

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2017

FINANCIAL HIGHLIGHTS

- Revenue in 2017 increased by 14.5% to HK\$1,757.3 million compared with HK\$1,534.6 million in 2016.
- Gross profit margin in 2017 decreased from 20.0% to 18.3% and net profit margin increased slightly from 8.2% to 8.8% when compared with last year.
- Profit for the year attributable to owners of the Company was HK\$155.1 million, representing 24.0% increase compared to HK\$125.1 million in 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 2017 together with the comparative figures for the corresponding year in 2016 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
REVENUE	3	1,757,316	1,534,592
Cost of sales		<u>(1,436,456)</u>	<u>(1,227,650)</u>
Gross profit		320,860	306,942
Other income and gains	4	17,636	11,052
Selling and distribution expenses		(22,518)	(18,651)
Administrative expenses		(127,947)	(129,129)
Fair value changes on derivative financial instruments, net		-	(9,980)
Loss on deregistration of a subsidiary		-	(5,169)
Finance costs	5	<u>(2,876)</u>	<u>(2,879)</u>
PROFIT BEFORE TAX	6	185,155	152,186
Income tax expense	7	<u>(30,036)</u>	<u>(27,057)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>155,119</u>	<u>125,129</u>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<u>31.0</u>	<u>25.0</u>
Diluted		<u>31.0</u>	<u>25.0</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017 HK\$'000	2016 HK\$'000
PROFIT FOR THE YEAR	<u>155,119</u>	<u>125,129</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain/(loss) on a defined benefit plan	<u>(765)</u>	<u>666</u>
Other comprehensive income/(expense) may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(43,419)	(28,490)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	<u>-</u>	<u>6,955</u>
	(43,419)	(21,535)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX	<u>(44,184)</u>	<u>(20,869)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>110,935</u>	<u>104,260</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		648,645	663,613
Prepaid land lease payments		57,579	65,587
Goodwill		26,112	26,112
Deposits		22,112	23,367
Deferred tax asset		9,096	-
<i>Total non-current assets</i>		<u>763,544</u>	<u>778,679</u>
CURRENT ASSETS			
Inventories		296,652	359,952
Accounts and bills receivables	10	125,451	111,523
Prepayments, deposits and other receivables		49,929	52,952
Tax recoverable		2,204	-
Cash and cash equivalents		290,934	255,413
<i>Total current assets</i>		<u>765,170</u>	<u>779,840</u>
CURRENT LIABILITIES			
Accounts payable	11	135,284	133,423
Accrued liabilities and other payables		84,840	84,304
Interest-bearing bank borrowings		143,050	197,900
Tax payable		32,173	23,525
<i>Total current liabilities</i>		<u>395,347</u>	<u>439,152</u>
NET CURRENT ASSETS		<u>369,823</u>	<u>340,688</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,133,367</u>	<u>1,119,367</u>
NON-CURRENT LIABILITIES			
Pension scheme obligation		10,033	6,239
Deferred tax liabilities		12,985	13,778
<i>Total non-current liabilities</i>		<u>23,018</u>	<u>20,017</u>
Net assets		<u>1,110,349</u>	<u>1,099,350</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		4,997	4,997
Reserves		<u>1,105,352</u>	<u>1,094,353</u>
Total equity		<u>1,110,349</u>	<u>1,099,350</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. 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 new and revised standards for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements Amendments to a number of HKFRSs</i>

The adoption of the above new and revised standards has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group determines that there are five reportable operating segments, based on the location of customers (the destination of sales), including the United States of America (the “USA”), Mainland China, 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 resources 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, fair value changes on derivative financial instruments, loss on deregistration of a subsidiary and unallocated expenses are excluded from such measurement.

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

	Segment revenue		Segment results	
	2017	2016	2017	2016
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
USA	688,450	560,799	104,943	101,490
Mainland China	506,047	442,252	77,295	73,273
Europe	251,454	206,106	39,527	35,607
Japan	54,814	65,676	8,159	9,241
Others	256,551	259,759	37,446	37,024
	1,757,316	1,534,592	267,370	256,635
Interest income and other unallocated income and gains			17,636	11,052
Fair value changes on derivative financial instruments, net			-	(9,980)
Loss on deregistration of a subsidiary			-	(5,169)
Unallocated expenses			(99,851)	(100,352)
Profit before tax			185,155	152,186
Income tax expense			(30,036)	(27,057)
Profit for the year attributable to owners of the Company			155,119	125,129

Geographical information - non-current assets

	2017	2016
	HK\$’000	HK\$’000
Hong Kong	15,902	16,962
Mainland China	570,187	600,120
Indonesia	177,455	161,597
	763,544	778,679

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

Information about major customers

Revenue of HK\$987,896,000 (2016: HK\$853,077,000) and HK\$677,716,000 (2016: HK\$594,865,000) were derived from sales to the largest customer and the second largest customer of the Group, respectively. 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

	2017	2016
	HK\$'000	HK\$'000
<u>Other income and gains</u>		
Bank interest income	2,123	2,497
Income derived from available-for-sale investments	646	1,442
Government grants*	8,312	4,725
Gain on disposal of items of property, plant and equipment	2,815	773
Gain on disposal of prepaid land lease payments	3,115	1,159
Others	625	456
	<u>17,636</u>	<u>11,052</u>

* There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2017	2016
	HK\$'000	HK\$'000
Interest on bank loans	<u>2,876</u>	<u>2,879</u>

6. PROFIT BEFORE TAX

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

	2017	2016
	HK\$'000	HK\$'000
Cost of inventories sold	1,436,456	1,227,650
Depreciation*	46,225	52,454
Amortisation of prepaid land lease payments*	2,072	2,285
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	390,591	357,116
Pension contributions, including a pension cost for a defined benefit plan of HK\$3,129,000 (2016: HK\$2,502,000)	61,055	58,166
<i>Less: Forfeited contributions</i>	<u>-</u>	<u>(439)</u>
Net pension contributions	61,055	57,727
Total employee benefit expenses*	<u>451,646</u>	<u>414,843</u>
Foreign exchange differences, net	1,143	2,615
Gain on disposal of items of property, plant and equipment	(2,815)	(773)
Gain on disposal of prepaid land lease payments	(3,115)	(1,159)
Income derived from available-for-sale investments	(646)	(1,442)

6. PROFIT BEFORE TAX (continued)

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

	2017 HK\$'000	2016 HK\$'000
Fair value losses, net,		
Derivative financial instruments - transactions not qualified as hedges:		
- matured during the year	-	9,980
Loss on deregistration of a subsidiary	-	5,169

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

	2017 HK\$'000	2016 HK\$'000
Depreciation	33,336	36,636
Amortisation of prepaid land lease payments	1,679	1,832
Employee benefit expenses	380,320	345,818

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2017 HK\$'000	2016 HK\$'000
Current tax charge for the year:		
Hong Kong	20,202	11,057
Elsewhere	14,119	14,370
Underprovision of current tax in respect of prior years	3,305	-
Deferred	(7,590)	1,630
Total tax charge for the year	30,036	27,057

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\$155,119,000 (2016: HK\$125,129,000) and 499,680,000 (2016: 499,680,000) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
Dividends paid during the year:		
Final in respect of the financial year ended		
31 March 2016 - HK5 cents per ordinary share (2016: HK6.5 cents)	24,984	32,479
Interim - HK15 cents (2016: HK12 cents) per ordinary share	<u>74,952</u>	<u>59,962</u>
	<u>99,936</u>	<u>92,441</u>
Proposed final dividend - HK6 cents (2016: HK5 cents) per ordinary share	<u>29,981</u>	<u>24,984</u>

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

10. ACCOUNTS AND BILLS RECEIVABLES

The Group's accounts and bills receivables mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 30 to 45 days (2016: 30 to 45 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 accounts and bills receivables are non-interest-bearing. At the end of the reporting period, 59% (2016: 67%) and 34% (2016: 25%) of the total accounts and bills receivables were due from the Group's largest customer and the second largest customer, respectively.

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

	2017 HK\$'000	2016 HK\$'000
Within 30 days	114,153	89,233
31 to 60 days	7,168	13,614
61 to 90 days	1,746	6,132
Over 90 days	<u>2,384</u>	<u>2,544</u>
	<u>125,451</u>	<u>111,523</u>

11. ACCOUNTS PAYABLE

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

	2017	2016
	HK\$'000	HK\$'000
Within 90 days	123,921	128,546
91 to 180 days	3,419	954
181 to 365 days	3,398	179
Over 365 days	<u>4,546</u>	<u>3,744</u>
	<u>135,284</u>	<u>133,423</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economy

Global economic growth lost steam in 2016, as the performances of major economies such as the United States, Europe and Japan fell short of expectations, while the growth drivers of Mainland China continued to weaken resulting from industrial revolution and transformation. The impact of Brexit, supported by a referendum in June, was meanwhile felt in the global financial and trade markets with uncertainties undermining consumers' and investors' confidence, leading to a low rate of economic growth. According to the economic forecasts published by IHS Global Insight, global economic growth for 2016 shrank to 2.4%, being the lowest growth rate recorded since the global financial tsunami in 2008. In the United States, Donald Trump signed an executive order to withdraw from the "Trans-Pacific Partnership" (TPP) in January 2017 immediately after he took office as President, in fulfilment of a pledge he had made during the election campaign. As it is anticipated that the economies of other nations could also be benefiting from President Trump's "America First" expansionary fiscal policy which is expected to stimulate domestic demand in the United States, global economic performance in 2017 will hopefully fare better as compared to 2016. Nonetheless, international trade and geopolitics are subject to increasing uncertainties in connection with U.S. interest rate hikes and the economic and trade policies of the new administration, emerging market debt risks, the impact of Brexit on the political and economic developments of the European Union, trade protectionism and the rise of populism. Despite potential challenges in the global market, the Group delivered satisfactory results for the year under review.

Industry Review

The evolution of lifestyles would inevitably give rise to new patterns of consumption. In Europe and America, activities such as gym workouts and run-mates have become favourite off-hour pastimes, underpinning stronger aspirations for fashionable and healthy lifestyles on the part of consumers. Sportswear has gradually become a common sight in places beyond the fitness centre and the sports ground. The term "Athleisure" has even been entered into the century-old Merriam-Webster's Collegiate Dictionary, evidencing the increasing emphasis on sports. Following the announcement of "Certain Opinion on Accelerating the Development of the Sporting Industry and Promoting Retail Spending on Sports" (「關於加快發展體育產業促進體育消費的若干意見」) by the government in 2014 setting out favourable policies for the industry, more comprehensive supporting facilities for the sporting sector in China have been put in place, fueling strong growth for the nation's sportswear market.

On a global basis, the sportswear market is holding out further potential for growth. According to the data from Deutsche Bank, from 2008 to 2015, the average growth rate of sportswear was 4.1%, while non-sporting brands only grew by 0.2%. It is expected that the worth of the global market of leisure sportswear would increase substantially to over US\$350 billion by 2020 from the amount of approximately US\$300 billion in 2016. In the future, the Group will work in close tandem with the general market trend to increase the production of leisure sportswear in addition to its existing lines of sportswear, in order to seize any future opportunities arising.

Business and Market Review

Upgrade and transformation, manufacturing of high-end apparel and automation

The Group continued to increase the weighting of high-end woven sportswear in its production, with a special focus on enhancing skills training at the production bases of Jiangxi (the “Jiangxi Plant”) and Indonesia (the “Indonesian Plant”) to improve production technologies for future development. The two production bases have basically mastered the production technologies of manufacturing medium- to high-end apparel during the year under review. Furthermore, as the Group’s pilot plants for mechanised and automated production, the two production bases have achieved satisfactory results in terms of shortening training hours and improving production efficiency. In the future, the Group’s management will gradually expand to implement mechanised and automated production to cover all production bases, taking into account the needs of each production base.

Expansion of overseas production bases

To address the issues of labour shortage due to demographic changes in China, which have aggravated costing pressure for the Group and affected its capacity plans, the Group has been making vigorous efforts in the past years to build production bases outside China. In this connection, the construction of hardware components, plant expansion and installation of manufacturing equipment for future capacity expansion in the second-phase expansion of the Indonesian Plant were completed in early 2017. The recruitment and training of new local staff started before the end of the financial year and increased production capacity for the Group is expected to come on stream in the second half of the forthcoming financial year.

Rising labour costs

Following the massive relocation of manufacturers to Southeast Asian regions for more abundant labour supply at lower costs in view of rapidly rising labour costs and shortage of labour supply in China, labour costs in Indonesia have also been on the rise in recent years on the back of rapidly rising wages and stronger exchange rates for the Indonesian currency. While labour costs in Indonesia remain lower as compared to China, the Group would nevertheless be subject to costing pressure in the future. During the year under review, the Group continued to exercise stringent cost control and adopt measures to optimise lean production, while investing in mechanised and automated production to increase the level of automation at various plants, in order to mitigate the impact of labour costs.

Process optimisation

During the year, the Group adopted measures to optimise its overall operating processes. The headquarters provided stronger business support to the Indonesian Plant to help local management and staff deal with new challenges arising from capacity expansion and alleviate pressure on operations resulting from increased sales orders from customers. In the meantime, training was provided to the local management to prepare them for dealing with future challenge and enhance overall operating efficiency.

Financial Review

Financial Performance

For the year under review, total sales of the Group amounted to HK\$1,757.3 million, representing an increase of 14.5% as compared to total sales of HK\$1,534.6 million in last year. Gross profit for the year increased by 4.5% to HK\$320.9 million (2016: HK\$306.9 million), and gross profit margin for the year dropped by 1.7% from 20.0% to 18.3%. The Group's profit before tax increased by 21.7% to HK\$185.2 million (2016: HK\$152.2 million), and profit before tax margin also increased by 0.6% from 9.9% to 10.5%.

Given increasing production capacity of the Group bolstered by expansion of production scale, coupled with on-going optimisation of marketing strategies, concentration on production of high-end products by the Group over the past few years, the average selling price per unit has steadily grown. A record high of total sales of HK\$1,757.3 million was achieved for the year, representing an increase of 14.5% over that for the previous year. Nevertheless, most of the functional high-end products sold during the year required higher cost of materials. To stay price competitive, the selling prices of the high-end products were unable to fully cover the increase in cost of materials, resulting in a decline in gross profit margin. With economies of scale enjoyed from expansion of production scale of the Group, on-going optimisation of production plan and process as well as employment of automation technology by the management, production efficiency has been enhanced with lower production costs, partially offsetting the decline in gross profit margin due to the rise of cost of materials.

As a result of the increase in sales, the Group's selling and distribution expenses increased by HK\$3.9 million (or 20.7%). Its proportion to total sales for the year was comparable to that of last year. Overall administrative expenses decreased by HK\$1.2 million, mainly due to staff costs increased by HK\$2.3 million and depreciation charge reduced by HK\$2.9 million as a result of disposal or full depreciation of certain items of property, plant and equipment. As the average outstanding balance of bank loans during the year and the average interest rate on bank loans during the year were similar to those in the last year, interest expense for the year was in line with that in the previous year. In respect of taxation, the Group's overall tax expenses increased by HK\$3.0 million (or 11.0%) while the effective tax rate decreased by 1.6% to 16.2% from 17.8%. Although there was under-provision of tax of HK\$3.3 million in previous years incurred by an overseas subsidiary during the year, the accumulated tax losses incurred in the past years by the Jiangxi Plant which commenced production in 2012 brought about a deferred tax income of HK\$9.3 million, leading to a decrease in effective tax rate of the Group in the current year.

Other income and gains of HK\$17.6 million (2016: HK\$11.1 million) mainly comprised financial award granted by the People's Republic of China ("PRC") Government amounting to HK\$8.3 million (2016: HK\$4.7 million), gains on disposal of property, plant and equipment and prepaid land lease payments amounting to HK\$5.9 million (2016: HK\$1.9 million) and bank interest income of HK\$2.1 million (2016: HK\$2.5 million).

Profit attributable to owners of the Company amounted to HK\$155.1 million for the year ended 31 March 2017, representing an increase of 24.0% compared to HK\$125.1 million for last year. Net profit margin increased by 0.6% from 8.2% to 8.8% compared with last year. Basic earnings per share for the year amounted to HK31.0 cents compared to HK25.0 cents for last year. The Board proposed to recommend payment of a final dividend of HK6 cents (2016: HK5 cents) per share. Together with the interim dividend of HK15 cents per share paid during the year, the dividend payout ratio for the year was 67.6% (2016: 67.9%).

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 2017, the Group had cash and cash equivalents amounted to HK\$290.9 million (31 March 2016: HK\$255.4 million) mainly denominated in Hong Kong dollars, RenMinBi(“RMB”), US dollars and Indonesian Rupiah.

As at 31 March 2017, the Group's banking facilities were supported by the corporate guarantees executed by the Company and certain subsidiaries of the Company to the extent of HK\$647.8 million (31 March 2016: HK\$597.4 million), of which an aggregate amount of HK\$143.1 million (31 March 2016: HK\$197.9 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 cash equivalents) divided by shareholders' equity. The Group's gearing ratios as at 31 March 2017 is not applicable (31 March 2016: not applicable).

Foreign Exchange Risk Management

The Group has transactional currency exposures as substantial portion of sales or purchases are denominated in US dollars and RMB. The Group is exposed to foreign exchange risk arising from such exposure to US dollars and RMB. Although the Group tries 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 exchange rate risk.

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

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries during the year ended 31 March 2017. During the year ended 31 March 2016, there was a deregistration of a subsidiary.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2017 (31 March 2016: Nil).

Outlook

Efficiency upgrade and capacity enhancement

In anticipation of continuously rising labour costs in the future, and in order to shorten the lead-time for training in production technologies for high-end sportswear to expedite capacity expansion, the management upgraded certain production lines at the Jiangxi Plant and the Indonesian Plant to automated and mechanised production facilities on an experimental basis during the financial year under review. Notable results have been achieved and plans have been made to increase the percentage of automation for all production bases of the Group in near future, with a view to enhancing production efficiency and shortening training hours for production workers.

New business centre to optimize distribution of customers' orders

The Group has established longstanding sound relationships with its customers, who have been very supportive of the Group's development. The Group has plans to open a business centre at the Jiangxi Plant to lay the foundation for the future business development of the Jiangxi Plant, which provides the driving force for the Group's growth in the long run.

Corporate Social Responsibility

The Group believes that the sustainable development of an enterprise is closely associated with the society and environment. We attach a lot of importance to the interests of the society as a whole and its long-term development and undertake social responsibilities as part of the effort to enhance our core competitive strengths.

The Group was awarded a "Happy Company Label" by the "Promoting Happiness Index Foundation" of Hong Kong, as it pledged to foster a "Happy Workplace" and increase the level of "happiness at work" among employees, in order to boost staff morale and promote a positive outlook on life. During the year, the people of the Group participated in activities organized by the Foundation, such as seminars, learning groups, workshops and volunteers' services, in a joint effort for the promotion of positive values and healthy lifestyles.

During the Chinese New Year, our staff, together with their families, continued to support the Barefoot Walk organised by World Vision for the support of South Sudan, a place which has been plagued by civil war since 2013. We helped families and children battered by devastating warfare, while supporting the nutrition and hygiene projects launched by World Vision in South Sudan to provide assistance to the needy and encourage more people care for the world.

Employees and Remuneration Policies

As at 31 March 2017, the Group employed a total of approximately 8,600 employees including directors (31 March 2016: approximately 8,800). Total employee benefit expenses including directors' and chief executive's emoluments were HK\$451.6 million for the year under review (2016: HK\$414.8 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 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 HK6 cents (2016: HK5 cents) per ordinary share payable on Friday, 8 September 2017 to persons who are registered shareholders of the Company on Friday, 25 August 2017 subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the "AGM"). Together with the interim dividend of HK15 cents per ordinary share (2016: HK12 cents), the total dividend for the financial year is HK21 cents (2016: HK17 cents) per ordinary share.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

The AGM will be held on Wednesday, 16 August 2017. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 10 August 2017 to Wednesday, 16 August 2017, 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 transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, on Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 August 2017.

(b) Entitlement to the Proposed Final Dividend

For determining the entitlement to the proposed final dividend for the year ended 31 March 2017 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Thursday, 24 August 2017 to Friday, 25 August 2017, 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, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share

registrar in Hong Kong, Tricor Tengis Limited at the above address for registration no later than 4:30 p.m. on Wednesday, 23 August 2017.

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 of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2017, except for the deviations set out below:

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

Code Provision A.6.7 of the Code stipulates, among other things, that the executive directors and the independent non-executive directors should attend general meetings. One executive director and one independent non-executive director did not attend the annual general meeting of the Company held on 18 August 2016 due to their other commitments.

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 of the audit committee of the Company cover 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 2017. The audit committee comprises the 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 2017 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors 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 for the year ended 31 March 2017 will be despatched to the shareholders and will be available on the aforesaid websites in due course.

By order of the Board
Chung Yuk Sing
Executive Director

Hong Kong, 20 June 2017

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Ms. Chen Fang Mei, Christina and Mr. Lee Cheng Chuan and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan.