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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

- Revenue for the year increased by 10.4% to HK$4,051.1 million compared with HK$3,668.4 million for last year.

- Gross profit margin for the year increased from 17.7% to 18.7% and net profit margin attributable to owners of the Company decreased from 7.5% to 7.2% when compared with last year.

- Profit for the year attributable to owners of the Company was HK$292.6 million, representing 6.6% increase compared to HK$274.6 million for last year.

- In addition to final dividend of HK8 cents (2022: HK14 cents) per ordinary share recommended by the Board for the year, in celebration of the 20th anniversary of the listing of the Company on the Stock Exchange, the Board has recommended a special dividend of HK6 cents (2022: nil) per ordinary share for the year.

* *For identification purposes only*

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2023 together with the comparative figures for the corresponding year in 2022 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2023

	Notes	**2023**	2022
		HK$'000	HK$'000
REVENUE	*3*	**4,051,107**	3,668,371
Cost of sales		**(3,295,189)**	(3,018,152)
Gross profit		**755,918**	650,219
Other income and gains, net	*4*	**22,722**	20,738
Selling and distribution expenses		**(34,189)**	(30,323)
Administrative expenses		**(294,840)**	(271,301)
Other operating expenses		**(28,536)**	(267)
Finance costs	*5*	**(21,631)**	(5,128)
PROFIT BEFORE TAX	*6*	**399,444**	363,938
Income tax expense	*7*	**(98,501)**	(81,357)
PROFIT FOR THE YEAR		**300,943**	282,581
ATTRIBUTABLE TO:			
Owners of the Company		**292,639**	274,633
Non-controlling interests		**8,304**	7,948
		300,943	282,581
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**54.8**	51.5
Diluted		**54.8**	51.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
PROFIT FOR THE YEAR	**300,943**	282,581
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gain/(loss) on defined benefit plans	**(3,467)**	7,788
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(102,047)**	53,513
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**(105,514)**	61,301
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**195,429**	343,882
ATTRIBUTABLE TO:		
Owners of the Company	**190,675**	334,248
Non-controlling interests	**4,754**	9,634
	195,429	343,882

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**998,270**	976,237
Right-of-use assets		**263,657**	267,972
Goodwill		**104,076**	104,076
Intangible assets		**4,937**	7,758
Deposits		**41,611**	48,236
Total non-current assets		**1,412,551**	1,404,279
CURRENT ASSETS			
Inventories		**677,184**	728,962
Accounts receivable	*10*	**345,113**	393,843
Prepayments, deposits and other receivables		**123,369**	138,790
Tax recoverable		**-**	3,070
Restricted bank balance		**1,143**	617
Cash and bank balances		**515,387**	455,841
Total current assets		**1,662,196**	1,721,123
CURRENT LIABILITIES			
Accounts payable	*11*	**375,744**	299,634
Accrued liabilities and other payables		**218,014**	292,280
Interest-bearing bank borrowings		**544,323**	648,557
Lease liabilities		**10,456**	9,713
Tax payable		**93,396**	78,246
Total current liabilities		**1,241,933**	1,328,430
NET CURRENT ASSETS		**420,263**	392,693
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,832,814**	1,796,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Pension scheme obligation		**22,113**	19,861
Interest-bearing bank borrowing		**78,500**	-
Lease liabilities		**1,347**	12,098
Deferred tax liabilities		**48,608**	43,324
Total non-current liabilities		**150,568**	75,283
Net assets		**1,682,246**	1,721,689
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**5,338**	5,338
Reserves		**1,624,114**	1,668,311
		1,629,452	1,673,649
Non-controlling interests		**52,794**	48,040
Total equity		**1,682,246**	1,721,689

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These 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. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous Framework for the *Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group determines that there are five reportable operating segments, based on the locations of customers (the destinations of sales), including Mainland China, the United States of America (the "USA"), Europe, Japan and others. These segments are managed separately as each segment is subject to risks and returns that are different from one another.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income and other unallocated income and gains, and unallocated expenses are excluded from such measurement.

An analysis of revenue and results by reportable segments is as follows:

	Segment revenue		**Segment results**	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Mainland China	**1,964,572**	1,882,199	**267,590**	309,202
USA	**880,187**	674,677	**236,657**	116,948
Europe	**627,631**	644,081	**103,318**	115,534
Japan	**103,593**	84,076	**20,938**	14,389
Others	**475,124**	383,338	**84,797**	59,042
	4,051,107	3,668,371	**713,300**	615,115
Interest income and other unallocated income and gains			**20,659**	20,471
Unallocated expenses			**(334,515)**	(271,648)
Profit before tax			**399,444**	363,938
Income tax expense			**(98,501)**	(81,357)
Profit for the year			**300,943**	282,581

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information - non-current assets

	2023 HK$'000	2022 HK$'000
Hong Kong	**39,037**	35,385
Mainland China	**933,575**	1,003,509
Indonesia	**216,923**	220,237
Vietnam	**118,940**	41,072
	1,308,475	1,300,203

The non-current asset information above is based on the locations of the assets and excludes goodwill.

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers - sale of sportswear and garments and provision of related subcontracting services	**4,051,107**	3,668,371

Revenue from contracts with customers

Disaggregated revenue information

	2023 HK$'000	2022 HK$'000
Types of goods or services		
Sale of sportswear and garments	**4,040,529**	3,660,825
Subcontracting services	**10,578**	7,546
	4,051,107	3,668,371
Geographical markets		
Mainland China	**1,964,572**	1,882,199
USA	**880,187**	674,677
Europe	**627,631**	644,081
Japan	**103,593**	84,076
Others	**475,124**	383,338
	4,051,107	3,668,371

3. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenue derived from sales to customers which amounted to over 10% of the total revenue of the Group is as follows:

	2023	2022
	HK$'000	HK$'000
Customer A	**2,693,503**	2,510,647
Customer B	**627,840**	514,312
Customer C	**544,139**	435,907
	3,865,482	3,460,866

The above amounts include sales to groups of entities which are known to be under common control with these customers.

4. OTHER INCOME AND GAINS, NET

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

	2023	2022
	HK$'000	HK$'000
Bank interest income	**3,806**	3,403
Income derived from financial assets at fair value through profit or loss	**1,543**	3,442
Government grants*	**13,464**	12,303
Others	**3,909**	1,590
	22,722	20,738

* Various government grants have been received by certain subsidiaries of the Group established (i) in Mainland China for promoting the manufacturing industry and maintaining the employment rate and (ii) in Hong Kong under the COVID-19 relief. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2023	2022
	HK$'000	HK$'000
Interest on bank loans	**21,161**	4,541
Interest on lease liabilities	**470**	587
	21,631	5,128

6. PROFIT BEFORE TAX

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

	2023	2022
	HK$'000	HK$'000
Cost of inventories sold and subcontracting services provided	**3,295,189**	3,018,152
Depreciation of property, plant and equipment*	**97,585**	95,808
Depreciation of right-of-use assets*	**19,378**	15,967
Amortisation of intangible assets	**2,821**	2,821
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	**894,296**	864,606
Pension contributions	**148,404**	140,522
Less: Forfeited contributions^	**-**	-
Net pension contributions	**148,404**	140,522
Total employee benefit expenses*	**1,042,700**	1,005,128
Foreign exchange gain, net	**-**	(3,921)
Foreign exchange loss, net#	**26,473**	-
Lease payments not included in the measurement of lease liabilities*	**165**	350
Loss on disposal and write-off of items of property, plant and equipment, net#	**2,063**	267
Income derived from financial assets at fair value through profit or loss	**(1,543)**	(3,442)

^ There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

These amounts are included in "Other operating expenses" on the face of the consolidated income statement.

6. PROFIT BEFORE TAX (continued)

* Included in the respective balances are the following amounts which are also included in the cost of inventories sold disclosed above:

	2023	2022
	HK$'000	HK$'000
Depreciation of property, plant and equipment	**69,874**	64,012
Depreciation of right-of-use assets	**18,206**	14,811
Employee benefit expenses	**863,326**	841,980
Lease payments not included in the measurement of lease liabilities	**165**	350

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2023	2022
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong	**31,118**	19,763
Elsewhere	**60,579**	58,803
Underprovision for current tax in respect of prior years	**-**	340
Deferred	**6,804**	2,451
Total tax charge for the year	**98,501**	81,357

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company for the year of HK$292,639,000 (2022: HK$274,633,000) and the weighted average number of ordinary shares of the Company of 533,800,000 (2022: 532,557,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2023	2022
	HK$'000	HK$'000
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2022 – HK14 cents (2022: HK12 cents) per ordinary share	**74,732**	63,840
Interim – HK30 cents (2022: HK22 cents) per ordinary share	**160,140**	117,040
	234,872	180,880
Proposed final dividend – HK8 cents (2022: HK14 cents) per ordinary share	**42,704**	74,732
Proposed special dividend – HK6 cents (2022: nil) per ordinary share	**32,028**	-
	74,732	74,732

The proposed final and special dividends for the year are based on the number of shares of the Company in issue as at the reporting date, and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final and special dividend payables.

10. ACCOUNTS RECEIVABLE

	2023	2022
	HK$'000	HK$'000
Accounts receivable	**345,113**	393,843

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 30 to 90 days (2022: 30 to 90 days). The Group seeks to maintain strict control over its outstanding receivables 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 balances. The accounts receivable are non-interest-bearing. At the end of the reporting period, 64% (2022: 51%), 12% (2022: 24%) and 22% (2022: 22%) of the total accounts receivable were due from the Group's largest customer, the second largest customer and the third largest customer, respectively.

10. ACCOUNTS RECEIVABLE (continued)

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

	2023	2022
	HK$'000	HK$'000
Within 30 days	**268,080**	312,515
31 to 60 days	**69,015**	53,137
61 to 90 days	**4,413**	9,907
Over 90 days	**3,605**	18,284
	345,113	393,843

11. ACCOUNTS PAYABLE

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

	2023	2022
	HK$'000	HK$'000
Within 90 days	**361,486**	282,095
91 to 180 days	**6,761**	9,057
181 to 365 days	**2,276**	1,417
Over 365 days	**5,221**	7,065
	375,744	299,634

The accounts payable are non-interest-bearing and are normally settled on credit terms of 45-60 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Active Response to Changing Conditions

During the past year, while the global economy was on the course of gradual recovery after the general easing of anti-epidemic measures against COVID-19, the athleisure trend underpinned by increasing public enthusiasm in sports and growing awareness of the importance of health life was driving growth in the demand for sportswear. The Group was able to capitalise strongly on this development opportunities and delivered stellar results for the year under review.

At the same time, the economic recovery has also faced multiple challenges. Hyperinflation and interest rates hikes have posed uncertainties to the global economy, resulting in a slowdown in the growth of retail demand. Amidst the rollercoaster of a volatile business environment, the Group has adopted a number of measures in active response attributable to collective efforts and sustainable development for its businesses.

Expansion and Flexible Allocation of Capacity

The Group has continued to optimise its production facilities in different countries for the diversion of operational risks and enhancement of overall capacity and efficiency. Subsequent to the acquisition of two production bases in Foshan City, the PRC (“Foshan Factory”) and Bandung Regency, Indonesia (“Bandung Factory”) in the previous financial year, the Group further acquired a manufacturing plant in Long An Province, Vietnam (“Long An Factory”) during the year under review. The three new production bases have contributed to the Group’s internal growth and facilitated the sharing of resources and technologies, resulting in better production efficiency, greater flexibility in operations and stronger overall competitiveness for the Group.

Foshan Factory has been successfully integrated into the Group’s production. During the year, Bandung Factory has also undergone conversion and upgrade with the introduction of more advanced automated production equipment and technologies. Local staffs have received specialised training in standardisation, automation and digitalisation which enable them to master the relevant skills and to engage in production work in a more efficient manner. Renovation at Vietnam Factory is nearing completion, and staff recruitment and production are scheduled to commence in stages in the next financial year. The coordinated operation of the aforementioned domestic and overseas production bases will have a synergistic effect on the expansion of the Group’s capacity.

Technology Innovation: Transformation Through Intelligent Manufacturing

The Group places a strong emphasis on technology innovation, underpinned by the establishment of technology development centres at the Hong Kong headquarters and major production bases to drive innovation in product design and manufacturing processes. Through 3D digital design, more refined design concepts and production details have been presented to shorten the product development cycle and significantly enhance production efficiency and the design quality of products. Meanwhile, the Group has been vigorously advancing automated production to empower upgrades through transformation to intelligent manufacturing, with a view to ensuring swift response to ever-changing market trends and fulfilling the demands of brand owners for product creativity and premium quality.

Energy Conservation and Reduction in Emissions: More Sources and Less Consumption

Green operation and environmental protection are major aspects of the Group's corporate social responsibility practice. During the year, rooftop solar energy power systems to clean and renewable energy were constructed at selected production bases of the Group, which will reduce reliance on traditional energy forms and hence lowering energy costs. The Group's production bases have also facilitated green and low-carbon development for the long term through the implementation of other energy-saving and emission reduction measures for the reduction of carbon emissions and pollution.

FINANCIAL REVIEW

Financial Performance

During the year under review, with the easing of the COVID-19 pandemic, economic activities in most countries have resumed to normal. Sporting activities, outbound travels and business trips were steadily picking up, driving a substantial resurgence in consumer demand for sportswear. At the same time, the increasingly popular practice of working from home and workout at home give rise to the athleisure trend in recent years and spearhead the increase in demand for comfortable athleisure wear as well as specialised sportswear and fashion sportswear, which has grown into a major source of demand in the sportswear market. The resumption to normal economic activities and rising consumer demand for sportswear have benefitted the Group, which reported yet again record-high annual sales during the year.

The Group reported record total sales of HK$4,051.1 million for the year, representing an increase of HK$382.7 million or 10.4% as compared to total sales of HK$3,668.4 million for last year. Gross profit for the year increased by 16.3% to HK$755.9 million (2022: HK$650.2 million), while gross profit margin rose by 1.0% from 17.7% to 18.7%. The Group's profit before tax for the year increased by 9.8% to HK$399.4 million (2022: HK$363.9 million), while pre-tax profit margin was stable at 9.9%.

The Group has endeavoured to build production bases in different countries over the years to expand its production capacities to meet differing requirements of customers while hedging against potential political and economic risks to which it is subject. The Group has also been making strong effort to develop a more balanced customer base with a view to ensuring stable source for purchase orders. The two newly acquired Foshan Factory and Bandung Factory have not only provided additional capacity to the Group during the year under review, they have also allowed the Group to fully leverage the unique advantages of each of the production bases in the PRC, Indonesia and Vietnam in terms of geographic location, government policy and production technology to facilitate flexible allocation of production orders. This strategy has contributed to the Group's achievement of record-high sales for the year. The Group's gross profit margin for the year increased by 1.0%, which was attributable mainly to the substantial appreciation of the U.S. Dollar (USD) and devaluation of non-U.S. currencies to various extents during the year as a result of USD interest rate hikes, contributing to reductions in the Group's production costs for the year, which were settled mainly in Renminbi ("RMB"), Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND").

During the year under review, the Group's selling and distribution expenses increased by HK$3.9 million or 12.7% in line with the increase in sales by HK$382.7 million or 10.4%. Administrative expenses increased by HK$23.5 million or 8.7%, mainly due to increase in staff wages and benefits after annual adjustments and hiring of additional administrative staff for business purpose to cope with business growth, optimisation of product design and development, as well as enhancement of the Group's information technology standards. In respect of finance costs, the Group's bank loans have increased substantially following the acquisition of a number of production bases and optimisation of production equipment for the purpose of capacity expansion in recent years. Coupled with the rapidly rising loan interest rates in line with the U.S. rate hike cycle during the year, interest expenses increased substantially by HK$16.5 million or 321.8% as compared to the previous year. As for taxation, the Group's overall tax expenses for the year increased by HK$17.1 million or 21.1% in line with its profit growth. The effective tax rate of 24.7% for the year, an increase of 2.3% over 22.4% for last year, was mainly brought about by the operating losses incurred by the newly acquired factories of Foshan Factory and Bandung Factory, which had not yet generated profit for the Group in the early post-acquisition period.

Other income and gains amounted to HK$22.7 million (2022: HK$20.7 million), comprising mainly incentive or subsidies granted by the PRC and/or Hong Kong governments amounting to HK$13.5 million (2022: HK$12.3 million) and bank interest income of HK$3.8 million (2022: HK$3.4 million). Other operating expenses of HK$28.5 million (2022: HK$0.3 million) comprising foreign exchange loss of HK$26.5 million (2022: HK$ nil) mainly resulting from depreciation of RMB.

Profit attributable to owners of the Company amounted to HK$292.6 million for the year, representing an increase of HK$18.0 million or 6.6% compared to HK$274.6 million for last year. Net profit margin attributable to owners of the Company decreased marginally by 0.3% from 7.5% to 7.2% despite an improved gross profit margin for the year, reflecting the substantial increase in finance costs and considerable foreign exchange loss recorded resulting from depreciation of RMB. Basic earnings per share attributable to owners of the Company for the year amounted to HK54.8 cents compared to HK51.5 cents for the previous year. The Board proposed a final dividend of HK8 cents (2022: HK14 cents) per share and further proposed a special dividend of HK6 cents (2022: nil) per share in celebration of the 20th anniversary of the listing of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Together with the interim dividend of HK30 cents (2022: HK22 cents) per share paid during the year, the dividend payout ratio (excluding the special dividend) for the year was 69.3% (2022: 69.9%).

Liquidity and Financial Resources

During the year 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 31 March 2023, the Group had cash and bank balances amounted to HK$515.4 million (31 March 2022: HK$455.8 million) mainly denominated in Hong Kong dollars, RMB, USD, IDR and VND.

As at 31 March 2023, the Group's banking facilities of HK$1,132.0 million (2022: HK$990.0 million) were supported by the corporate guarantees of HK$1,142.0 million (2022: HK$990.0 million) executed by the Company and certain subsidiaries of the Company. As at 31 March 2023, an aggregate amount of the Group's banking facilities of HK$622.8 million (31 March 2022: HK$648.6 million) 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 with favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

Gearing ratio of the Group is defined as the net debt (represented by bank borrowings net of cash and bank balances) divided by the total equity. The Group's gearing ratio as at 31 March 2023 was 6.4% (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 USD and RMB. As such, the Group is exposed to foreign exchange risk arising from such exposure to USD 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 instrument 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 and Disposal

Other than the asset acquisition of Long An Factory through acquisition of subsidiaries as detailed in the announcement of the Company dated 7 April 2022, there was no acquisition or disposal of subsidiaries during the year ended 31 March 2023. During the year ended 31 March 2022, the Group completed the acquisitions of Bandung Factory and Foshan Factory in December 2021 and March 2022 respectively, details of which have been disclosed in the announcements of the Company dated 6 December 2021 and 26 January 2022 respectively.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2023 (31 March 2022: Nil).

OUTLOOK

Looking ahead to the coming year, development of the sportswear market may experience a slowdown given the global economic outlook surrounded by uncertain political and economic factors. Nevertheless, in long run, in view of the growing health awareness among the public and the up-and-coming athleisure trend, the sportswear industry will continue to hold out broad prospects for development. The Group will continue to focus on the diversification of production bases and grooming of talents to bolster its core competitive strengths and address any challenges, with a view to achieving qualitative development.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed a total of approximately 15,000 employees including directors (31 March 2022: approximately 15,000). Total employee benefit expenses including directors' and chief executive's emoluments were HK$1,042.7 million for the year under review (2022: HK$1,005.1 million).

The employees including directors are remunerated based on their work 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 the PRC, Vietnam and Indonesia.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION 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 year.

FINAL AND SPECIAL DIVIDEND

The Board has resolved to recommend a final dividend of HK8 cents (2022: HK14 cents) per ordinary share for the year ended 31 March 2023. In celebration of the 20th anniversary of listing of the Company on the Stock Exchange, the Board has further recommended a special dividend of HK6 cents (2022: nil) per ordinary share for the year ended 31 March 2023. The final and special dividends are payable on Friday, 15 September 2023 to persons who are registered shareholders of the Company on Thursday, 31 August 2023 subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the "AGM"). Together with the interim dividend of HK30 cents per ordinary share (2022: HK22 cents), the total dividend for the financial year is HK44 cents (2022: HK36 cents) per ordinary share.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

The AGM will be held on Tuesday, 22 August 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 16 August 2023 to Tuesday, 22 August 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, on 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 15 August 2023.

(b) Entitlement to the Proposed Final and Special Dividends

For determining the entitlement to the proposed final and special dividends for the year ended 31 March 2023 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Tuesday, 29 August 2023 to Thursday, 31 August 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final and special dividends, the unregistered shareholders of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited on 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 28 August 2023.

CORPORATE GOVERNANCE

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 year ended 31 March 2023, 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of the directors, the directors confirmed that they had complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

Reviews by the audit committee of the Company (the "Audit Committee") covered the accounting principles and practices adopted by the Group, findings of the independent internal audit service provider, and financial matters including the review of consolidated financial statements of the Group for the year ended 31 March 2023. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan. The chairman of the Audit Committee, Mr. Chan Cheuk Ho, has appropriate professional qualifications and experience in financial matters.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.eaglenice.com.hk). The annual report of the Company for the year ended 31 March 2023 will be despatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

By order of the Board
Chung Yuk Sing
Chairman

Hong Kong, 28 June 2023

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.