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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**FINANCIAL HIGHLIGHTS**

- Revenue in 2021 increased by 7.7% to HK\$3,248.9 million compared with HK\$3,017.1 million in 2020.
- Gross profit margin in 2021 increased from 17.8% to 20.1% and net profit margin attributable to owners of the Company increased from 7.4% to 9.7% when compared with last year.
- Profit for the year attributable to owners of the Company was HK\$313.6 million, representing 40.3% increase compared to HK\$223.5 million for the previous 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 2021 together with the comparative figures for the corresponding year in 2020 and the relevant explanatory notes as set out below.

## CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>REVENUE</b>	3	<b>3,248,875</b>	3,017,120
Cost of sales		<u>(2,596,468)</u>	<u>(2,479,261)</u>
Gross profit		<b>652,407</b>	537,859
Other income and gains, net	4	<b>39,696</b>	52,283
Selling and distribution expenses		<b>(25,770)</b>	(30,810)
Administrative expenses		<b>(238,615)</b>	(246,057)
Finance costs	5	<u><b>(5,332)</b></u>	<u>(18,126)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>422,386</b>	295,149
Income tax expense	7	<u><b>(95,651)</b></u>	<u>(68,319)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>326,735</b></u>	<u>226,830</u>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>313,559</b>	223,458
Non-controlling interests		<u><b>13,176</b></u>	<u>3,372</u>
		<u><b>326,735</b></u>	<u>226,830</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	8		
Basic		<u><b>58.9</b></u>	<u>42.0</u>
Diluted		<u><b>58.9</b></u>	<u>42.0</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 HK\$'000	2020 HK\$'000
<b>PROFIT FOR THE YEAR</b>	<b>326,735</b>	<b>226,830</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Actuarial loss on a defined benefit plan	(1,184)	(114)
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>110,398</b>	(90,559)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX</b>	<b>109,214</b>	(90,673)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>435,949</b>	<b>136,157</b>
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>420,309</b>	134,078
Non-controlling interests	<b>15,640</b>	2,079
	<b>435,949</b>	<b>136,157</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		828,991	840,563
Right-of-use assets		169,448	170,519
Goodwill		100,334	100,334
Intangible assets		10,579	13,400
Deposits		14,779	13,768
		<u>1,124,131</u>	<u>1,138,584</u>
<b>CURRENT ASSETS</b>			
Inventories		572,713	570,113
Accounts and bills receivables	10	348,046	243,944
Prepayments, deposits and other receivables		83,028	77,528
Tax recoverable		1,731	2,475
Restricted bank balance		593	547
Cash and bank balances		442,395	341,156
		<u>1,448,506</u>	<u>1,235,763</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	273,654	236,856
Accrued liabilities and other payables		170,123	167,011
Interest-bearing bank borrowings		428,438	530,800
Lease liabilities		3,406	7,605
Tax payable		80,754	46,999
		<u>956,375</u>	<u>989,271</u>
<b>NET CURRENT ASSETS</b>			
		<u>492,131</u>	<u>246,492</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,616,262</u>	<u>1,385,076</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Pension scheme obligation		20,947	16,868
Lease liabilities		5,686	6,424
Deferred tax liabilities		<u>38,556</u>	<u>39,180</u>
<i>Total non-current liabilities</i>		<u>65,189</u>	<u>62,472</u>
Net assets		<u>1,551,073</u>	<u>1,322,604</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		5,320	5,320
Reserves		<u>1,507,347</u>	<u>1,294,518</u>
		1,512,667	1,299,838
<b>Non-controlling interests</b>		<u>38,406</u>	<u>22,766</u>
Total equity		<u>1,551,073</u>	<u>1,322,604</u>

## 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

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>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018*, Amendments to HKFRS 3 *Definition of a Business*, Amendment to HKFRS 16 *COVID-19-Related Rent Concessions* and Amendments to HKAS 1 and HKAS 8 *Definition of Material* are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and financial performance of the Group.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and financial performance of the Group.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 March 2021, certain monthly lease payments for a lease of the Group's plant have been reduced or waived by the lessor upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the lease. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 March 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$733,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to the income statement for the year ended 31 March 2021.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and financial performance of the Group.

The adoption of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 *Interest Rate Benchmark Reform* has had no significant impact on the financial position and financial 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	
	2021	2020	2021	2020
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Mainland China	1,612,824	1,343,710	300,773	210,926
USA	663,266	772,607	137,181	129,534
Europe	488,355	447,396	80,667	74,643
Japan	98,781	93,510	16,465	16,715
Others	385,649	359,897	84,071	64,340
	<b>3,248,875</b>	<b>3,017,120</b>	<b>619,157</b>	<b>496,158</b>
Interest income and other unallocated income and gains			39,696	52,283
Unallocated expenses			(236,467)	(253,292)
Profit before tax			422,386	295,149
Income tax expense			(95,651)	(68,319)
Profit for the year			<b>326,735</b>	<b>226,830</b>
<u>Geographical information - non-current assets</u>				
			2021	2020
			HK\$’000	HK\$’000
Hong Kong			21,369	23,683
Mainland China			815,168	804,703
Indonesia			147,251	156,806
Vietnam			40,009	53,058
			<b>1,023,797</b>	<b>1,038,250</b>

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

### 3. OPERATING SEGMENT INFORMATION (continued)

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers		
- sale of sportswear and garments	<u>3,248,875</u>	<u>3,017,120</u>

#### Revenue from contracts with customers

#### *Disaggregated revenue information*

	2021 HK\$'000	2020 HK\$'000
<b>Geographical markets</b>		
Mainland China	1,612,824	1,343,710
USA	663,266	772,607
Europe	488,355	447,396
Japan	98,781	93,510
Others	<u>385,649</u>	<u>359,897</u>
	<u>3,248,875</u>	<u>3,017,120</u>

#### 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:

	2021 HK\$'000	2020 HK\$'000
Customer A	2,244,276	1,913,669
Customer B	496,124	559,557
Customer C	<u>N/A*</u>	<u>313,051</u>
	<u>2,740,400</u>	<u>2,786,277</u>

\* Revenue from sales to Customer C accounted for less than 10% of the total revenue of the Group for the year ended 31 March 2021.

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:

	2021	2020
	HK\$'000	HK\$'000
Bank interest income	2,881	1,930
Income derived from financial assets at fair value through profit or loss	2,846	1,528
Government grants*	32,217	44,532
Loss on disposal and write-off of items of property, plant and equipment, net	(154)	(2,072)
Write-off of other payables	-	2,371
Compensation income	-	1,932
Others	1,906	2,062
	<u>39,696</u>	<u>52,283</u>

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

#### 5. FINANCE COSTS

	2021	2020
	HK\$'000	HK\$'000
Interest on bank loans	4,883	17,434
Interest on lease liabilities	449	692
	<u>5,332</u>	<u>18,126</u>

## 6. PROFIT BEFORE TAX

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

	2021	2020
	HK\$'000	HK\$'000
Cost of inventories sold	2,596,468	2,479,261
Depreciation of property, plant and equipment*	90,309	85,777
Depreciation of right-of-use assets*	14,282	14,073
Amortisation of intangible assets	2,821	3,417
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	735,801	716,336
Pension contributions, including pension cost for a defined benefit plan of HK\$1,165,000 (2020: HK\$5,258,000)	100,315	119,622
Less: Forfeited contributions <sup>^</sup>	-	-
Net pension contributions	<u>100,315</u>	<u>119,622</u>
Total employee benefit expenses*	<u>836,116</u>	<u>835,958</u>
Foreign exchange differences, net	(275)	(503)
Lease payments not included in the measurement of lease liabilities*	124	297
COVID-19-related rent concessions from a lessor*	(733)	-
Loss on disposal and write-off of items of property, plant and equipment, net	154	2,072
Write-off of other payables	-	(2,371)
Income derived from financial assets at fair value through profit or loss	<u>(2,846)</u>	<u>(1,528)</u>

<sup>^</sup> At 31 March 2021 and 2020, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

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

	2021	2020
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	59,214	57,310
Depreciation of right-of-use assets	13,644	13,467
Employee benefit expenses	689,991	690,843
Lease payments not included in the measurement of lease liabilities	124	297
COVID-19-related rent concessions from a lessor	<u>(733)</u>	<u>-</u>

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2021	2020
	HK\$'000	HK\$'000
Current tax charge for the year:		
Hong Kong	23,289	15,609
Elsewhere	70,251	50,257
Underprovision for current tax in respect of prior years	-	245
Deferred	2,111	2,208
	<u>95,651</u>	<u>68,319</u>
Total tax charge for the year	<u>95,651</u>	<u>68,319</u>

## 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\$313,559,000 (2020: HK\$223,458,000) and the weighted average number of ordinary shares of the Company of 532,000,000 (2020: 532,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during those years.

## 9. DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2020 – HK9 cents (2020: HK6 cents) per ordinary share	47,880	31,920
Interim – HK30 cents (2020: HK20 cents) per ordinary share	<u>159,600</u>	<u>106,400</u>
	<u>207,480</u>	<u>138,320</u>
Proposed final dividend – HK12 cents (2020: HK9 cents) per ordinary share	<u>63,840</u>	<u>47,880</u>

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

## 10. ACCOUNTS AND BILLS RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Accounts receivable	348,046	240,068
Bills receivable	<u>-</u>	<u>3,876</u>
	<u>348,046</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 (2020: 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 receivables balances. The accounts and bills receivables are non-interest-bearing. At the end of the reporting period, 59% (2020: 61%), 11% (2020: 12%) and 27% (2020: 20%) of the total accounts and bills receivables were due from the Group's largest customer, the second largest customer and the third largest customer, respectively.

## 10. ACCOUNTS AND BILLS RECEIVABLES (continued)

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

	2021 HK\$'000	2020 HK\$'000
Within 30 days	252,399	173,291
31 to 60 days	61,832	22,111
61 to 90 days	28,514	30,857
Over 90 days	<u>5,301</u>	<u>13,809</u>
	<b><u>348,046</u></b>	<b><u>240,068</u></b>

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

	2021 HK\$'000	2020 HK\$'000
Within 3 months	-	1,777
3 to 6 months	<u>-</u>	<u>2,099</u>
	<b><u>-</u></b>	<b><u>3,876</u></b>

## 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:

	2021 HK\$'000	2020 HK\$'000
Within 90 days	255,261	198,075
91 to 180 days	10,615	31,051
181 to 365 days	1,493	1,839
Over 365 days	<u>6,285</u>	<u>5,891</u>
	<b><u>273,654</u></b>	<b><u>236,856</u></b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

Heightened awareness of the importance of health and exercise among the general public amidst the continued global impact of COVID-19 in 2020 has resulted in more potential business opportunities in the sportswear market. Besides, the China government launched various concessionary measures to support and encourage the sustainable development of enterprises affected by the epidemic. Benefitting from the decrease in bank lending interest rate and the reduction in the amount of bank loans utilised by the Group, the Group reported reduction in finance cost. With sustaining business growth, the Group has successfully adapted to the changes and challenges in the sportswear market. In recent years, the Group has gradually increased the percentage share of its sales in Mainland China by implementing business strategy of selling locally manufactured products to local markets.

The Group has its research and development (“R&D”) team dedicated to optimising production technologies and enhancing product design, with a view to have more efficient operation in close tandem with market needs and the rapid R&D development of customers.

In line with the Group’s ongoing pursuit of excellence, the R&D team has formed specialised cross-sector teams built on the foundation of its existing R&D and continued to seek enhancement in product design and production technologies with proactive efforts to tackle the ever-changing demands in the sportswear market. In recent years, the Group has been working towards optimising production technologies applied in products with a special focus on improvement in design and cutting, as well as actively promoting “3D simulation sample manufacturing” to enhance sustainability. These efforts have underpinned the direction of the Group’s pursuit and development.

## Financial Review

### *Financial Performance*

During the year, the global economy was dealt a heavy blow by COVID-19, as the overall market for consumer goods dwindled with the decrease in consumer demand. Moreover, the levying of additional tariffs on China exports amidst ongoing China-U.S. trade conflicts since 2018 further increased production costs for Chinese manufacturers. As a manufacturer of consumer goods with production bases located primarily in the PRC, the Group's operation and business were inevitably affected to a certain extent. Despite the austere business environment, the Group sustained growth in revenue and profit attributable to owners of the Company for the year with credits going to the consistent effort of the Group's management in consolidating the Group's foundation and enhancing the Group's ability to deal with adverse conditions. In terms of production capacity, the Group has established production bases in different countries to increase its production capacity in order to diversify political and economic risks. The Group is also on constable lookout for suitable mergers and acquisitions opportunities with a view to expand its production capacity. In terms of business, the Group has made strong efforts to broaden its customer base for a more balanced profile of business risks. In terms of production technology, the Group has continued to invest in the acquisition of advanced manufacturing equipment and staff training with a view to optimise the manufacturing processes and enhance manufacturing automation in order to achieve with the long-term aim of reducing labour demand and lowering production costs.

The Group reported a moderate growth of 7.7% in total sales to HK\$3,248.9 million for the year, representing an increase of HK\$231.8 million as compared to HK\$3,017.1 million for last year. Gross profit increased by 21.3% to HK\$652.4 million (2020: HK\$537.9 million), while gross profit margin increased by 2.3% from 17.8% to 20.1%. The Group's profit before tax increased by 43.1% to HK\$422.4 million (2020: HK\$295.1 million), while pre-tax profit margin increased by 3.2% from 9.8% to 13.0%. The ongoing China-U.S. trade conflicts have prompted the Group to enhance the productivity and production efficiency of its overseas production bases, so that it could fully leverage the unique advantages of each of the production bases in the PRC (Guangdong, Jiangxi and Hubei Provinces), Indonesia and Vietnam in terms of geographic location, government policy and production technology and allocate production orders with flexibility. The resulting synergy not only enabled the Group to successfully reduce the impact of the punitive U.S. tariffs on goods made in the PRC, but also effectively contributed to higher production efficiency and lower production costs. In addition, the concessionary measures offered by the PRC government in light of COVID-19 also resulted in lowering the Group's operating costs for the year.

The Group's selling and distribution expenses for the year decreased by HK\$5.0 million despite an increase in sales of HK\$231.8 million. This reflected primarily the additional tariff levied by the United States on goods made in the PRC included in selling and distribution expenses for last year, versus the absence of such costs for the current year. Moreover, air freight arising from the delay in the supply of raw materials by suppliers for the year also decreased. Administrative expenses decreased by HK\$7.4 million, owing mainly to the inclusion of certification fees incurred after acquisition of the Hubei production base in the administrative expenses for the previous year, while there were no such costs for the current year. In addition, during certain period of time for the year, office staff of the Group working from home and restriction on business activities due to COVID-19 brought about decrease in office and operating expenses included in administrative expenses. Finance cost for the year decreased by HK\$12.8 million or 70.6% which was in line with the reduction in bank loan utilisation during the year as a result of the repayment of additional 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 year, as well as lower bank loan interest rates for the year compared to last year. As for taxation, the Group's overall tax expenses for the year increased by HK\$27.3 million or 40.0% on an effective tax rate of 22.6%, which was comparable to last year with a slight 0.5% decrease versus 23.1% for last year.

Other income and gains amounted to HK\$39.7 million (2020: HK\$52.3 million), comprising mainly incentive or subsidies granted by the PRC and Hong Kong governments amounting to HK\$32.2 million (2020: HK\$44.5 million) and bank interest income of HK\$2.9 million (2020: HK\$1.9 million).

Profit attributable to owners of the Company amounted to HK\$313.6 million for the year ended 31 March 2021, representing an increase of HK\$90.1 million or 40.3% compared to HK\$223.5 million for last year. Excluding other income and gains of the year amounting to HK\$39.7 million (2020: HK\$52.3 million), net operating profit attributable to owners of the Company would increase by HK\$102.7 million or 60.0% to HK\$273.9 million (2020: HK\$171.2 million) and net operating profit margin attributable to owners of the Company would increase by 2.7% from 5.7% to 8.4%. Basic earnings per share attributable to owners of the Company for the year amounted to HK58.9 cents compared to HK42.0 cents for the previous year. The Board proposed to recommend payment of a final dividend of HK12 cents (2020: HK9 cents) per share. Together with the interim dividend of HK30 cents per share paid during the year, the dividend payout ratio for the year was 71.3% (2020: 69.0%).

### ***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 2021, the Group had cash and bank balances amounted to HK\$442.4 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 31 March 2021, the Group’s banking facilities of HK\$975.9 million (2020: HK\$873.3 million) were supported by the corporate guarantees of HK\$975.9 million (2020: HK\$741.5 million) executed by the Company and certain subsidiaries of the Company. As at 31 March 2021, an aggregate amount of the Group’s banking facilities of HK\$428.4 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 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 2021 was not applicable as the Group had a net cash position (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 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 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***

There was no material acquisition or disposal of subsidiaries during the years ended 31 March 2021 and 2020.

### ***Contingent Liabilities***

The Group did not have any significant contingent liabilities as at 31 March 2021 (31 March 2020: Nil).

### **Outlook**

With the launch of the COVID-19 vaccine, the global economy is expected to steer towards gradual recovery, and the Group is confident that its garment manufacturing business will maintain stable progress. The Group has committed to the continuous development of automated manufacturing in the future, while streamlining its management structure and expanding the domestic and overseas production lines. Through enhancement of production capacity and expansion of business, the Group is hopeful it will achieve stable growth in results.

### **Employees and Remuneration Policies**

As at 31 March 2021, the Group employed a total of approximately 13,000 employees including directors (31 March 2020: approximately 13,000). Total employee benefit expenses including directors' and chief executive's emoluments were HK\$836.1 million for the year under review (2020: HK\$836.0 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 DIVIDEND**

The Board has resolved to recommend a final dividend of HK12 cents (2020: HK9 cents) per ordinary share payable on Wednesday, 15 September 2021 to persons who are registered shareholders of the Company on Friday, 27 August 2021 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 (2020: HK20 cents), the total dividend for the financial year is HK42 cents (2020: HK29 cents) per ordinary share.

### **CLOSURE OF REGISTER OF MEMBERS**

#### **(a) Entitlement to Attend and Vote at the AGM**

The AGM will be held on Wednesday, 18 August 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 August 2021 to Wednesday, 18 August 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 August 2021.

#### **(b) Entitlement to the Proposed Final Dividend**

For determining the entitlement to the proposed final dividend for the year ended 31 March 2021 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Wednesday, 25 August 2021 to Friday, 27 August 2021, 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 dividend, the unregistered holders of shares 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 at the above address for registration no later than 4:30 p.m. on Tuesday, 24 August 2021.

## **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 2021, 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.

## **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 2021. 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 2021 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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 2021 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**  
*Executive Director*

Hong Kong, 22 June 2021

*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, Christina, 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.*