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 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year increased by 0.6% to HK$4,074.7 million compared with HK$4,051.1 million for last year.
- Gross profit margin for the year decreased from 18.7% to 18.4% and net profit margin attributable to owners of the Company decreased from 7.2% to 6.5% when compared with last year.
- Profit for the year attributable to owners of the Company was HK$263.5 million, representing 10.0% decrease compared to HK$292.6 million for last year.
- Final dividend of HK8 cents (2023: HK8 cents) per ordinary share has been recommended by the Board for the year.

* *For identification purposes only*

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2024 together with the comparative figures for the corresponding year in 2023 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2024

	Notes	**2024**	2023
		HK$'000	HK$'000
REVENUE	*3*	**4,074,668**	4,051,107
Cost of sales		**(3,325,976)**	(3,295,189)
Gross profit		**748,692**	755,918
Other income and gains, net	*4*	**19,855**	22,722
Selling and distribution expenses		**(27,949)**	(34,189)
Administrative expenses		**(308,163)**	(294,840)
Other operating expenses		**(8,177)**	(28,536)
Finance costs	*5*	**(43,479)**	(21,631)
PROFIT BEFORE TAX	*6*	**380,779**	399,444
Income tax expense	*7*	**(108,746)**	(98,501)
PROFIT FOR THE YEAR		**272,033**	300,943
ATTRIBUTABLE TO:			
Owners of the Company		**263,510**	292,639
Non-controlling interests		**8,523**	8,304
		272,033	300,943
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**49.3**	54.8
Diluted		**49.3**	54.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2024

	2024	2023
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**272,033**	300,943
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Actuarial loss on defined benefit plans	**(1,117)**	(3,467)
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(83,874)**	(102,047)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX	**(84,991)**	(105,514)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**187,042**	195,429
ATTRIBUTABLE TO:		
Owners of the Company	**181,303**	190,675
Non-controlling interests	**5,739**	4,754
	187,042	195,429

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	**2024** HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,018,153**	998,270
Right-of-use assets		**351,961**	263,657
Goodwill		**104,076**	104,076
Intangible assets		**2,116**	4,937
Deposits		**41,916**	41,611
Total non-current assets		**1,518,222**	1,412,551
CURRENT ASSETS			
Inventories		**704,869**	677,184
Accounts receivable	*10*	**324,572**	345,113
Prepayments, deposits and other receivables		**128,487**	123,369
Tax recoverable		**3,195**	-
Restricted bank balance		**1,084**	1,143
Cash and bank balances		**490,058**	515,387
Total current assets		**1,652,265**	1,662,196
CURRENT LIABILITIES			
Accounts payable	*11*	**306,698**	375,744
Accrued liabilities and other payables		**164,851**	218,014
Interest-bearing bank borrowings		**651,074**	544,323
Lease liabilities		**3,366**	10,456
Tax payable		**85,179**	93,396
Total current liabilities		**1,211,168**	1,241,933
NET CURRENT ASSETS		**441,097**	420,263
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,959,319**	1,832,814

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Pension scheme obligation		**20,387**	22,113
Interest-bearing bank borrowings		**258,390**	78,500
Lease liabilities		**317**	1,347
Deferred tax liabilities		**45,809**	48,608
Total non-current liabilities		**324,903**	150,568
Net assets		**1,634,416**	1,682,246
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**5,338**	5,338
Reserves		**1,570,545**	1,624,114
		1,575,883	1,629,452
Non-controlling interests		**58,533**	52,794
Total equity		**1,634,416**	1,682,246

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 and the disclosure requirements of the Hong Kong Companies Ordinance. They 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.

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

The adoption of the above revised standards had no impact on the financial position and 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 Chinese Mainland, 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.

3. OPERATING SEGMENT INFORMATION (continued)

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

	Segment revenue		Segment results	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Chinese Mainland	**2,332,360**	1,964,572	**458,933**	267,590
USA	**728,809**	880,187	**99,264**	236,657
Europe	**488,067**	627,631	**76,133**	103,318
Japan	**88,984**	103,593	**14,979**	20,938
Others	**436,448**	475,124	**73,043**	84,797
	4,074,668	4,051,107	**722,352**	713,300
Interest income and other unallocated income and gains			**19,514**	20,659
Unallocated expenses			**(361,087)**	(334,515)
Profit before tax			**380,779**	399,444
Income tax expense			**(108,746)**	(98,501)
Profit for the year			**272,033**	300,943

Geographical information - non-current assets

	2024	2023
	HK$'000	HK$'000
Hong Kong	**92,863**	39,037
Chinese Mainland	**842,123**	933,575
Indonesia	**332,284**	216,923
Vietnam	**146,876**	118,940
	1,414,146	1,308,475

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

An analysis of revenue is as follows:

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers		
Sale of sportswear and garments	**4,071,097**	4,040,529
Subcontracting services	**3,571**	10,578
	4,074,668	4,051,107

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:

	2024	2023
	HK$'000	HK$'000
Customer A	**2,583,440**	2,693,503
Customer B	**721,749**	544,139
Customer C	**644,691**	627,840
	3,949,880	3,865,482

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

	2024	2023
	HK$'000	HK$'000
Bank interest income	**5,502**	3,806
Income derived from financial assets at fair value through profit or loss	**2,264**	1,543
Government grants*	**9,435**	13,464
Others	**2,654**	3,909
	19,855	22,722

* Various government grants have been received by certain subsidiaries of the Group established in Chinese Mainland for promoting the manufacturing industry and maintaining the employment rate. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2024	2023
	HK$'000	HK$'000
Interest on bank loans	**43,241**	21,161
Interest on lease liabilities	**238**	470
	43,479	21,631

6. PROFIT BEFORE TAX

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

	2024	2023
	HK$'000	HK$'000
Cost of inventories sold and subcontracting services provided	**3,325,976**	3,295,189
Depreciation of property, plant and equipment*	**99,355**	97,585
Depreciation of right-of-use assets*	**19,669**	19,378
Amortisation of intangible assets	**2,821**	2,821
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries and allowance	**911,515**	894,296
Pension contributions	**141,121**	148,404
Less: Forfeited contributions^	**-**	-
Net pension contributions	**141,121**	148,404
Total employee benefit expenses*	**1,052,636**	1,042,700
Foreign exchange loss, net#	**7,836**	26,473
Lease payments not included in the measurement of lease liabilities*	**314**	165
Loss on disposal and write-off of items of property, plant and equipment, net#	**341**	2,063
Income derived from financial assets at fair value through profit or loss	**(2,264)**	(1,543)

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

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

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

	2024	2023
	HK$'000	HK$'000
Depreciation of property, plant and equipment	**74,524**	69,874
Depreciation of right-of-use assets	**18,223**	18,206
Employee benefit expenses	**856,924**	863,326
Lease payments not included in the measurement of lease liabilities	**314**	165

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2024	2023
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong	**16,498**	31,118
Elsewhere	**88,762**	60,579
Overprovision for tax in respect of prior years	**(394)**	-
Deferred	**3,880**	6,804
Total tax charge for the year	**108,746**	98,501

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$263,510,000 (2023: HK$292,639,000) and the number of ordinary shares of the Company of 533,800,000 (2023: 533,800,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2024	2023
	HK$'000	HK$'000
Dividends paid during the year:		
Final dividend in respect of the financial year ended 31 March 2023 – HK8 cents (2023: HK14 cents) per ordinary share	**42,704**	74,732
Special dividend in respect of the financial year ended 31 March 2023 – HK6 cents (2023: nil) per ordinary share	**32,028**	-
Interim dividend – HK30 cents (2023: HK30 cents) per ordinary share	**160,140**	160,140
	234,872	234,872
Proposed final dividend – HK8 cents (2023: HK8 cents) per ordinary share	**42,704**	42,704
Proposed special dividend – nil (2023: HK6 cents) per ordinary share	**-**	32,028
	42,704	74,732

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 and special (if any) dividend payables.

10. ACCOUNTS RECEIVABLE

	2024	2023
	HK$'000	HK$'000
Accounts receivable	**324,572**	345,113

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 (2023: 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, 65% (2023: 64%), 22% (2023: 22%) and 9% (2023: 12%) of the total accounts receivable were due from the Group's largest customer, the second largest customer and the third largest customer, respectively.

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

	2024	2023
	HK$'000	HK$'000
Within 30 days	**266,865**	268,080
31 to 60 days	**28,300**	69,015
61 to 90 days	**28,260**	4,413
Over 90 days	**1,147**	3,605
	324,572	345,113

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:

	2024	2023
	HK$'000	HK$'000
Within 90 days	**290,984**	361,486
91 to 180 days	**9,792**	6,761
181 to 365 days	**945**	2,276
Over 365 days	**4,977**	5,221
	306,698	375,744

The accounts payable are non-interest-bearing and are normally settled on credit terms of 30-60 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Proactive Transformation

Amidst rapid-changing markets and macro-environment, the Group adhered to its initial aspirations and pressed forward in a prudent manner in line with its corporate strategy of enhancing core competitiveness. The Group persisted in the operational principle of seeking progress amidst and on the back of stable operations as its long term business model, committed to fortifying the foundation for "stability" while inspiring power and strength for "progress", in a bid to deliver value to shareholders in a sustainable manner.

During the year under review, the global economy was subject to various challenges such as geopolitical tensions, rapid inflation and interest rates hikes, whilst consumer demand was lacklustre as overall market recovery was more moderate than expected. The Group's management stayed vigilant and closely monitored changes in the economic landscape. Well-laid response strategies that fully leveraged the Group's strengths were formulated to actively adjust its business deployment, upgrade its intelligent production facilities, expand the capacity of efficient production and enhance its competitiveness in the overseas market.

Despite intense competition in the sportswear market, the Group has successfully increased the percentage share of the Chinese Mainland market in its overall sales revenue and maintained stability in sales revenue for the year under review, attributable to the united effort of staff across the Group to accurately grasp opportunities presented by the moderate recovery of the Chinese economy in close tandem with the direction of national industrial policies, while vigorously capitalising on the driving force brought about by the Hangzhou Asian Games held during the year under review.

Operating costs increased mainly as a result of the commissioning of new factories, recruitment of talents and increase in finance cost. Nevertheless, the Group's management is adamant that high-calibre staff are the fundamental driving force behind the Group's sustainable development which would bring to the Group the kind of innovative vigour required for the development of new markets, thereby delivering greater value to the shareholders.

All in all, the Group has maintained remarkable business results amidst a difficult environment, showcasing its strong potential for development and resilience against risks. The Group will continue to pursue progress in a stable manner and drive the steady development and long-term sustainability of the Company on the back of a solid foundation.

Efficiency and Quality with Steady Expansion

The Group actively implemented the diversification strategy and optimised the presence of its production facilities on an ongoing basis, fully leveraging the regional advantages of various locations. The Group's overall competitiveness has been enhanced as internal synergies and complementary strengths have been brought into full play.

Bandung Factory in Indonesia acquired by the Group in late 2021 has currently been fully commissioned and a new customer was solicited to generate new driving force for the Group's development.

Following the completion of conversion and optimisation work at Long An Factory in Vietnam which was acquired by the Group in 2022, the factory has been commissioned since April 2024, which further strengthens the Group's competitive advantage in the overseas market.

Foshan Factory acquired by the Group in 2023 has been smoothly integrated into the Group, focusing on serving the domestic market.

In early 2024, the Group completed the acquisition of the industrial land and building with land area of approximately of 93,500 square metres adjacent to Bandung Factory in Indonesia in preparation for future expansion. The expansion plans have been set in motion and commissioning is scheduled for 2026, whereby the Group's overseas production capacity will be further increased.

Notwithstanding the increase in loan interest expenses and depreciation costs as a result of additional capital investment required for the acquisition and the expansion and conversion project during the year under review, from a strategic point of view, the capacity expansion of its overseas production bases has allowed the Group to further improve the global presence of its operations and resources, allocate resources with greater flexibility, operate with stronger efficiency and swiftly respond to different market demands. At the same time, the Group is able to mitigate policy and business risks and further enhance its overall competitiveness.

CHARITY AND COMPASSION FOR THE BENEFIT OF THE COMMUNITY

"Eagle Nice Volunteers" comprising the Group's staff members was formed in Chinese Mainland, Hong Kong and Indonesia and organised regular visits to social welfare institutions such as elderly homes and children's homes to bring warmth and care to the underprivileged groups in line with the principle of rewarding the community with charity and compassion.

The operations of "Eagle Nice Volunteers" in charity and care have generated positive energy and contributed to the development of social harmony. In future, the Group will continue to share its compassion and reward the community with solid actions to offer contribution to social progress.

FINANCIAL REVIEW

Financial Performance

During the year under review, there was a dramatic increase in the demand for comfortable athleisure wear and sportswear as "home office" has become a growing trend. Moreover, the change in the sportswear market in its demand for fashion also called for change in supply, as sportswear companies launched fashionable sportswear or athleisure wear catered to different age groups just like fashion brands, and this demand was mainly accounted for by the United States and European markets. In Chinese Mainland's domestic sportswear market, ongoing stable growth was noted given the growing emphasis on sports and health on the part of the public, as the development of the Chinese Mainland's market became a strategic focus for the major brands. In view of the above, the three major markets for the Group's sales remained to be Chinese Mainland, the United States and Europe, which together accounted for approximately 87% (2023: 86%) of the Group's total sales for the year under review.

Regarding global sportswear supply, Chinese Mainland remains an important player. Although the export percentage share accounted for by sportswear manufacturers in Chinese Mainland has substantially decreased under the impact of the China-United States trade war, Vietnam and Indonesia have benefitted immensely from the shifting supply chain. Operating with production bases in Chinese Mainland, Vietnam and Indonesia, the Group was able to focus on developing the market and local brands of Chinese Mainland during the year to capitalise on its domestic production capacity. As a result, sales in Chinese Mainland increased substantially by 8.7% from 48.5% to 57.2% as a percentage of the Group's total sales, whilst the aggregate of European and U.S. sales decreased by 7.3% from 37.2% to 29.9% as a percentage of the Group's total sales during the year.

The Group reported a total sales of HK$4,074.7 million for the year, representing a slight increase of HK$23.6 million or 0.6% as compared to total sales of HK$4,051.1 million for last year. Gross profit for the year decreased slightly by 1.0% to HK$748.7 million (2023: HK$755.9 million), while gross profit margin dropped mildly by 0.3% from 18.7% to 18.4%. The Group's profit before taxation for the year decreased by 4.7% to HK$380.8 million (2023: HK$399.4 million), while pre-tax profit margin conceded slightly by 0.6% from 9.9% to 9.3%.

In recent years, the substantial appreciation of the U.S. Dollar (USD) and devaluation of non-U.S. currencies continued as a result of ongoing USD interest rate hikes. The Group's production costs are mainly settled in Renminbi (RMB), Indonesian Rupiah (IDR) and Vietnamese Dong (VND). While the devaluation of these currencies has lowered the Group's production costs, the devaluation of RMB has affected the growth in the Group's total revenue for the year as during the year, more than half of the Group's sales revenue derived from the Chinese Mainland market settled in RMB. Moreover, the loss positions for the year recorded by Bandung Factory in Indonesia, which was officially commissioned during the year, and by Long An Factory in Vietnam, which had yet to officially commence production, had contributed to a decline in the Group's profit before taxation for the year.

The amount of the Group's selling and distribution expenses for the year under review decreased by HK$6.2 million (or 18.3%) despite the increase in the Group's total sales revenue for the year by HK$23.6 million (or 0.6%), which was attributable to the significant increase of HK$367.8 million (or 18.7%) for the year in revenue from sales in Chinese Mainland, for which some of the delivery costs of finished goods were borne by customers of local brands. Administrative expenses increased by HK$13.3 million (or 4.5%), owing mainly to the increase in staff remuneration and benefits after annual adjustments and the hiring of additional staff to cope with business expansion and growth, design optimisation and product development. In connection with finance costs, interest expenses for the year increased substantially by HK$21.8 million (or 101.0%) compared to last year, as the Group's bank loans increased significantly in recent years to finance the acquisition of several production bases and optimisation of production equipment for the purpose of production capacity expansion, while the loan interest rate continued to rise amidst the U.S. interest rate hike cycle in recent years.

As for taxation, while the Group's profit before taxation for the year decreased by HK$18.7 million (or 4.7%), overall tax expenses for the year increased by HK$10.2 million (or 10.4%) on an effective tax rate of 28.6%, an increase by 3.9% over 24.7% for last year. This was mainly attributable to the substantial increase in sales revenue in Chinese Mainland of HK$367.8 million (or 18.7%), resulting in an increase in profit contributions from the Group's subsidiary companies in Chinese Mainland which are subject to higher profits tax rate in compared to the Group's Hong Kong companies earning income through exports. In addition, the higher effective tax rate resulted from the decrease in the Group's profit before taxation as Bandung Factory in Indonesia and Long An Factory in Vietnam were operating at a loss, as mentioned above.

Other income and gains amounted to HK$19.9 million (2023: HK$22.7 million), comprising mainly incentive or subsidies granted by Chinese Mainland and / or Hong Kong governments amounting to HK$9.4 million (2023: HK$13.5 million) and bank interest income of HK$5.5 million (2023: HK$3.8 million). Other operating expenses amounted to HK$8.2 million (2023: HK$28.5 million), comprising mainly exchange loss of HK$7.8 million (2023: HK$26.5 million) attributable to RMB devaluation.

The Group's profit was affected by the substantial increase in finance cost coupled with RMB devaluation, resulting in profit attributable to owners of the Company amounted to HK$263.5 million for the year, representing a decrease of HK$29.1 million or 10.0% compared to HK$292.6 million for last year. Net profit margin attributable to owners of the Company decreased by 0.7% from 7.2% to 6.5%. Basic earnings per share attributable to owners of the Company for the year amounted to HK49.3 cents compared to HK54.8 cents for the previous year. The Board proposed a final dividend of HK8 cents (2023: HK8 cents) per share. To celebrate the 20th anniversary of the Company's listing on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), a special dividend of HK6 cents per ordinary share was declared last year. Together with the interim dividend of HK30 cents (2023: HK30 cents) per share paid during the year, total dividend for the year amounted to HK38 cents per ordinary share, versus HK38 cents (excluding special dividend) and HK44 cents (including special dividend) for last year. The dividend payout ratio for the year was 77.0% (2023 (excluding special dividend): 69.3%).

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 2024, the Group had cash and bank balances amounted to HK$490.1 million (31 March 2023: HK$515.4 million) mainly denominated in Hong Kong dollars, RMB, USD, IDR and VND.

As at 31 March 2024, the Group's banking facilities of HK$1,486.3 million (2023: HK$1,132.0 million) were supported by the corporate guarantees of HK$1,490.3 million (2023: HK$1,142.0 million) executed by the Company and certain subsidiaries of the Company. As at 31 March 2024, an aggregate amount of the Group's banking facilities of HK$909.5 million (31 March 2023: HK$622.8 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 2024 was 25.7% (31 March 2023: 6.4%).

Foreign Exchange Risk Management

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

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

Material Acquisition and Disposal

There was no acquisition or disposal of subsidiaries during the year ended 31 March 2024. For the year ended 31 March 2023, other than the asset acquisition of Long An Factory in Vietnam through acquisition of subsidiaries as detailed in the announcement of the Company dated 7 April 2022, there was no acquisition or disposal of subsidiaries.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2024 (31 March 2023: Nil).

OUTLOOK: VALIANCE AND DETERMINATION ON THE WAY FORWARD

Looking ahead to the 2025 financial year, the Group is facing new opportunities as well as challenges. The Board holds out cautious optimism on the Group's business prospects, as the Group looks to implement rigorous cost control measures to further optimise and fortify the Group's diversified production bases.

In the meantime, the Group will actively embrace the trend of intelligent development and drive the implementation of a mechanical and digital production model with vigorous effort. The Group has introduced state-of-the-art automated equipment systems to optimise the end-to-end process from the supply chain to the production end. Production efficiency and precision have been considerably enhanced as a result. Such digital and automated measures will effectively monitor the application of resources and reduce the consumption of energy and raw materials to facilitate effective control over carbon emission. The Group is committed to the building of eco-friendly factories with energy conservation and carbon reduction features, with a view to laying a solid foundation for sustainable development while contributing the Group's humble efforts to the sustainable utilisation of the Earth's resources.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of approximately 15,500 employees including directors (31 March 2023: approximately 15,000). Total employee benefit expenses for the year under review including directors' and chief executive's emoluments were HK$1,052.6 million (2023: HK$1,042.7 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 Chinese Mainland, 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 HK8 cents (2023: HK8 cents) per ordinary share for the year ended 31 March 2024. In last year, in celebration of the 20th anniversary of listing of the Company on the Stock Exchange, the Board declared a special dividend of HK6 cents per ordinary share for the year ended 31 March 2023. The final dividend is payable on Thursday, 12 September 2024 to persons who are registered shareholders of the Company on Friday, 30 August 2024 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 (2023: HK30 cents), the total dividend per ordinary share for the year is HK38 cents compared to HK38 cents (excluding special dividend) and HK44 cents (including special dividend) per ordinary share for the last year.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

The AGM will be held on Friday, 16 August 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 12 August 2024 to Friday, 16 August 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, on 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 August 2024.

(b) Entitlement to the Proposed Final Dividend

For determining the entitlement to the proposed final dividend for the year ended 31 March 2024 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Wednesday, 28 August 2024 to Friday, 30 August 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 27 August 2024.

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 Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2024, except for the deviations set out below:

Code Provision C.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 C3 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 2024. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Chan Cheuk Ho, Ms. Tham Kit Wan and Mr. Sun Yun-Rui (who was appointed on 8 March 2024 to replace Mr. Lu Chi Chant who resigned on the same date). 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 2024 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 2024 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
Eagle Nice (International) Holdings Limited
Chung Yuk Sing
Chairman

Hong Kong, 11 June 2024

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