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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 2020**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 September 2020 increased by 1.7% to HK\$1,923.9 million compared with HK\$1,892.0 million for the corresponding period in 2019.
- Gross profit margin increased from 19.1% to 22.5% for the six months ended 30 September 2020 when compared with corresponding period in 2019.
- Profit attributable to owners of the Company was HK\$230.8 million for the six months ended 30 September 2020, representing an increase of 45.1% compared to HK\$159.1 million for the corresponding period in 2019.
- The Board resolves to declare an interim dividend of HK30 cents per share for the six months ended 30 September 2020 (2019: HK20 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 2020 together with the comparative unaudited figures for the corresponding period in 2019 and the relevant explanatory notes.

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	4	<b>1,923,855</b>	1,891,994
Cost of sales		<u><b>(1,491,411)</b></u>	<u>(1,530,022)</u>
Gross profit		<b>432,444</b>	361,972
Other income and gains, net	4	<b>11,956</b>	10,952
Selling and distribution expenses		<b>(15,662)</b>	(20,799)
Administrative expenses		<b>(118,547)</b>	(127,752)
Finance costs	5	<u><b>(3,329)</b></u>	<u>(10,119)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>306,862</b>	214,254
Income tax expense	7	<u><b>(69,467)</b></u>	<u>(52,407)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>237,395</b></u>	<u>161,847</u>
Attributable to:			
Owners of the Company		<b>230,809</b>	159,082
Non-controlling interests		<u><b>6,586</b></u>	<u>2,765</u>
		<u><b>237,395</b></u>	<u>161,847</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	9		
Basic		<u><b>HK43.39 cents</b></u>	<u>HK29.90 cents</u>
Diluted		<u><b>HK43.39 cents</b></u>	<u>HK29.90 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<u>237,395</u>	<u>161,847</u>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE):</b>		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	51,974	(85,816)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	<u>(55)</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX</b>	<u>51,919</u>	<u>(85,816)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>289,314</u>	<u>76,031</u>
Attributable to:		
Owners of the Company	281,610	74,526
Non-controlling interests	<u>7,704</u>	<u>1,505</u>
	<u>289,314</u>	<u>76,031</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

		As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		837,476	840,563
Right-of-use assets		168,214	170,519
Goodwill		100,334	100,334
Intangible assets		11,989	13,400
Deposits		11,894	13,768
		<u>1,129,907</u>	<u>1,138,584</u>
<i>Total non-current assets</i>			
<b>CURRENT ASSETS</b>			
Inventories		343,150	570,113
Accounts and bills receivables	10	641,402	243,944
Prepayments, deposits and other receivables		66,210	77,528
Tax recoverable		1,995	2,475
Restricted bank balance		571	547
Cash and bank balances		371,334	341,156
		<u>1,424,662</u>	<u>1,235,763</u>
<i>Total current assets</i>			
<b>CURRENT LIABILITIES</b>			
Accounts and bills payables	11	237,754	236,856
Accrued liabilities and other payables		207,538	167,011
Interest-bearing bank borrowings	12	372,853	530,800
Lease liabilities		5,594	7,605
Tax payable		99,411	46,999
		<u>923,150</u>	<u>989,271</u>
<i>Total current liabilities</i>			
<b>NET CURRENT ASSETS</b>		<u>501,512</u>	<u>246,492</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,631,419</u>	<u>1,385,076</u>

	<i>Notes</i>	<b>As at 30 September 2020 (Unaudited) HK\$'000</b>	<b>As at 31 March 2020 (Audited) HK\$'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Pension scheme obligation		<b>21,316</b>	16,868
Lease liabilities		<b>4,944</b>	6,424
Deferred tax liabilities		<b>40,952</b>	39,180
		<hr/>	<hr/>
<i>Total non-current liabilities</i>		<b>67,212</b>	62,472
		<hr/>	<hr/>
Net assets		<b>1,564,207</b>	1,322,604
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>5,320</b>	5,320
Reserves		<b>1,528,248</b>	1,294,518
		<hr/>	<hr/>
		<b>1,533,568</b>	1,299,838
<b>Non-controlling interests</b>		<b>30,639</b>	22,766
		<hr/>	<hr/>
Total equity		<b>1,564,207</b>	1,322,604
		<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 2020.

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 2020, 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>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

### 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, 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.

### 3. OPERATING SEGMENT INFORMATION (continued)

The revenue and the result of each operating segment for the six months ended 30 September 2020 are as follows:

	Revenue		Segment result	
	Six months ended		Six months ended	
	30 September		30 September	
	(Unaudited)		(Unaudited)	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	<b>906,994</b>	806,253	<b>201,933</b>	140,825
USA	<b>388,702</b>	503,601	<b>75,016</b>	100,660
Europe	<b>347,687</b>	313,542	<b>72,496</b>	37,181
Japan	<b>59,612</b>	58,335	<b>10,321</b>	8,399
Others	<b>220,860</b>	210,263	<b>53,506</b>	34,028
	<b><u>1,923,855</u></b>	<u>1,891,994</u>	<b><u>413,272</u></b>	<u>321,093</u>
Interest income and other unallocated income and gains			<b>11,956</b>	10,952
Unallocated expenses			<b><u>(118,366)</u></b>	<u>(117,791)</u>
Profit before tax			<b>306,862</b>	214,254
Income tax expense			<b><u>(69,467)</u></b>	<u>(52,407)</u>
Profit for the period			<b><u>237,395</u></b>	<u>161,847</u>

### 4. REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers		
- sale of sportswear and garments	<b><u>1,923,855</u></b>	<u>1,891,994</u>

#### 4. REVENUE AND OTHER INCOME AND GAINS, NET (continued)

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

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Bank interest income	1,255	729
Income derived from financial assets at fair value through profit or loss	993	322
Government grants*	8,237	8,064
Gain on disposal and write-off of items of property, plant and equipment, net	157	-
Gain on deregistration of a subsidiary	731	-
Others	583	1,837
	<u>11,956</u>	<u>10,952</u>

\* Various government grants have been received for enterprises engaged business in Mainland China and Hong Kong for promoting the local business development and employment. There are no unfulfilled conditions or contingencies relating to these grants.

#### 5. FINANCE COSTS

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank loans	3,085	9,885
Interest on lease liabilities	244	234
	<u>3,329</u>	<u>10,119</u>



## 6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	42,788	43,019
Depreciation of right-of-use assets	8,064	5,860
Amortisation of intangible assets	1,410	2,007
(Gain)/loss on disposal and write-off of items of property, plant and equipment, net	(157)	1,245
Gain on deregistration of a subsidiary	(731)	-
	<u>42,788</u>	<u>52,131</u>

## 7. INCOME TAX

Hong Kong profits tax for the six months ended 30 September 2020 has been provided at the rate of 16.5% (2019: 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 effective from the year of assessment 2018/2019. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 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	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax charge for the period:		
Hong Kong	21,397	10,816
Elsewhere	47,501	38,280
Deferred	569	3,311
	<u>69,467</u>	<u>52,407</u>
Total tax charge for the period	<u>69,467</u>	<u>52,407</u>

## 8. INTERIM DIVIDEND

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared of HK\$0.30 per share (2019: HK\$0.20 per share)	<u>159,600</u>	<u>106,400</u>

The Board resolved that an interim dividend of HK\$0.30 per share for the six months ended 30 September 2020 to be paid to the shareholders whose names appear on the Company's register at the close of business on 4 December 2020. The interim dividend was declared after the period ended 30 September 2020, 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\$230,809,000 (2019: HK\$159,082,000) and 532,000,000 (2019: 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 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 10. ACCOUNTS AND BILLS RECEIVABLES

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Accounts receivable	641,174	240,068
Bills receivable	<u>228</u>	<u>3,876</u>
	<u>641,402</u>	<u>243,944</u>

The Group's accounts and bills receivables mainly relate 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 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 and bills receivable balances. The accounts and bills receivables are non-interest-bearing.

## 10. ACCOUNTS AND BILLS RECEIVABLES (continued)

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

	As at 30 September 2020 (Unaudited) <i>HK\$'000</i>	As at 31 March 2020 (Audited) <i>HK\$'000</i>
Within 30 days	549,346	173,291
31 to 60 days	76,736	22,111
61 to 90 days	4,165	30,857
Over 90 days	<u>10,927</u>	<u>13,809</u>
	<u>641,174</u>	<u>240,068</u>

The accounts receivable balances are neither past due nor impaired. They relate to customers for which there was no recent history of default.

The maturity of bills receivable as at the end of the reporting period is as follows:

	As at 30 September 2020 (Unaudited) <i>HK\$'000</i>	As at 31 March 2020 (Audited) <i>HK\$'000</i>
Within 3 months	228	1,777
3 to 6 months	<u>-</u>	<u>2,099</u>
	<u>228</u>	<u>3,876</u>

The bills receivable balances are not yet past due nor impaired and there was no recent history of default.

## 11. ACCOUNTS AND BILLS PAYABLES

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

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Within 90 days	223,969	198,075
91 to 180 days	5,016	31,051
181 to 365 days	3,357	1,839
Over 365 days	<u>5,412</u>	<u>5,891</u>
	<u>237,754</u>	<u>236,856</u>

The accounts payables are non-interest-bearing and are normally settled on 45-day terms.

## 12. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate %	Maturity	As at 30 September 2020 (Unaudited) HK\$'000	Effective interest rate %	Maturity	As at 31 March 2020 (Audited) HK\$'000
<b>Current</b>						
Bank loans	0.87% to 1.05%	On demand	<u>372,853</u>	1.48% to 2.60%	On demand	<u>530,800</u>

As at 30 September 2020, bank borrowings of HK\$140,353,000 (31 March 2020: HK\$412,000,000) were supported by corporate guarantees executed by the Company and certain subsidiaries of the Company.

As at 30 September 2020, HK\$372,853,000 (31 March 2020: HK\$93,000,000) 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 2020 and 31 March 2020 are repayable within one year.

## 13. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 12 November 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC REVIEW

The continual spread of the COVID-19 pandemic over the globe in 2020 posed unprecedented and enormous challenges to the global economy, the development of which was dampened by lockdown measures adopted by governments to contain the spread of the virus. Subsequently, plans and measures for rejuvenating the economy were launched by various countries to safeguard employment, stimulate spending and restore business confidence.

### BUSINESS REVIEW

#### Sports as Fashion

While many enterprises were adopting a work from home policy in response to COVID-19 relief measures implemented by governments, people increasingly resorted to indoor sports and fitness activities to enhance health and strengthen immunity when they were being confined to their homes. Sportswear sales were boosted as the market demand for leisure sportswear increased.

As a manufacturer of fashionable and functional sportswear for renowned international brands, the Group has been committed to enhancing its production quality and technology, as well as actively involving in its customers' development of co-branded items with various fashion labels. With the aid of the advanced production technologies, the Group has worked together with its customers to create avant-garde and unique styles for sportswear to cater for the trend of fashionable sportswear.

#### China Sales

In China, economic recovery was well on track after the country had successfully contained the spread of COVID-19 at an earlier stage. The release of pent-up spending powers repressed during the lockdowns, stronger health consciousness and more regular workout routines developed by the people as a result of the pandemic and the announcement of national sporting policies together contribute to stable and sound growth in China's sportswear market. The Group capitalised on the opportunity by making a vigorous effort to secure domestic orders for mid- to high-end sportswear and further increased the percentage share of its China orders to a record-high of close to 47.1% for the reporting period, providing impetus for its growth against the backdrop of global economic uncertainty.

#### Cost Control

The Group reported lower production costs for its domestic production bases which is mainly attributable to the anti-epidemic relief measures of the Chinese government granting reductions in certain social insurance fees. The Group's finance cost also decreased in tandem with lower bank lending interest rates and the reduced amount of loans utilised by the Group during the period. Effort of the management and staff to optimise lean manufacturing and reduce business trips across regions by utilising advanced network equipment in business management and communication during the pandemic has not only safeguarded staff health, but also reduced the Group's operating costs and thereby increased its overall profit.

## REVIEW OF FINANCIAL PERFORMANCE

Manufacturers of consumer goods were inevitably subject to negative impact to various degree during the period, as retail spending was affected by rising unemployment amid ongoing global economic austerity in the wake of successive lockdowns in various countries to deal with the COVID-19 pandemic which had not yet been under control during the period. While Chinese manufacturers were affected by further increase in production costs during the period given the levying of additional tariffs on Chinese exports amidst ongoing China-U.S. trade conflicts, the Group has delivered outstanding business results owing to its consistent effort to increase its production capacity while diversifying political and economic risks by operating production bases in different countries and business risks by broadening its customer base, which has enhanced its ability to deal with adverse conditions.

The Group's business has inevitably been hit as a result of the COVID-19 pandemic which had dealt a severe blow to the global consumer market during the period under review. Despite the austere global economic conditions, the Group reported a slight 1.7% growth in total sales to HK\$1,923.9 million, representing an increase of HK\$31.9 million as compared to HK\$1,892.0 million for the corresponding period of last year. Gross profit increased by 19.5% to HK\$432.4 million (2019: HK\$362.0 million), while gross profit margin increased by 3.4% from 19.1% to 22.5%. The Group's profit before tax increased by 43.2% to HK\$306.9 million (2019: HK\$214.3 million), while profit margin before tax increased by 4.7% from 11.3% to 16.0%. The China-U.S. trade conflicts have prompted the Group to speed up the upgrading of the productivity and production efficiency of its overseas production bases to enable the Group to allocate production orders with flexibility and to leverage on the unique advantages of each of the production bases in Mainland China (Guangdong, Jiangxi and Hubei Provinces), Indonesia and Vietnam in terms of geographic location, government policy and production technology. The resulting synergy has not only enabled the Group to successfully reduce the impact of the punitive U.S. tariffs on goods made in Mainland China, but has also effectively contributed to higher production efficiency and lower production costs. In addition, the relief measures offered by the Chinese government in light of COVID-19 have also resulted in lower operating costs for the Group.

The Group's selling and distribution expenses for the period under review decreased by HK\$5.1 million despite an increase in sales of HK\$31.9 million. This reflected primarily the additional tariff levied by the United States on goods made in China included in sales and distribution expenses for the corresponding period of last year, versus the absence of such costs for the current period. Moreover, airfreight arising from the delay in the supply of raw materials by suppliers for the period also decreased. Administrative expenses decreased by HK\$9.2 million, owing mainly to the substantial decrease in travel expenses given the prevalence of COVID-19 during the period. Meanwhile, administrative expenses for the corresponding period of last year included certification fees incurred after acquisition of the Hubei production base and loss on disposal and write-off of equipment, while there were no such costs for the current period. Finance cost for the period decreased by HK\$6.8 million or 67.1% which was in line with the reduction in bank loan utilisation during the period as a result of the repayment of increased bank loans incurred during the previous year in connection with the acquisition of the Hubei and Vietnam production bases by using stable cash flow generated from the Group's profit growth during the period under review, as well as lower bank loan interest rates for the period compared to the corresponding period of last year. As for taxation, the Group's overall tax expenses for the period increased by HK\$17.1 million or 32.6% on an effective tax rate of 22.6%, which was 1.9% lower versus 24.5% for the corresponding period of last year. Deferred taxation for the period decreased by HK\$2.7 million. Excluding the said deferred tax, the effective tax rate for the period would have been similar to that for the corresponding period of last year.

Other income and gains amounted to HK\$12.0 million (2019: HK\$11.0 million), comprising mainly incentive or subsidies granted by the PRC and Hong Kong governments amounting to HK\$8.2 million (2019: HK\$8.1 million) and bank interest income of HK\$1.3 million (2019: HK\$0.7 million).

Profit attributable to owners of the Company amounted to HK\$230.8 million for the six months ended 30 September 2020, representing a significant increase of 45.1% compared to HK\$159.1 million for the corresponding period of last year. Net profit margin attributable to owners of the Company increased by 3.6% from 8.4% to 12.0%. Basic earnings per share attributable to owners of the Company for the period amounted to HK43.39 cents compared to HK29.90 cents for the same period of last year. The Board proposed to recommend payment of an interim dividend of HK30 cents (2019: HK20 cents) per share.

## **OUTLOOK**

The Group has accomplished encouraging business results for the reporting period by maintaining stable business growth and implementing effective cost control. Looking ahead, given ongoing uncertainty in the global economy, increasing challenges in the business environment and the seasonal factor of the apparel industry, the Group is expecting lower profitability for the second half of the current financial year. Nevertheless, the Group is cautiously optimistic about its future prospects, as the Group maintains steady development on the back of close cooperation with high-end customers, close coordination and complementary effort among overseas and domestic production bases and solid financial conditions with the support of a professional and sophisticated management team that adjusts and adapts in close tandem with the trends and developments in the domestic and international markets.

## **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 2020, the Group had cash and bank balances amounting to HK\$371.3 million (31 March 2020: HK\$341.2 million) mainly denominated in Hong Kong dollars, Renminbi (“RMB”), US dollars, Indonesian Rupiah and Vietnamese Dong.

As at 30 September 2020, the Group’s banking facilities of HK\$974.0 million (31 March 2020: HK\$873.3 million) were supported by the corporate guarantees of HK\$780.3 million (31 March 2020: HK\$741.5 million) executed by the Company and certain subsidiaries of the Company. As at 30 September 2020, an aggregate amount of the Group’s banking facilities of HK\$372.9 million (31 March 2020: HK\$530.8 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 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 2020 is 0.1% (31 March 2020: 14.3%).

## **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 mainly 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 partly 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 OR DISPOSAL**

There was a deregistration of a subsidiary during the six months ended 30 September 2020. During the six months ended 30 September 2019, there was no material acquisition or disposal of subsidiaries.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group employed a total of approximately 13,000 employees including the directors of the Company (the "Directors") (31 March 2020: approximately 13,000).

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.

## **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 2020.

## **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 Listing Rules throughout the six months ended 30 September 2020, except for the deviations set out below:

Code Provision A.2.1 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”) 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 2020.

## **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 2020, 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 2020 (2019: HK20 cents) to be payable to shareholders whose names appear on the register of members of the Company on Friday, 4 December 2020. The interim dividend will be payable on Thursday, 17 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 2 December 2020 to Friday, 4 December 2020, 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 1 December 2020.

## **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 2020 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, 12 November 2020

*As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Huang Yongbiao, Ms. Chen Fang Mei, Christina, Mr. Hu Dien Chien and Mr. Shih Chih-Hung and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan.*