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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 2022

FINANCIAL HIGHLIGHTS

- Revenue in 2022 increased by 12.9% to HK\$3,668.4 million compared with HK\$3,248.9 million in 2021.
- Gross profit margin in 2022 decreased from 20.1% to 17.7% and net profit margin attributable to owners of the Company decreased from 9.7% to 7.5% when compared with last year.
- Profit for the year attributable to owners of the Company was HK\$274.6 million, representing 12.4% decrease compared to HK\$313.6 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 2022 together with the comparative figures for the corresponding year in 2021 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	3	3,668,371	3,248,875
Cost of sales		<u>(3,018,152)</u>	<u>(2,596,468)</u>
Gross profit		650,219	652,407
Other income and gains, net	4	20,471	39,696
Selling and distribution expenses		(30,323)	(25,770)
Administrative expenses		(271,301)	(238,615)
Finance costs	5	<u>(5,128)</u>	<u>(5,332)</u>
PROFIT BEFORE TAX	6	363,938	422,386
Income tax expense	7	<u>(81,357)</u>	<u>(95,651)</u>
PROFIT FOR THE YEAR		<u>282,581</u>	<u>326,735</u>
ATTRIBUTABLE TO:			
Owners of the Company		274,633	313,559
Non-controlling interests		<u>7,948</u>	<u>13,176</u>
		<u>282,581</u>	<u>326,735</u>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<u>51.5</u>	<u>58.9</u>
Diluted		<u>51.5</u>	<u>58.9</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
PROFIT FOR THE YEAR	282,581	326,735
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gain/(loss) on a defined benefit plan	7,788	(1,184)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	53,513	110,398
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	61,301	109,214
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	343,882	435,949
ATTRIBUTABLE TO:		
Owners of the Company	334,248	420,309
Non-controlling interests	9,634	15,640
	343,882	435,949

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		976,237	828,991
Right-of-use assets		267,972	169,448
Goodwill		104,076	100,334
Intangible assets		7,758	10,579
Deposits		48,236	14,779
<i>Total non-current assets</i>		<u>1,404,279</u>	<u>1,124,131</u>
CURRENT ASSETS			
Inventories		728,962	572,713
Accounts receivable	10	393,843	348,046
Prepayments, deposits and other receivables		138,790	83,028
Tax recoverable		3,070	1,731
Restricted bank balance		617	593
Cash and bank balances		455,841	442,395
<i>Total current assets</i>		<u>1,721,123</u>	<u>1,448,506</u>
CURRENT LIABILITIES			
Accounts payable	11	299,634	273,654
Accrued liabilities and other payables		292,280	170,123
Interest-bearing bank borrowings		648,557	428,438
Lease liabilities		9,713	3,406
Tax payable		78,246	80,754
<i>Total current liabilities</i>		<u>1,328,430</u>	<u>956,375</u>
NET CURRENT ASSETS		<u>392,693</u>	<u>492,131</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,796,972</u>	<u>1,616,262</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT LIABILITIES			
Pension scheme obligation		19,861	20,947
Lease liabilities		12,098	5,686
Deferred tax liabilities		<u>43,324</u>	<u>38,556</u>
<i>Total non-current liabilities</i>		<u>75,283</u>	<u>65,189</u>
Net assets		<u>1,721,689</u>	<u>1,551,073</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		5,338	5,320
Reserves		<u>1,668,311</u>	<u>1,507,347</u>
		1,673,649	1,512,667
Non-controlling interests		<u>48,040</u>	<u>38,406</u>
Total equity		<u>1,721,689</u>	<u>1,551,073</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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("HIBOR") and United States dollars based on the London Interbank Offered Rate ("LIBOR") as at 31 March 2022. Since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period.

The Group has not received covid-19-related rent concessions during the year and the amendment did not have any 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	
	2022	2021	2022	2021
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Mainland China	1,882,199	1,612,824	309,202	300,773
USA	674,677	663,266	116,948	137,181
Europe	644,081	488,355	115,534	80,667
Japan	84,076	98,781	14,389	16,465
Others	383,338	385,649	59,042	84,071
	3,668,371	3,248,875	615,115	619,157
Interest income and other unallocated income and gains			20,471	39,696
Unallocated expenses			(271,648)	(236,467)
Profit before tax			363,938	422,386
Income tax expense			(81,357)	(95,651)
Profit for the year			282,581	326,735

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information - non-current assets

	2022	2021
	HK\$'000	HK\$'000
Hong Kong	35,385	21,369
Mainland China	1,003,509	815,168
Indonesia	220,237	147,251
Vietnam	41,072	40,009
	<u>1,300,203</u>	<u>1,023,797</u>

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

	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers		
- sale of sportswear and garments and provision of related subcontracting services	<u>3,668,371</u>	<u>3,248,875</u>

Revenue from contracts with customers

Disaggregated revenue information

	2022	2021
	HK\$'000	HK\$'000
Types of goods or services		
Sale of sportswear and garments	3,660,825	3,248,875
Subcontracting services	<u>7,546</u>	<u>-</u>
	<u>3,668,371</u>	<u>3,248,875</u>

Geographical markets

Mainland China	1,882,199	1,612,824
USA	674,677	663,266
Europe	644,081	488,355
Japan	84,076	98,781
Others	<u>383,338</u>	<u>385,649</u>
	<u>3,668,371</u>	<u>3,248,875</u>

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:

	2022 HK\$'000	2021 HK\$'000
Customer A	2,510,647	2,244,276
Customer B	514,312	496,124
Customer C	435,907	N/A*
	<u>3,460,866</u>	<u>2,740,400</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:

	2022 HK\$'000	2021 HK\$'000
Bank interest income	3,403	2,881
Income derived from financial assets at fair value through profit or loss	3,442	2,846
Government grants*	12,303	32,217
Loss on disposal and write-off of items of property, plant and equipment, net	(267)	(154)
Others	1,590	1,906
	<u>20,471</u>	<u>39,696</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. During the year ended 31 March 2021, government subsidies under the COVID-19 relief scheme had 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

	2022 HK\$'000	2021 HK\$'000
Interest on bank loans	4,541	4,883
Interest on lease liabilities	587	449
	<u>5,128</u>	<u>5,332</u>

6. PROFIT BEFORE TAX

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

	2022 HK\$'000	2021 HK\$'000
Cost of inventories sold and subcontracting services provided	3,018,152	2,596,468
Depreciation of property, plant and equipment*	95,808	90,309
Depreciation of right-of-use assets*	15,967	14,282
Amortisation of intangible assets	2,821	2,821
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	864,606	735,801
Pension contributions, including pension cost for a defined benefit plan of HK\$6,366,000 (2021: HK\$1,165,000)	140,522	100,315
<i>Less: Forfeited contributions[^]</i>	<u>-</u>	<u>-</u>
Net pension contributions	140,522	100,315
Total employee benefit expenses*	<u>1,005,128</u>	<u>836,116</u>
Foreign exchange differences, net	(3,921)	(275)
Lease payments not included in the measurement of lease liabilities*	350	124
COVID-19-related rent concessions from a lessor*	-	(733)
Loss on disposal and write-off of items of property, plant and equipment, net	267	154
Income derived from financial assets at fair value through profit or loss	<u>(3,442)</u>	<u>(2,846)</u>

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

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:

	2022	2021
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	64,012	59,214
Depreciation of right-of-use assets	14,811	13,644
Employee benefit expenses	841,980	689,991
Lease payments not included in the measurement of lease liabilities	350	124
COVID-19-related rent concessions from a lessor	-	(733)
	<u> </u>	<u> </u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2022	2021
	HK\$'000	HK\$'000
Current tax charge for the year:		
Hong Kong	19,763	23,289
Elsewhere	58,803	70,251
Underprovision for current tax in respect of prior years	340	-
Deferred	2,451	2,111
	<u> </u>	<u> </u>
Total tax charge for the year	<u>81,357</u>	<u>95,651</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\$274,633,000 (2021: HK\$313,559,000) and the weighted average number of ordinary shares of the Company of 532,557,000 (2021: 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 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2022	2021
	HK\$'000	HK\$'000
Dividends paid during the year:		
Final in respect of the financial year ended		
31 March 2021 – HK12 cents (2021: HK9 cents)		
per ordinary share	63,840	47,880
Interim – HK22 cents (2021: HK30 cents) per ordinary share	<u>117,040</u>	<u>159,600</u>
	<u>180,880</u>	<u>207,480</u>
Proposed final dividend – HK14 cents (2021: HK12 cents) per ordinary share	<u>74,732</u>	<u>63,840</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 RECEIVABLE

	2022	2021
	HK\$'000	HK\$'000
Accounts receivable	<u>393,843</u>	<u>348,046</u>

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 (2021: 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, 51% (2021: 59%), 24% (2021: 11%) and 22% (2021: 27%) 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:

	2022 HK\$'000	2021 HK\$'000
Within 30 days	312,515	252,399
31 to 60 days	53,137	61,832
61 to 90 days	9,907	28,514
Over 90 days	<u>18,284</u>	<u>5,301</u>
	<u>393,843</u>	<u>348,046</u>

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:

	2022 HK\$'000	2021 HK\$'000
Within 90 days	282,095	255,261
91 to 180 days	9,057	10,615
181 to 365 days	1,417	1,493
Over 365 days	<u>7,065</u>	<u>6,285</u>
	<u>299,634</u>	<u>273,654</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, with the growth in the momentum of the heightened awareness for healthy life and sports and exercises of the consumers, the global enthusiasm in athleisure wear was driving the demand for sportswear. At the same time, leading sportswear brands aligned themselves with the “direct to consumers” business model by actively launching dazzling online marketing initiatives and optimising advanced intelligent logistics systems to meet the strong demand for sportswear in the international market.

In 2021, the epidemic situation in the PRC was relatively stable and the nation rejoiced as Beijing hosted the 2022 Winter Olympics. Coupled with the promotion of participation in sports by the nation resulting in overwhelming sporting sensation, there was notable growth in the sportswear market. The Group seized this opportunity to increase the proportion of domestic sales in the PRC. The Group’s strategy of driving domestic production and sales has not only significantly enhanced the Group’s adaptability to market and competitiveness and effectively reduced logistical costs and turnaround time; it has also reduced the consumption of natural and social resources, contributing to the sustainable development of the environment.

The Group focused on advancing the strategy of “production base diversification”, leveraging on its local advantage and at the same time enhancing its ability to manage and address risks. During the year under review, the Government of Vietnam implemented stringent epidemic control policies of citywide lockdown, production at the Group’s factory in Vietnam was as a result temporarily suspended during the period from mid-July 2021 to early October 2021. The management took immediate and agile actions to coordinate and flexibly reallocate the purchase orders to the Group’s other production bases, in effective response to the rigorous challenge the Group faced at times of adversity highlighting the Group’s excellent leadership.

Looking ahead to the coming year, the Group will devote its effort in the following areas:

I. Capacity Expansion

In recent years, the Group has been seeking opportunities to acquire production plants with strong production capacity and proven quality to meet the increasing demands of customers of international sportswear brands. The PRC, Indonesia and Vietnam each offers different resources and strengths. During the year under review, the Group acquired one factory in each of the PRC and Indonesia, which had been engaged in sportswear manufacturing for many years. The Group believes that through the combined effect of external acquisitions and internal growth, the Group can enhance its overall production capacity in a more efficient manner and diverse deployment of its production bases to form a solid foundation for future growth.

II. Manufacturing Excellence

The Group is committed to making continuous progress and advancement in adherence to the principle of manufacturing excellence and constant quality enhancement. During the year, smart automated warehouse management system was introduced in line with the new trend of real-time tracking, production mechanisation and modernisation and efficiency maximisation. With the optimisation and upgrade of its information management system, the Group would be able to establish a solid foundation for future growth by forming a close connection among its production bases located in different countries to enhance their operation synergy and efficiency as well as the Group’s international competitiveness.

III. R&D Innovation

The driving force for the future lies in research & development innovation. The Group will continue to invest in and step up with the development of the Research & Development Centre located in Hong Kong headquarters, seeking market development in collaboration with international brands through high-end visualised product design and innovative production processes in a bid to lead the trends in design. In the era of burning enthusiasm for sports, the Group will utilise its strengths to create growth momentum in the future.

Financial Review

Financial Performance

During the year under review, the global economy continued to be affected by COVID-19, with the impact of different countries varied depending on the anti-pandemic policies adopted by each of them. Vietnam adopted stringent anti-pandemic measures in the third quarter of 2021 in response to critical pandemic conditions, resulting in the suspension of major economic activities. The PRC adhered to a “Zero-COVID” policy underpinned by rigorous quarantine and lockdown measures. As the PRC and Vietnam were major production bases for garment manufacturers, manufacturers have been inevitably affected by the stringent anti-pandemic measures in these countries during the year. On the other hand, advanced countries generally pursued a policy of coexistence with the virus so that economic activities gradually resumed with rising demand for consumer products.

The Group reported record-high total sales of HK\$3,668.4 million for the year, representing an increase of HK\$419.5 million or 12.9% as compared to total sales of HK\$3,248.9 million for last year. Gross profit for the year decreased by 0.3% to HK\$650.2 million (2021: HK\$652.4 million), while gross profit margin declined by 2.4% from 20.1% to 17.7%. The Group’s profit before tax for the year decreased by 13.8% to HK\$363.9 million (2021: HK\$422.4 million), while pre-tax profit margin decreased by 3.1% from 13.0% to 9.9%.

The Group achieved record-high sales for the year despite the impact of the pandemic on its production capacity, attributable to its longstanding effort in building production bases in different countries to hedge against political and economic risks, fully leveraging 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. Notwithstanding the growth in its sales, the Group’s profit for the year was eroded by substantial increase in production costs. The substantial increase in production costs was attributable to the increment of minimum wage level and labour wage. Besides, operations at the Group’s production base in Vietnam were temporarily suspended during the period from mid-July 2021 to early October 2021 in compliance with anti-pandemic measures adopted by the Government in Vietnam against COVID-19. During the year, the PRC government no longer provided various relief measures introduced in 2020 because of pandemic. In addition, following the completion of the acquisitions of the production bases in Bandung Regency, Indonesia and in Foshan City, the PRC (the “Acquisitions”), increase in production and operating costs resulted from the changes of customer structure and product styles as well as additional depreciation arising from newly purchased machineries and equipment.

During the year, the selling and distribution expenses increased by HK\$4.6 million or 17.7% in line with the increase in sales of HK\$419.5 million or 12.9%. The increase in selling and distribution expenses was also attributable to the rise in transportation costs owing to disruption in transport caused by the pandemic. Administrative expenses increased by HK\$32.7 million or 13.7%, owing mainly to the increase in staff salaries after annual adjustments and the hiring of additional staff to cope with business growth and enhance the Group's product design and development function. Finance costs for the year slightly decreased by HK\$0.2 million or 3.8% as during the year, the Group flexibly deployed working capital and interest rates of bank borrowing remained stable. As for taxation, the Group's overall tax expenses for the year decreased by HK\$14.3 million or 14.9%. The effective tax rate of 22.4% for the year was similar to that of 22.6% for last year.

Other income and gains amounted to HK\$20.5 million (2021: HK\$39.7 million), comprising mainly incentive or subsidies granted by the PRC and/or Hong Kong governments amounting to HK\$12.3 million (2021: HK\$32.2 million) and bank interest income of HK\$3.4 million (2021: HK\$2.9 million).

Profit attributable to owners of the Company amounted to HK\$274.6 million for the year ended 31 March 2022, representing a decrease of HK\$39.0 million or 12.4% compared to HK\$313.6 million for last year. Net profit margin attributable to owners of the Company decreased by 2.2% from 9.7% to 7.5%. Excluding other income and gains of the year amounting to HK\$20.5 million (2021: HK\$39.7 million), net operating profit attributable to owners of the Company would decrease by HK\$19.7 million or 7.2% to HK\$254.1 million (2021: HK\$273.9 million) and net operating profit margin attributable to owners of the Company would decrease by 1.5% from 8.4% to 6.9%. Basic earnings per share attributable to owners of the Company for the year amounted to HK51.5 cents compared to HK58.9 cents for the previous year. The Board proposed to recommend payment of a final dividend of HK14 cents (2021: HK12 cents) per share. Together with the interim dividend of HK22 cents per share paid during the year, the dividend payout ratio for the year was 69.9% (2021: 71.3%).

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 2022, the Group had cash and bank balances amounted to HK\$455.8 million (31 March 2021: HK\$442.4 million) mainly denominated in Hong Kong dollars, Renminbi ("RMB"), US dollars, Indonesian Rupiah and Vietnamese Dong.

As at 31 March 2022, the Group's banking facilities of HK\$902.1 million (2021: HK\$975.9 million) were supported by the corporate guarantees of HK\$902.1 million (2021: HK\$975.9 million) executed by the Company and certain subsidiaries of the Company. As at 31 March 2022, an aggregate amount of the Group's banking facilities of HK\$648.6 million (31 March 2021: HK\$428.4 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 2022 was 11.2% (31 March 2021: not applicable as the Group had a net cash position in 2021).

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

Other than the Acquisitions as mentioned above, there was no acquisition or disposal of subsidiaries during the year ended 31 March 2022. During the year ended 31 March 2021, there was no material acquisition or disposal of subsidiaries.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2022 (31 March 2021: Nil).

Outlook

Under the epidemic, the pace of global economic recovery has slowed down. In the coming year, the Group will adopt a prudent development strategy to attain stable growth in business, with a special emphasis on the integration of recently-acquired factories, consolidation of existing businesses and gradual expansion of overseas production capacities. At the same time, production mechanisation and innovative production technologies will be actively promoted, while sustainable development will be enhanced with persistent efforts. The Group will provide customers with prospective production technologies that are in close tandem with the changing market in an effort to explore new pathways for future growth.

Event after the Reporting Period

Pursuant to the announcement of the Company on 7 April 2022, a sale and purchase agreement was entered into among the Group, Chang Pao International Limited ("Chang Pao") (an independent third party), and one of the shareholders of Chang Pao (an independent individual) as Chang Pao's guarantor, whereby the Group has conditionally agreed to purchase 100% equity interests of Beyond Top Co., Ltd. ("Beyond Top"), a company incorporated in the British Virgin Islands with limited liability and together with its only wholly-owned subsidiary incorporated in Vietnam, for a consideration of US\$6,694,000 (equivalent to approximately HK\$52,213,000). The acquisition was completed on 1 May 2022. Beyond Top is an investment holding company. Its only wholly-owned subsidiary is principally engaged in manufacture of shoes in Vietnam and has ceased its operation since 2009.

Employees and Remuneration Policies

As at 31 March 2022, the Group employed a total of approximately 15,000 employees including directors (31 March 2021: approximately 13,000). Total employee benefit expenses including directors' and chief executive's emoluments were HK\$1,005.1 million for the year under review (2021: HK\$836.1 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

ISSUE OF NEW SHARES DURING THE YEAR

On 3 November 2021, the Company and Mr. Ade Tjakralaksana (the “Subscriber”), one of the vendors of the acquisition by the Group in 100% equity interest in a company incorporated in Indonesia (the “Indonesia Acquisition”), entered into a subscription agreement (the “Subscription Agreement”) pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, up to 1,800,000 shares of HK\$0.01 each in the capital of the Company (the “Subscription Shares”) at HK\$4.23 per Subscription Share for an aggregate consideration of HK\$7,614,000 (the “Subscription”). The closing price of the Shares was HK\$4.60 on the date of the Subscription Agreement and the Subscription Shares were allotted and issued on 9 December 2021 (the “Completion Date”) pursuant to the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 18 August 2021. The net price per Subscription Shares was approximately HK\$4.12 and the net proceeds of the Subscription was HK\$7,414,000. Details of the Indonesia Acquisition and the Subscription have been disclosed in the announcements of the Company dated 3 November 2021, 18 November 2021 and 6 December 2021.

A detailed breakdown and description of the use of the net proceeds from the Subscription is set out as follows:

Intended use of proceeds	Unutilised amount as at the Completion Date <i>HK\$ million</i>	Utilised amount during the year under review <i>HK\$ million</i>	Unutilised amount as at 31 March 2022 <i>HK\$ million</i>
For purchase of machineries and equipment for the Indonesia Acquisition during the year	7.4	7.4	-

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 HK14 cents (2021: HK12 cents) per ordinary share payable on Thursday, 15 September 2022 to persons who are registered shareholders of the Company on Wednesday, 31 August 2022 subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the “AGM”). Together with the interim dividend of HK22 cents per ordinary share (2021: HK30 cents), the total dividend for the financial year is HK36 cents (2021: HK42 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, 23 August 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 17 August 2022 to Tuesday, 23 August 2022, 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 (before 15 August 2022), or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (on or after 15 August 2022), for registration not later than 4:30 p.m. on Tuesday, 16 August 2022.

(b) Entitlement to the Proposed Final Dividend

For determining the entitlement to the proposed final dividend for the year ended 31 March 2022 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Monday, 29 August 2022 to Wednesday, 31 August 2022, 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 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (before 15 August 2022), or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (on or after 15 August 2022), for registration no later than 4:30 p.m. on Friday, 26 August 2022.

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 2022, except for the deviations set out below:

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

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 2022. 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 2022 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 2022 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, 30 June 2022

As at the date of this announcement, the Board comprises seven executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Huang Yongbiao, Ms. Chen Fang Mei, 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.