30 to 60 days.

12. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate %	Maturity	As at 30 September 2022 (Unaudited) HK\$'000	Effective interest rate %	Maturity	As at 31 March 2022 (Audited) HK\$'000
Current						
Bank loans	2.61% to 4.42%	On demand	<u>701,615</u>	0.87% to 1.36%	On demand	<u>648,557</u>

As at 30 September 2022, bank borrowings of HK\$701,615,000 (31 March 2022: HK\$648,557,000) were supported by corporate guarantees executed by the Company and certain subsidiaries of the Company.

As at 30 September 2022, HK\$290,215,000 (31 March 2022: HK\$626,557,000) of the bank borrowings were denominated in US\$.

Based on the maturity terms of the bank borrowings, all the Group's bank borrowings as at 30 September 2022 and 31 March 2022 are repayable within one year.

13. ASSET ACQUISITION THROUGH ACQUISITION OF SUBSIDIARIES

On 1 May 2022, the Group acquired 100% equity interest in Beyond Top Co., Ltd. ("Beyond Top"), a company incorporated in the British Virgin Islands with limited liability and together with its only wholly-owned subsidiary incorporated in Vietnam, at a final consideration of US\$6,692,000 (equivalent to approximately HK\$52,500,000). Beyond Top is an investment holding company whose only wholly-owned subsidiary was principally engaged in the manufacture of shoes in Vietnam before ceasing operation in 2009.

Management accounted for the transaction as an acquisition of assets and liabilities. The cost of acquisition is allocated to individual identifiable assets and liabilities of the acquired companies on the basis of their relative fair values at the completion date of the acquisition as summarised below:

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	24,904
Right-of-use assets	29,275
Cash and bank balances	8
Other payable	(6)
Tax payable	<u>(1,681)</u>
Total identifiable net assets at fair value	<u>52,500</u>
Satisfied by:	
Cash consideration	<u>52,500</u>

14. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 18 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The global economic landscape remained complicated and volatile in 2022. The continuing COVID-19 pandemic resulted in a tight international supply chain and inflation in various countries, while the US Federal Reserve's interest rates hikes to curb inflation brought pressure on the world economy and pessimism to consumer confidence.

Notwithstanding the economic uncertainties, the Group remains confident in the sportswear industry. The revival of international sports events in the post-pandemic era will ignite public awareness of sports and recreation again, which would give rise to increasing demands in sportswear and related products. This year, there will be the first major sporting extravaganza which is not subject to any restrictions since the outbreak of the pandemic, The 2022 FIFA World Cup, which will arouse the public passion for sports again. In recent years, many sports brands have launched their own sports-related apps which allow consumers to link up with smart gym equipment for trainings at home, hence driving growth in the sales of functional sportswear. The growing phenomenon of the new "work from home" pattern and flexible working hours have also heralded a new trends of sports and exercises among the general public around the world.

BUSINESS REVIEW

The Group reported ongoing sales growth as it continued to enjoy the support of international brands involved in long-term cooperation with the Group. The addition of two new manufacturing bases in Foshan, the PRC and Indonesia to the Group's production forces during the period has also enhanced the potential for the Group's sales growth.

Meanwhile, the Group's manufacturing base in Ho Chi Minh City, Vietnam delivered outstanding performance during the period with substantial growth in sales and revenue that outperformed the pre-pandemic period. During the previous corresponding period from mid-July 2021 to early October 2021, such Vietnam manufacturing base was suspended due to local anti-epidemic measures.

With the implementation of COVID-19 vaccination programmes, various countries have been gradually relaxing or abolishing their anti-epidemic measures in 2022. With lesser uncertainties in international transportation, global supply chain is gradually recovering so that international freight costs trend lower after peaking at the end of 2021. In addition, the Group's stellar performance for the period under review also reflected lower production costs attributable to weaker Renminbi ("RMB") and Indonesian Rupiah ("IDR") exchange rates during the period.

EXPANSION OF PRODUCTION CAPACITY

After completion of the Group's acquisition of production facilities in West Java in Indonesia, Foshan in China and Long An in Vietnam from late 2021 to mid-2022, the Group's manufacturing bases are now dispersed in China, Indonesia and Vietnam. Supported by digitalised supply chains, these bases are leveraging the unique advantages afforded by their respective geographic locations, local government policies and production technologies to cope with ever-changing market conditions as and when necessary and provide customers with higher quality and more efficient services.

COMMITMENT TO CHARITY

The Group cares for the community and its welfare. To promote the traditional virtue of looking out for each other and the spirit of voluntary services “dedication, fraternity mutual aid and progress”, the Group has established “Eagle Nice Volunteers” at each manufacturing base to serve and care for local underprivileged groups. “Eagle Nice Volunteers” have visited elderly homes to offer heartfelt greetings and company to the seniors. Solid actions have been taken to bring care and laughter to the children at orphan homes and special education schools. The Group has also donated anti-epidemic supplies, food and other daily supplies to local relief stations, care centres and Red Cross according to local needs to help underprivileged families and reward the community by sharing charity and compassion.

REVIEW OF FINANCIAL PERFORMANCE

The gradual easing of the COVID-19 pandemic since early 2022 is leading to gradual economic recovery and driving the demand for consumer goods. The demand for sportswear products has substantially increased in the past two years and the prevailing trend of working from home and workout at home has also contributed to the drastic increase in the demand for comfortable athleisure wear and sportswear, predominately in the U.S. and European markets. Significant changes have also taken place in the supply of sportswear industry in recent years. While Mainland China remains as the major supplier nation for sportswear, its percentage share has substantially been lower than before. Vietnam’s market share of overall sportswear exports has substantially increased, which has benefitted immensely from the bonus effect of its population and its relatively low production cost, as well as the switch in the manufacturing supply chain as a result of the Chinese-U.S. trade war. In addition, technology has been playing an essential role for sportswear products.

For the period under review, the Group reported a record-high total sales of HK\$2,547,600,000 (2021: HK\$2,018,800,000), representing a substantial increase of 26.2% or HK\$528,800,000. Gross profit increased by 41.7% to HK\$523,800,000 (2021: HK\$369,700,000), while gross profit margin increased by 2.3% from 18.3% to 20.6%. The Group’s profit before tax increased by 44.0% to HK\$331,600,000 (2021: HK\$230,200,000), while profit before tax margin increased by 1.6% from 11.4% to 13.0%.

With the easing of the pandemic and relaxing of anti-epidemic measures in various countries, the impact on the Group’s production was alleviated so that the Group delivered stellar results for the period with record-high sales and profit. The Group’s production capacity and sales operations for the corresponding period of last year were affected by the temporary suspension of the Group’s production base in Ho Chi Minh City in Vietnam during the period from mid-July 2021 to early October 2021 due to local anti-epidemic measures. During the period under review, the resumption to full operation of the aforesaid Vietnam production base as well as the switch of supply chain from Mainland China to Southeast Asian countries, in particular Vietnam, were the major drivers behind the growth in the Group’s sales and profit for the period. Moreover, the substantial appreciation of the United States Dollars (“USD”) and devaluation of non-USD currencies to various extents during the period under review as a result of USD interest rate hikes contributed to reductions in the Group’s manufacturing costs for the period, which were settled mainly in RMB, IDR and Vietnamese Dong (“VND”).

The amount of the Group's selling and distribution expenses for the period under review increased by HK\$4,800,000 (or 27.6%) in line with the increase in sales of 26.2%. Administrative expenses increased by HK\$46,300,000 (or 36.0%), owing mainly to the increase in staff wages after annual adjustments and the hiring of additional staff to cope with business growth, enhance product design and development and improve the Group's information technology standards. Moreover, exchange loss was incurred as a result of the devaluation of non-USD assets as at the end of the reporting period owing to the devaluation of non-USD currencies. In respect of finance costs, interest expenses increased substantially by HK\$5,200,000 (or 204.6%) compared to the corresponding period of last year, due to substantial increase in the Group's bank loans in recent years to finance the acquisition of several production bases and optimisation of production equipment to expand its production capacity as well as the great rise in the loan interest rate for the period following the commencement of the U.S. rate hike cycle. As for taxation, the Group's overall tax expenses for the period increased by HK\$29,400,000 (or 52.1%) on an effective tax rate of 25.9%, an increase by 1.4% over 24.5% for the corresponding period of last year reflecting an increased percentage of share of profit from regions subject to higher tax rates as compared to the corresponding period of last year.

Other income and gains amounted to HK\$12,500,000 (2021: HK\$9,100,000), comprising mainly government incentives or subsidies amounting to HK\$10,300,000 (2021: HK\$5,300,000) and bank interest income of HK\$1,100,000 (2021: HK\$1,300,000).

Profit attributable to owners of the Company amounted to HK\$239,100,000 for the six months ended 30 September 2022, representing a substantial increase of HK\$71,400,000 or 42.6% compared to HK\$167,700,000 for the corresponding period of last year. For the period under review, profit margin attributable to owners of the Company increased by 1.1% from 8.3% to 9.4%. Basic earnings per share attributable to owners of the Company for the period amounted to HK44.79 cents compared to HK31.52 cents for the corresponding period of last year. The Board proposed to recommend payment of an interim dividend for the six months ended 30 September 2022 of HK30 cents (2021: HK22 cents) per share.

OUTLOOK

The economy is cyclical by nature, sometimes expanding and sometimes contracting. The Group, for its part, will accelerate and deepen the implementation of its digital and automated management system to simplify procedures and enhance production efficiency. Real-time analysis will be conducted with the aid of big data to facilitate more flexible and timely allocation of local resources, with a view to creating a model of healthy life together with its international brand customers.

The Group has delivered impressive results in the past, and will strive to challenge new heights in the future.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operations with internally generated resources and banking facilities. As at 30 September 2022, the Group had cash and bank balances amounting to HK\$452,100,000 (31 March 2022: HK\$455,800,000) mainly denominated in Hong Kong dollars, RMB, USD, IDR and VND.

As at 30 September 2022, the Group's banking facilities of HK\$992,100,000 (31 March 2022: HK\$990,000,000) were supported by the corporate guarantees of HK\$992,100,000 (31 March 2022: HK\$990,000,000) executed by the Company and certain subsidiaries of the Company. As at 30 September 2022, an aggregate amount of the Group's banking facilities of HK\$701,600,000 (31 March 2022: HK\$648,600,000) was utilised.

The management believes that the Group's existing financial resources will be sufficient to meet its existing operations as well as existing and future expansion plans and, if necessary, the Group will be able to obtain additional financing on favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

Gearing ratio of the Group is defined as net debt (represented by bank borrowings net of cash and bank balances) divided by the total equity. The Group's gearing ratio as at 30 September 2022 was 14.2% (31 March 2022: 11.2%).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group has transactional currency exposures as substantial portion of sales or purchases are denominated in US dollars and RMB. As such, the Group is exposed to foreign exchange risk arising from such exposure to US dollars and RMB. Although the Group has strived to maintain the balance of its sales and purchases in the same currency, as the foreign currency risks generated from the sales and purchases can only be partially set off with each other, financial instruments may be employed when necessary to manage the Group's exposure to the potential foreign exchange risk.

The Group will continue to monitor its foreign exchange exposures and use appropriate tools to manage and minimise its foreign exchange risk.

MATERIAL ACQUISITION OR DISPOSAL

During the six months ended 30 September 2022, other than the acquisition detailed in note 13, there were no material acquisitions or disposals of subsidiaries. During the six months ended 30 September 2021, there were no material acquisitions or disposals of subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed a total of approximately 15,000 employees including the directors of the Company (the “Directors”) (31 March 2022: approximately 15,000).

The employees including the Directors are remunerated based on their working performance, professional experiences and the prevailing industry practice. The Group also makes contributions to the statutory mandatory provident fund scheme and defined contribution retirement benefits scheme for the employees of the Group in Hong Kong and to the pension scheme for the employees of the Group in China, Vietnam and Indonesia.

OTHER INFORMATION

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 September 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the directors, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 September 2022, except for the deviations set out below:

Code Provision C.2.1 under Part 2 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chung Yuk Sing, who has been the Chairman of the Board since 2002, was appointed as the chief executive officer of the Company with effect from 30 June 2013. Notwithstanding the aforesaid deviation, the Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. The principal divisions of the Group's businesses are managed by different directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealing in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2022.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan. The chairman of Audit Committee, Mr. Chan Cheuk Ho, has appropriate professional qualifications and experience in financial matters. The Audit Committee has reviewed with management the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022, including the accounting principles adopted by the Group, risk management and internal controls.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK30 cents per share for the six months ended 30 September 2022 (2021: HK22 cents) to be payable to shareholders whose names appear on the register of members of the Company on Friday, 9 December 2022. The interim dividend will be payable on Thursday, 22 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 7 December 2022 to Friday, 9 December 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement of the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6 December 2022.

PUBLICATION OF INTERIM REPORT

This results announcement is published on the designated issuer website of Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>) and the website of the Company (<http://www.eaglenice.com.hk>). The interim report containing the Group's financial statements and notes to the financial statements for the six months ended 30 September 2022 will be despatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 18 November 2022

As at the date of this announcement, the Board comprises seven executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Huang Yongbiao, Ms. Chen Fang Mei, Mr. Shih Chih-Hung, Mr. Chung Chi Kit and Mr. Hu Chia-Ho and four independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Lu Chi Chant, Ms. Tham Kit Wan and Mr. Leung Spencer Yu Cheong.