



**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)

\* For identification purposes only



**INTERIM**  
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**REPORT**

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 2023 together with the comparative unaudited figures for the corresponding period in 2022 and the relevant explanatory notes.

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		<b>Six months ended 30 September</b>	
	<i>Notes</i>	<b>2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
<b>REVENUE</b>	4	<b>2,521,917</b>	2,547,555
Cost of sales		<b>(2,004,054)</b>	(2,023,767)
Gross profit		<b>517,863</b>	523,788
Other income and gains, net	4	<b>8,773</b>	13,742
Selling and distribution expenses		<b>(18,517)</b>	(22,168)
Administrative expenses		<b>(153,648)</b>	(147,974)
Other operating expenses		<b>(6,489)</b>	(28,134)
Finance costs	5	<b>(21,397)</b>	(7,667)
<b>PROFIT BEFORE TAX</b>	6	<b>326,585</b>	331,587
Income tax expense	7	<b>(90,374)</b>	(85,730)
<b>PROFIT FOR THE PERIOD</b>		<b>236,211</b>	245,857
Attributable to:			
Owners of the Company		<b>229,225</b>	239,111
Non-controlling interests		<b>6,986</b>	6,746
		<b>236,211</b>	245,857
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	9	<b>HK42.94 cents</b>	HK44.79 cents
Diluted		<b>HK42.94 cents</b>	HK44.79 cents



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>236,211</b>	245,857
<b>OTHER COMPREHENSIVE EXPENSE:</b>		
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Actuarial loss on a defined benefit plan	<b>(2,752)</b>	—
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(84,142)</b>	(136,560)
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX</b>	<b>(86,894)</b>	(136,560)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>149,317</b>	109,297
Attributable to:		
Owners of the Company	<b>145,682</b>	107,973
Non-controlling interests	<b>3,635</b>	1,324
	<b>149,317</b>	109,297

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

Notes	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
	<b>991,816</b>	998,270
Property, plant and equipment		
	<b>246,082</b>	263,657
Right-of-use assets		
Goodwill	<b>104,076</b>	104,076
Intangible assets	<b>3,526</b>	4,937
Deposits	<b>20,102</b>	41,611
	<b>1,365,602</b>	1,412,551
Total non-current assets		
<b>CURRENT ASSETS</b>		
	<b>489,359</b>	677,184
Inventories		
Accounts receivable	<b>698,854</b>	345,113
Prepayments, deposits and other receivables	<b>92,071</b>	123,369
Restricted bank balances	<b>1,074</b>	1,143
Cash and bank balances	<b>646,820</b>	515,387
	<b>1,928,178</b>	1,662,196
Total current assets		
<b>CURRENT LIABILITIES</b>		
	<b>344,348</b>	375,744
Accounts payable		
Accrued liabilities and other payables	<b>212,965</b>	218,014
Interest-bearing bank borrowings	<b>509,641</b>	544,323
Lease liabilities	<b>7,050</b>	10,456
Tax payable	<b>147,185</b>	93,396
	<b>1,221,189</b>	1,241,933
Total current liabilities		
	<b>706,989</b>	420,263
<b>NET CURRENT ASSETS</b>		
	<b>2,072,591</b>	1,832,814
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2023

	<i>Notes</i>	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Pension scheme obligation		<b>21,163</b>	22,113
Interest-bearing bank borrowings	13	<b>250,560</b>	78,500
Lease liabilities		<b>795</b>	1,347
Deferred tax liabilities		<b>43,242</b>	48,608
Total non-current liabilities		<b>315,760</b>	150,568
Net assets		<b>1,756,831</b>	1,682,246
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	14	<b>5,338</b>	5,338
Reserves		<b>1,695,064</b>	1,624,114
		<b>1,700,402</b>	1,629,452
<b>Non-controlling interests</b>		<b>56,429</b>	52,794
Total equity		<b>1,756,831</b>	1,682,246

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Attributable to owners of the Company								
	Issued capital	Share premium account	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023	5,338	573,910	(229)	118,089	(5,844)	938,188	1,629,452	52,794	1,682,246
Profit for the period	—	—	—	—	—	229,225	229,225	6,986	236,211
Other comprehensive expense for the period:									
Actuarial loss on a defined benefit plan	—	—	—	—	—	(2,752)	(2,752)	—	(2,752)
Exchange differences on translation of foreign operations	—	—	—	—	(80,791)	—	(80,791)	(3,351)	(84,142)
Total comprehensive income for the period	—	—	—	—	(80,791)	226,473	145,682	3,635	149,317
Final 2023 dividend	—	—	—	—	—	(42,704)	(42,704)	—	(42,704)
Special 2023 dividend	—	—	—	—	—	(32,028)	(32,028)	—	(32,028)
At 30 September 2023	5,338	573,910	(229)	118,089	(86,635)	1,089,929	1,700,402	56,429	1,756,831

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company								
	Issued capital	Share premium account	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	5,338	573,910	(229)	104,870	92,653	897,107	1,673,649	48,040	1,721,689
Profit for the period	—	—	—	—	—	239,111	239,111	6,746	245,857
Other comprehensive expense for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(131,138)	—	(131,138)	(5,422)	(136,560)
Total comprehensive income for the period	—	—	—	—	(131,138)	239,111	107,973	1,324	109,297
Final 2022 dividend	—	—	—	—	—	(74,732)	(74,732)	—	(74,732)
At 30 September 2022	5,338	573,910	(229)	104,870	(38,485)	1,061,486	1,706,890	49,364	1,756,254



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash flows from operating activities	174,181	167,903
Net cash flows used in investing activities	(60,733)	(103,652)
Net cash flows from/(used in) financing activities	58,920	(26,440)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>172,368</b>	37,811
Cash and cash equivalents at beginning of period	515,387	455,841
Effect of change in foreign exchange rate, net	(40,935)	(41,552)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>646,820</b>	452,100
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	374,524	259,373
Non-pledged time deposits with original maturity of less than three months when acquired	272,296	192,727
	<b>646,820</b>	452,100

# 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 2023. 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 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

HKFRS 17 and related amendments	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and International Tax Reform-Pillar Two Model Rules</i>

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



### 3. Operating segment information

The Group is solely engaged in manufacturing 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.

The revenue and the result of each operating segment for the six months ended 30 September 2023 are as follows:

	Revenue Six months ended 30 September (Unaudited)		Segment result Six months ended 30 September (Unaudited)	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Mainland China	1,474,210	1,195,852	313,129	275,440
USA	413,577	574,996	62,571	100,507
Europe	335,336	457,970	64,872	66,503
Japan	48,757	64,685	8,174	14,176
Others	250,037	254,052	45,305	41,572
	<b>2,521,917</b>	2,547,555	<b>494,051</b>	498,198
Interest income and other unallocated income and gains			<b>8,773</b>	13,742
Unallocated expenses			<b>(176,239)</b>	(180,353)
Profit before tax			<b>326,585</b>	331,587
Income tax expense			<b>(90,374)</b>	(85,730)
Profit for the period			<b>236,211</b>	245,857

#### 4. Revenue and other income and gains, net

(a) An analysis of revenue is as follows:

	<b>Six months ended 30 September</b>	
	<b>2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
Revenue from contracts with customers — sale of sportswear and garments	<b>2,521,917</b>	2,547,555

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

	<b>Six months ended 30 September</b>	
	<b>2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
Bank interest income	<b>1,645</b>	1,083
Income derived from financial assets at fair value through profit or loss	<b>873</b>	412
Government grants*	<b>5,037</b>	10,284
Others	<b>1,218</b>	1,963
	<b>8,773</b>	13,742

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



## 5. Finance costs

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest on bank loans	21,246	7,396
Interest on lease liabilities	151	271
	<b>21,397</b>	7,667

## 6. Profit before tax

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	46,560	50,014
Depreciation of right-of-use assets	10,011	9,114
Amortisation of intangible assets	1,410	1,411
Foreign exchange loss, net	6,355	26,925
Loss on disposal and write-off of items of property, plant and equipment, net	134	1,209

## 7. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current tax charge for the period:		
Hong Kong	9,049	18,471
Elsewhere	78,046	66,229
Deferred	3,279	1,030
Total tax charge for the period	90,374	85,730

## 8. Interim dividend

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interim dividend declared of HK\$0.30 per share (2022: HK\$0.30 per share)	160,140	160,140

The Board resolved that an interim dividend of HK\$0.30 per share for the six months ended 30 September 2023 to be paid to the shareholders of the Company whose names appear on the Company's register of members at the close of business on 28 November 2023. The interim dividend was declared after the period ended 30 September 2023, 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\$229,225,000 (2022: HK\$239,111,000) and 533,800,000 (2022: 533,800,000) 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 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 10. Goodwill

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
Cost and net carrying amount: At beginning and end of period/year	<b>104,076</b>	104,076

The Group's goodwill was wholly allocated to four cash-generating units engaged in manufacturing and trading of sportswear and garments (the "Units").

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of the Units has been determined from the value in use, which is calculated with reference to cash flow projections based on a five-year period financial budget approved by senior management of the Group.

## 11. Accounts receivable

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
Accounts receivable	<b>698,854</b>	345,113

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

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

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
Within 30 days	<b>570,416</b>	268,080
31 to 60 days	<b>43,932</b>	69,015
61 to 90 days	<b>82,438</b>	4,413
Over 90 days	<b>2,068</b>	3,605
	<b>698,854</b>	345,113

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

## 12. Accounts payable

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

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Within 90 days	328,875	361,486
91 to 180 days	3,849	6,761
181 to 365 days	5,930	2,276
Over 365 days	5,694	5,221
	<b>344,348</b>	375,744

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

## 13. Interest-bearing bank borrowings

	Effective interest rate %	Maturity	As at 30 September 2023 (Unaudited) HK\$'000	Effective interest rate %	Maturity	As at 31 March 2023 (Audited) HK\$'000
<b>Current</b>						
Bank loans	4.93% to 6.13%	Within 1 year or on demand	509,641	3.53% to 5.58%	Within 1 year or on demand	544,323
<b>Non-current</b>						
Bank loans	6.05%	2025-2026	250,560	5.58%	2024-2025	78,500

As at 30 September 2023, bank borrowings of HK\$760,201,000 (31 March 2023: HK\$622,823,000) were supported by corporate guarantees executed by the Company and certain subsidiaries of the Company.

As at 30 September 2023, HK\$409,901,000 (31 March 2023: HK\$454,123,000) of the bank borrowings were denominated in US\$.

Based on the maturity terms of the bank borrowings, HK\$509,641,000 (31 March 2023: HK\$544,323,000) of the Group's bank borrowings are repayable within one year or on demand.

## 14. Issued capital

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
Issued and fully paid: 533,800,000 (31 March 2023: 533,800,000) ordinary shares of HK\$0.01 each	<b>5,338</b>	5,338

## 15. Related party transactions

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

		<b>Six months ended 30 September 2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
	<i>Notes</i>		
A related company indirectly controlled by a substantial shareholder of the Company:			
Rental expense*	<i>(i)</i>	<b>3,867</b>	4,144
Service fee	<i>(ii)</i>	<b>4,679</b>	4,670
Substantial shareholder of the Company:			
Service fee	<i>(iii)</i>	—	102





- (i) The Group entered into lease agreements with Pouyuen Vietnam Company Limited (“Pouyuen Vietnam”), a related company indirectly controlled by Yue Yuen Industrial (Holdings) Limited, a substantial shareholder of the Company, for the rental of (i) a plant at a monthly rate of US\$71,184 for a term of three years commencing on 1 June 2021 and will expire on 31 May 2024; and (ii) a plant at a monthly rate of US\$11,094 for a term of two years and six months commencing on 1 December 2020 and expired on 31 May 2023, which was renewed on 1 June 2023 at a monthly rate of VND261 million (approximately US\$11,100) for a term of 13 months commencing on 1 June 2023.
- \* Right-of-use assets of HK\$5,084,000 (31 March 2023: HK\$7,755,000) and lease liabilities of HK\$5,199,000 (31 March 2023: HK\$7,908,000) related to the leases with related parties were recognised in the condensed consolidated statement of financial position as at 30 September 2023. During the six months ended 30 September 2023, depreciation of right-of-use assets of HK\$3,750,000 (2022: HK\$3,760,000) and finance costs on lease liabilities of HK\$79,000 (2022: HK\$141,000) were recognised in the condensed consolidated income statement.
- (ii) The service fee to Pouyuen Vietnam was made on a basis mutually agreed by both parties.
- (iii) The service fee to Pou Chen Corporation (“Pou Chen”), a substantial shareholder of the Company, was charged on actual cost incurred.

The related party transactions in respect of items (i) and (ii) above also constitute connected transactions and continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## **(b) Outstanding balances with related parties**

Included in accrued liabilities and other payables at 30 September 2023 is an amount due to Pouyuen Vietnam of HK\$4,506,000 (31 March 2023: HK\$5,738,000), which is unsecured, interest-free and repayable on demand.

## 16. Commitments

The Group had the following capital commitments as at the end of reporting period:

	<b>As at 30 September 2023 (Unaudited) HK\$'000</b>	As at 31 March 2023 (Audited) HK\$'000
Contracted, but not provided for: Renovation of factories and purchases of items of machinery and equipment for the production bases	<b>95,948</b>	96,780

## 17. Comparative figures

Certain comparative figures for the last period have been reclassified to conform with the current period's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

## 18. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 8 November 2023.



## MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, slowdown in economic recovery resulted from such factors as escalating inflation and interest rates. At the same time, political unrest and geopolitical tensions have also cast uncertainties on global economy as well as the Group's business prospects. The management continues to monitor the changes in the global economic landscape to enhance strategic planning and top-level design. On the back of its competitive strengths, the Group will uphold its core business and address any challenges by identifying and reacting to changes accurately and scientifically, and through proactive change. The Group is adamant that with the benefit of united and coordinated teamwork, it will be able to seize opportunities amidst risks and take its development to another level in adherence to the principles of ongoing innovation and professionalism.

### Business Review

During the period under review, the business environment of the sportswear market became extremely competitive under the combined effect of declining consumer demand and adjustments to high inventory levels. Nevertheless, the Group delivered stable results owing to the tireless effort of the management and the staff. Persistently adhering to the customer-centric principle, the Group vigorously implemented the strategy of diversified deployment and mechanical production in line with its customers' product positioning and strategic developments. Over the past two years, the Group has further acquired three factories in addition to its existing production bases in Mainland China, Vietnam and Indonesia, enhancing its overall production capacity.

During the period, the Group's Foshan Factory located in Mainland China was successfully incorporated into the Group's business system with a special focus on domestic market development. The Group's Bandung Factory located in Indonesia has commenced production and has been engaged in new customer development with a view to profit growth. The Group's Long An Factory located in Vietnam has generally completed its reconstruction project, and recruitment and training of workers will commence in the second half of the year. The three new factories will drive growth in the Group's production capacity and reduce policy risks and other adversities relating to the business environment, while facilitating the sharing of resources and technologies which will enhance the Group's operating flexibility and overall competitiveness.

In an ongoing endeavour to optimise its production planning and management model, the Group has been actively driving the development of smart operation, in order to increase its flexibility and scalability in product design. To this end, the Group has built a more extensive automated manufacturing system and a digital smart warehouse. While the Group recorded higher loan interest costs for the period due to increased investment in resources, such resources committed to optimisation measures will help building the foundation of a business regime underpinned by sophisticated integration of digital and physical operations, which is crucial to the Group's competitive edge in future market competition. The optimisation measures will enable the Group to maintain its leading position and achieve sustainable development amidst intensive market competition.

### **Commitment to charity**

This year, the Eagle Nice Volunteers, which is formed by the staff of the Group, performed their community welfare initiatives under the theme of "Caring for the Future Masters of Our Community". On the eve of Father's Day, the volunteers of Hong Kong team organised a visit to "Cheerful Place", a centre for the care of people with mild intellectual disability, and worked with the students there to make preserved flowers as a Father's Day gift to show appreciation for the never-failing love shown by all fathers to their children. During the Dragon Boat Festival and the Mid-Autumn Festival, the volunteers in Mainland China, Hong Kong and Indonesia paid visits to local welfare homes and special schools and brought festive gift packs to such underprivileged groups as local children and senior citizens as a token of blessing. The Group's skilled sewing workers even mended worn-out clothes for them on the spot. These community welfare activities have been a fine testimony to the positive image of the Group's employees: compassionate, generous and eager to help. In addition to regular community welfare activities, the Group's factories have also kept offering jobs to disabled persons so that they had the chance to achieve self-reliance and attain self-fulfillment. Through solid actions, the Group has highlighted its support for the underprivileged in the spirit of compassion, solidarity and sharing.

### **Review of financial performance**

For the period under review, the Group's total sales remained stable at HK\$2,521,900,000 (2022: HK\$2,547,600,000), with a slight decrease in sales of HK\$25,700,000 or 1.0%. Gross profit decreased slightly by HK\$5,900,000 or 1.1% to HK\$517,900,000 (2022: HK\$523,800,000), while gross profit margin mildly decreased by 0.1% from 20.6% to 20.5%. The Group's profit before tax decreased slightly by HK\$5,000,000 or 1.5% to HK\$326,600,000 (2022: HK\$331,600,000), while profit before tax margin mildly decreased by 0.1% from 13.0% to 12.9%.



The Group reported revenue growth in the previous year as the demand for consumer goods rose amidst global economic recovery following the easing of the pandemic in 2022. However, there was a slowdown in market demand for consumer goods in 2023 as the global economy continued to be adversely affected by high interest rates. The major markets for the Group's sales are Mainland China, the United States (the "U.S.") and Europe. The sportswear market in Mainland China has a lower market penetration rate than developed countries in Europe and the U.S. and therefore still holds out better potential for growth. Moreover, the domestic sportswear brands of Mainland China have become increasingly popular among domestic consumers, and Mainland China has become one of the world's major consumer markets for sporting goods. For the period under review, sales in Mainland China increased substantially by HK\$278,400,000 as compared to the previous period and increased by 11.6% from 46.9% to 58.5% as a percentage of the Group's total sales, with notable increases in sales orders of Mainland China from both international sportswear brands and domestic sportswear brands during the period under review. In contrast, sales from the U.S. and European markets decreased by HK\$161,400,000 and HK\$122,600,000 and by 6.2% and 4.7% as a percentage of the Group's total sales, respectively, as consumers were turning cautious under the impact of high interest rates in these markets. With growth in Mainland China and decline in the U.S. and Europe offsetting each other, the Group's total sales for the period remained stable compared to the corresponding period of last year.

Owing to political and economic considerations, the Group has adopted a policy of diversified production bases. The Group's production bases are located in Mainland China, Indonesia and Vietnam, each of which possesses unique advantages in terms of geographic location, government policies and production technology, allowing flexible allocation of the Group's orders to maximise profit while offering convenience to the Group's customers and meeting their business need. This has contributed to stability in the Group's sales against the slowdown in demand in the consumer market and the ongoing devaluation of Renminbi ("RMB"). During the period under review, the appreciation of U.S. Dollar ("USD") and devaluation of non-U.S. currencies, to various extents, continued as a result of USD interest rate hikes. As the Group's production costs are mainly settled in RMB, Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND"), the devaluation of these currencies has lowered the Group's production costs, while the ongoing devaluation of RMB has also lowered the sales amount from Mainland China reported in HKD, resulting in the Group's profit before tax margin remaining stable compared to the corresponding period of last year.

The amount of the Group's selling and distribution expenses for the period under review decreased by HK\$3,700,000 (or 16.5%), which was mainly attributable to an increasing proportion of sales to Mainland China, for which particular Mainland China customers elected to make their own transportation arrangements, thereby resulting in the decrease in the Group's freight costs. Administrative expenses as a whole increased by HK\$5,700,000 (or 3.8%), owing to the increase in staff remuneration and benefits after annual adjustments and the hiring of additional staff to cope with business growth and production process optimization. Other operating expenses decreased by HK\$21,600,000 (or 76.9%) mainly due to decrease of HK\$20,600,000 in exchange loss incurred during the period under review compared to the corresponding period of last year as a result of the devaluation of non-U.S. currencies. In respect of finance costs, interest expenses increased substantially by HK\$13,700,000 (or 179.1%) compared to the corresponding period of last year, as the Group increased its bank loans significantly in recent years to finance the acquisition of several new production bases and optimisation of production equipment for the purpose of production capacity expansion, while the loan interest rate for the period was significantly higher as U.S. interest rate hikes continued during the period. As for taxation, the Group's overall tax expenses for the period increased by HK\$4,600,000 (or 5.4%) on an effective tax rate of 27.7%, an increase by 1.8% over 25.9% for the corresponding period of last year, which was mainly due to a higher percentage of share of profit from Mainland China (which is subject to a higher tax rate) as compared to the corresponding period of last year.

Other income and gains amounted to HK\$8,800,000 (2022: HK\$13,700,000), comprising mainly government incentives or subsidies amounting to HK\$5,000,000 (2022: HK\$10,300,000) and bank interest income of HK\$1,600,000 (2022: HK\$1,100,000).

Profit attributable to owners of the Company amounted to HK\$229,200,000 for the six months ended 30 September 2023, representing a decrease of HK\$9,900,000 or 4.1% compared to HK\$239,100,000 for the corresponding period of last year. For the period under review, profit margin attributable to owners of the Company decreased by 0.3% from 9.4% to 9.1%. Basic earnings per share attributable to owners of the Company for the period amounted to HK42.94 cents compared to HK44.79 cents for the corresponding period of last year. The Board proposed to recommend payment of an interim dividend of HK30 cents (2022: HK30 cents) per share for the six months ended 30 September 2023, the dividend payout ratio being 69.9% (2022: 67.0%).



## Outlook

Notwithstanding uncertainties in the overall economic environment and lacklustre consumer demand, the Board remains cautiously optimistic about the Group's business prospect. With a view to bolstering our vigour and strengths for development, the management will continue to monitor the market trends and stringently implement cost control measures to further optimise and strengthen the Group's diversified production bases. The management firmly believes that, on the back of the collective effort of the teams, the Group will dauntlessly embark on new journeys of growth against risks and challenges in adherence to the principles of ongoing innovation and professionalism.

## 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 2023, the Group had cash and bank balances amounting to HK\$646,800,000 (31 March 2023: HK\$515,400,000) mainly denominated in Hong Kong dollars, RMB, USD, IDR and VND.

As at 30 September 2023, the Group's banking facilities of HK\$1,106,100,000 (31 March 2023: HK\$1,108,500,000) were supported by the corporate guarantees of HK\$1,106,100,000 (31 March 2023: HK\$1,108,500,000) executed by the Company and certain subsidiaries of the Company. As at 30 September 2023, an aggregate amount of the Group's banking facilities of HK\$760,200,000 (31 March 2023: HK\$622,800,000) was utilised.

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

Gearing ratio of the Group is defined as net debt (represented by bank borrowings net of cash and bank balances) divided by the total equity. The Group's gearing ratio as at 30 September 2023 was 6.5% (31 March 2023: 6.4%).

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## Foreign exchange risk management

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

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

## Material acquisition or disposal

During the six months ended 30 September 2023, there were no material acquisitions or disposals of subsidiaries. During the six months ended 30 September 2022, other than the asset acquisition of a factory located in Vietnam through acquisition of subsidiaries as detailed in the announcement of the Company dated 7 April 2022, there were no material acquisitions or disposals of subsidiaries.

## Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 September 2023 and 31 March 2023.

## Employees and remuneration policies

As at 30 September 2023, the Group employed a total of approximately 15,000 employees including the directors of the Company (the "Directors") (31 March 2023: approximately 15,000).

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



## OTHER INFORMATION

### Directors' and chief executive's interests and short positions in shares and underlying shares

As at 30 September 2023, the interests and short positions of the Directors and the chief executive of the Company (the "Chief Executive") in the share capital and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### The Company

Name of Director	Capacity	Number of ordinary shares held (Long position)	Percentage of the Company's issued capital
Mr. Chung Yuk Sing ("Mr. Chung")	Interest in a controlled corporation	72,650,000 (Note 1)	13.61
	Beneficial owner	19,484,000	3.65
Mr. Chen Hsiao Ying	Beneficial owner	36,500,800	6.84
Mr. Huang Yongbiao ("Mr. Huang")	Interest in a controlled corporation	32,320,000 (Note 2)	6.05
	Beneficial owner	108,000	0.02
Mr. Chung Chi Kit	Beneficial owner	8,500,000	1.59

Notes:

1. These shares are held by Time Easy Investment Holdings Limited ("Time Easy"), the entire issued share capital of which is held by Mr. Chung, Executive Director.
2. These shares are held by Excel Skill International Limited ("Excel Skill"), the entire issued share capital of which is held by Mr. Huang, Executive Director.

Save as disclosed above, as at 30 September 2023, none of the Directors or the Chief Executive had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 30 September 2023, other than the Directors and the Chief Executive, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity	Number of ordinary shares held (Long position)	Percentage of the Company's issued capital
Time Easy	Beneficial owner	72,650,000 (Note 1)	13.61
Excel Skill	Beneficial owner	32,320,000 (Note 2)	6.05
Pou Chen Corporation ("Pou Chen")	Interest in a controlled corporation	192,000,000 (Note 3)	35.96
Wealthplus Holdings Limited ("Wealthplus")	Interest in a controlled corporation	192,000,000 (Note 3)	35.96
Yue Yuen Industrial (Holdings) Ltd. ("Yue Yuen")	Interest in a controlled corporation	192,000,000 (Note 3)	35.96
Pou Hing Industrial Co. Ltd. ("Pou Hing")	Interest in a controlled corporation	192,000,000 (Note 3)	35.96
Great Pacific Investments Limited ("Great Pacific")	Beneficial owner	192,000,000 (Note 3)	35.96
David Michael Webb	Interest in a controlled corporation and beneficial owner	26,730,000 (Note 4)	5.00

Notes:

1. The entire issued share capital of Time Easy is held by Mr. Chung.
2. The entire issued share capital of Excel Skill is held by Mr. Huang.



3. The 192,000,000 shares of the Company were held by Great Pacific which was wholly-owned by Pou Hing. The entire issued share capital of Pou Hing was held by Yue Yuen in which Wealthplus and Win Fortune Investments Ltd. (“Win Fortune”) held an interest of 47.95% and 3.16% respectively. Wealthplus and Win Fortune are in turn wholly-owned by Pou Chen. Accordingly, Pou Hing, Yue Yuen, Wealthplus, Win Fortune and Pou Chen are all deemed to be interested in the 192,000,000 shares of the Company held by Great Pacific.
4. These 26,730,000 shares of the Company were held as to 11,073,400 shares as beneficial owner and the remaining 15,656,600 shares as interest in a controlled corporation, namely, Preferable Situation Assets Limited, the entire issued share capital of which is owned by Mr. David Michael Webb.

Save as disclosed above, as at 30 September 2023, no person, other than the Directors and the Chief Executive, whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **EQUITY FUNDRAISING ACTIVITIES**

During the six months ended 30 September 2023, the Company had not conducted any equity fundraising activities.

## **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 2023.

## **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 2023, except for the deviations set out below:

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted the Model Code 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 2023.

## **DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

During the six months ended 30 September 2023, there is no change in any of the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

## **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 2023, including the accounting principles adopted by the Group, risk management and internal controls.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the "Remuneration Committee") was established pursuant to the requirements of the Listing Rules which comprises two independent non-executive Directors, namely, Mr. Chan Cheuk Ho and Mr. Lu Chi Chant and one Executive Director, namely, Mr. Chung Yuk Sing. Mr. Chan Cheuk Ho is the chairman of the Remuneration Committee.



## NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) was established pursuant to the requirements of the Listing Rules which comprises two independent non-executive Directors, namely, Mr. Chan Cheuk Ho and Mr. Lu Chi Chant and one Executive Director, namely, Mr. Chung Yuk Sing. Mr. Chung Yuk Sing is the chairman of the Nomination Committee.

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK30 cents per share for the six months ended 30 September 2023 (2022: HK30 cents) to be payable to shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 28 November 2023. The interim dividend will be payable on Monday, 11 December 2023.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 November 2023 to Tuesday, 28 November 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement of the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 November 2023.

## DISCLOSURE OF INFORMATION ON THE COMPANY’S AND THE STOCK EXCHANGE’S WEBSITE

This interim report is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.eaglenice.com.hk>).

On Behalf of the Board  
**Chung Yuk Sing**  
Chairman

Hong Kong, 8 November 2023

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