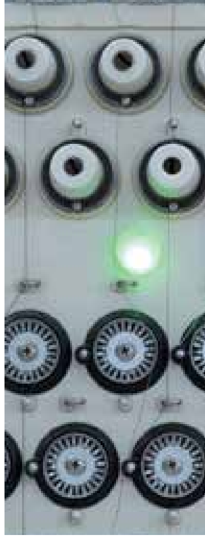
EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED
鷹美(國際)控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 02368)



INTERIM REPORT

2017

* For identification purposes only

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2017 together with the comparative unaudited figures for the corresponding period in 2016 and the relevant explanatory notes.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		Six months ended 30 September	
	Notes	**2017 (Unaudited) *HK$'000***	2016 (Unaudited) *HK$'000*
REVENUE	*2*	**1,176,471**	1,083,535
Cost of sales		**(946,098)**	(856,854)
Gross profit		**230,373**	226,681
Other income and gains	*3*	**3,129**	7,492
Gain on deregistration of a subsidiary		**47,099**	—
Selling and distribution expenses		**(16,491)**	(13,390)
Administrative expenses		**(72,056)**	(64,715)
Finance costs	*4*	**(1,885)**	(1,822)
PROFIT BEFORE TAX	*5*	**190,169**	154,246
Income tax expense	*6*	**(32,576)**	(33,322)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**157,593**	120,924
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**HK31.54 cents**	HK24.20 cents
Diluted		**HK31.54 cents**	HK24.20 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*
PROFIT FOR THE PERIOD	**157,593**	120,924
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**17,440**	(24,148)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	**(20,360)**	—
	(2,920)	(24,148)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	**154,673**	96,776

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Notes	As at 30 September 2017 (Unaudited) *HK$'000*	As at 31 March 2017 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**696,483**	648,645
Prepaid land lease payments		**58,488**	57,579
Goodwill		**26,112**	26,112
Deposits		**22,112**	22,112
Deferred tax asset		**1,043**	9,096
		804,238	763,544
CURRENT ASSETS			
Inventories		**272,882**	296,652
Accounts and bills receivables	*9*	**422,687**	125,451
Prepayments, deposits and other receivables		**56,327**	49,929
Tax recoverable		**2,204**	2,204
Cash and cash equivalents		**213,391**	290,934
		967,491	765,170
CURRENT LIABILITIES			
Accounts payables	*10*	**124,896**	135,284
Accrued liabilities and other payables		**105,586**	84,840
Interest-bearing bank borrowings	*11*	**240,950**	143,050
Tax payable		**38,096**	32,173
		509,528	395,347
NET CURRENT ASSETS		**457,963**	369,823
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,262,201**	1,133,367

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2017

	Notes	As at 30 September 2017 (Unaudited) *HK$'000*	As at 31 March 2017 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Pension scheme obligation		**11,977**	10,033
Deferred tax liabilities		**15,183**	12,985
TOTAL NON-CURRENT LIABILITIES		**27,160**	23,018
		1,235,041	1,110,349
EQUITY			
Issued capital	*12*	**4,997**	4,997
Reserves		**1,230,044**	1,105,352
		1,235,041	1,110,349

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Issued capital (Unaudited) *HK$'000*	Share premium account (Unaudited) *HK$'000*	Capital reserve (Unaudited) *HK$'000*	Statutory surplus reserve (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$000*
At 1 April 2017	4,997	472,586	(229)	62,111	47,131	523,753	1,110,349
Profit for the period	–	–	–	–	–	157,593	157,593
Exchange differences on translation of foreign operations	–	–	–	–	17,440	–	17,440
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	–	–	–	–	(20,360)	–	(20,360)
Total comprehensive income/ (expense) for the period	–	–	–	–	(2,920)	157,593	154,673
Transfer of statutory reserve upon deregistration of a subsidiary	–	–	–	(7,757)	–	7,757	–
Final 2017 dividend	–	–	–	–	–	(29,981)	(29,981)
At 30 September 2017	4,997	472,586	(229)	54,354	44,211	659,122	1,235,041

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Issued capital (Unaudited) *HK$'000*	Share premium account (Unaudited) *HK$'000*	Capital reserve (Unaudited) *HK$'000*	Statutory surplus reserve (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$000*
At 1 April 2016	4,997	472,586	(229)	58,648	90,550	472,798	1,099,350
Profit for the period	–	–	–	–	–	120,924	120,924
Exchange differences on translation of foreign operations	–	–	–	–	(24,148)	–	(24,148)
Total comprehensive income/ (expense) for the period	–	–	–	–	(24,148)	120,924	96,776
Final 2016 dividend	–	–	–	–	–	(24,984)	(24,984)
At 30 September 2016	4,997	472,586	(229)	58,648	66,402	568,738	1,171,142

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows from/(used in) operating activities	**(132,383)**	22,164
Net cash flows used in investing activities	**(50,667)**	(11,187)
Net cash flows from/(used in) financing activities	**97,900**	(800)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(85,150)**	10,177
Cash and cash equivalents at beginning of period	**290,934**	255,413
Effect of change in foreign exchange rate, net	**7,607**	(6,908)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**213,391**	258,682
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**167,758**	258,682
Non-pledged time deposits with original maturity of less than three months when acquired	**45,633**	—
Cash and cash equivalents	**213,391**	258,682

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and impact of new or revised Hong Kong financial reporting standards

The condensed consolidated 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 accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements of the Group for the year ended 31 March 2017, except in relation to the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements 2014–2016 Cycle*	*Disclosure of Interests in Other Entities*

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

2. Segment information

The Group is solely engaged in manufacture 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, USA, Europe, Japan and others. These segments are managed separately as each segment is subject to risks and returns that are different from each other.

The revenue and the result of each operating segment for the six month ended 30 September 2017 are as follows:

	Revenue Six months ended 30 September (Unaudited)		Segment result Six months ended 30 September (Unaudited)	
	2017 *HK$'000*	2016 *HK$'000*	**2017** *HK$'000*	2016 *HK$'000*
Mainland China	**429,448**	300,537	**74,238**	53,219
USA	**352,657**	428,575	**63,520**	80,854
Europe	**181,412**	160,318	**31,893**	30,201
Japan	**28,266**	32,277	**4,788**	5,452
Others	**184,688**	161,828	**29,653**	32,731
	1,176,471	1,083,535	**204,092**	202,457
Other income and gains			**3,129**	7,492
Gain on deregistration of a subsidiary			**47,099**	—
Unallocated expenses			**(64,151)**	(55,703)
Profit before tax			**190,169**	154,246
Income tax expense			**(32,576)**	(33,322)
Profit for the period attributable to owners of the Company			**157,593**	120,924

3. Other income and gains

	Six months ended 30 September	
	2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*
Bank interest income	**890**	912
Income derived from available-for-sale investments	**138**	31
Government grants*	**572**	3,010
Gain on disposal of items of property, plant and equipment	**251**	1,939
Gain on disposal of prepaid land lease payments	**756**	908
Others	**522**	692
	3,129	7,492

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

4. Finance costs

	Six months ended 30 September	
	2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*
Interest on bank loans	**1,885**	1,822

5. Profit before tax

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

	Six months ended 30 September	
	2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*
Depreciation	**24,637**	23,313
Amortisation of prepaid land lease payments	**1,003**	1,070
Gain on disposal of items of property, plant and equipment	**(251)**	(1,939)
Gain on disposal of prepaid land lease payments	**(756)**	(908)

6. Income tax

Hong Kong profits tax for the six months ended 30 September 2017 has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September	
	2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*
Current tax charge for the period:		
Hong Kong	**8,754**	14,126
Elsewhere	**12,732**	16,474
Deferred	**11,090**	2,722
Total tax charge for the period	**32,576**	33,322

7. Interim dividend

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend declared of HK$0.18 per share (2016: HK$0.15 per share)	**89,942**	74,952

The Board resolved that an interim dividend of HK$0.18 per share for the six months ended 30 September 2017 to be paid to the shareholders whose names appear on the Company's register at the close of business on 5 December 2017. The interim dividend was declared after the period ended 30 September 2017, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

8. Earnings per share attributable to owners of the company

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period of HK$157,593,000 (2016: HK$120,924,000) and 499,680,000 (2016: 499,680,000) 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 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. Accounts and bills receivable

The Group's accounts and bills receivable mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 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 receivable are non-interest-bearing.

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

	As at 30 September 2017 (Unaudited) ***HK$'000***	As at 31 March 2017 (Audited) *HK$'000*
Within 30 days	**304,741**	114,153
31 to 60 days	**92,595**	7,168
61 to 90 days	**18,429**	1,746
Over 90 days	**6,922**	2,384
	422,687	125,451

The above balances are neither past due nor impaired. The financial assets included in the above balance relate to receivable for which there was no recent history of default.

10. Accounts payable

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

	As at 30 September 2017 (Unaudited) *HK$'000*	As at 31 March 2017 (Audited) *HK$'000*
Within 90 days	**121,711**	123,921
91 to 180 days	**982**	3,419
181 to 365 days	**198**	3,398
Over 365 days	**2,005**	4,546
	124,896	135,284

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

11. Interest-bearing bank borrowings

	Effective Interest rate %	Maturity	As at 30 September 2017 (Unaudited) *HK$'000*	Effective Interest rate %	Maturity	As at 31 March 2017 (Audited) *HK$'000*
Current						
Bank loans — unsecured	**1.07% to 2.02%**	**On demand**	**240,950**	1.02% to 1.77%	On demand	143,050

As at 30 September 2017, all of the bank borrowings of HK$240,950,000 (31 March 2017: HK$143,050,000) were supported by corporate guarantees executed by the Company and certain subsidiaries of the Company.

As at 30 September 2017, HK$116,250,000 (31 March 2017: HK$38,750,000) of the bank borrowings were denominated in US$.

Based on the maturity terms of the bank borrowings, all the Group's bank borrowings as at 30 September 2017 and 31 March 2017 are repayable within one year.

12. Issued capital

	As at 30 September 2017 (Unaudited) ***HK$'000***	As at 31 March 2017 (Audited) *HK$'000*
Issued and fully paid: 499,680,000 (31 March 2017: 499,680,000) ordinary shares of HK$0.01 each	**4,997**	4,997

13. Capital commitments

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

	As at 30 September 2017 (Unaudited) ***HK$'000***	As at 31 March 2017 (Audited) *HK$'000*
Contracted, but not provided for:		
Renovation of factories and purchases of machinery and equipment for the investment in Jiangxi Province, the PRC	**8,625**	14,471
Renovation of factories and purchases of machinery and equipment for the investment in Indonesia	**3,689**	2,578
Renovation of factories and purchases of items of machinery and equipment	**9,243**	4,006
	21,557	21,055

14. Approval of the interim financial statements

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 10 November 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry review

The first half of 2017 saw stable recovery in the global economy, as sentiments in the U.S. and European economies generally improved, while the Chinese economy continued to sustain positive growth. However, consumers are still wary of the external environment and remain relatively cautious in spending. Increasing marketing activities launched by major brands to encourage spending resulted in escalating competition among the brand-owners. The same issue confronted the industry chain of the production sector. In the past, Chinese manufacturers had been able to sell the products made in China to the world on the back of the nation's formidable strengths in manpower, environmental resources and favourable government policies. Nowadays, however, comparing to their counterparts in the emerging nations of Southeast Asia, Chinese manufacturers were constrained by increasing domestic land costs, rising costs and undersupply of labour force and higher tax rates, etc and were no longer enjoying a distinct advantage in the ability to supply quality products at low prices. In the meantime, the United States government has launched programmes to encourage the return of manufacturing operations back to the homeland, while Germany also introduced the Industry 4.0 initiative to drive the full recovery of its manufacturing sector. These developments have accelerated the process of industry consolidation among Chinese manufacturers, resulting in more intense competition in the sector.

Business review

R&D in technologies for mechanisation

To cope with increasing competition in the market, the Group continued to invest in the research and development of new technologies, subject to reasonable cost control, in close tandem with international trends in the development of production technologies, in order to optimise the Group's production capacity by increasing the proportion of mechanised production, enhance its production efficiency and product quality, as well as alleviate the pressure of shortage in and rising costs of labour supply. The Group placed a strong emphasis on enhancing its ability to innovate and increase the Group's competitive edge by seeking to introduce new features in the production and operational management segments on an ongoing basis to facilitate the production of sportswear of better quality and more up-scale styles.

Flexible reallocation to ensure swift response

Currently, the Group operates 4 production bases, comprising 3 bases in China and 1 in Indonesia. In tandem with changes in customers' requirements and market demands, the Group reviewed the allocation of its production capacity on a continuous basis and adjusted such allocation in a flexible manner for higher production capacity, with a view to attaining optimal operating efficiency.

In line with the Group's development towards internationalisation, the Group engages in efforts to adjust and streamline its corporate structure. A PRC subsidiary was deregistered during the period under review, resulting in simplified group reporting procedures and further reductions in operating costs and enhanced efficiency.

Emphasis on products' quality and staff

In order to enhance the quality of down apparel production, our production bases are equipped with bacteria-free sterilisation chambers and compliant storerooms, in addition to exclusive floors for down production and automated down filling machines, such as each finished product of down apparel would come in the best possible quality. Because of the seasonal factor, the manufacturing of winter sportswear extends across the summer season, while the making of insulated sportswear inevitably results in higher room temperature in the workshops. In view of this, the Group installed central air-conditioning facilities in the production workshops to provide a more comfortable work environment for staff, as well as a more suitable space for the production and storage of down products to prevent them from being dampened by the hot and humid weather in South China and Southeast Asia.

Human resources represent the prime resources of an enterprise. Staff development means progress for the Group. The Group continues to build high-calibre business teams with its best effort and sought to strengthen staff solidarity through the provision of training programmes and the adjustment of staff remuneration packages, aiming to enhance overall operating efficiency to support its future development plans.

Review of financial performance

For the period under review, total sales of the Group increased steadily by 8.6% to HK$1,176.5 million (2016: HK$1,083.5 million). Gross profit increased slightly by 1.6% to HK$230.4 million (2016: HK$226.7 million), and gross profit margin dropped by 1.3% from 20.9% to 19.6%. The Group's profit before tax margin increased by 2.0% from 14.2% to 16.2%.

In the past, the Group focused on the sales of functional products for autumn and winter seasons. The peak season of the Group therefore concentrated in the first half of the year, so as to speed up the production of autumn and winter products for launching before Christmas. Thus, the production capacities for the second half of the year were not fully utilized. In view of this, the Group optimized its business strategies during the period under review by shifting part of the production capacity to manufacture products which were subject to less seasonality. The proportion of the sales of functional products for autumn and winter seasons during the period thus reduced. The increase in the overall cost of sales of the Group resulted in the drop of gross profit margin, mainly due to the constant rises of minimum wage and improvement in staff benefits.

As a result of the increase in sales, the Group's selling and distribution expenses increased by HK$3.1 million. Administrative expenses increased by HK$7.3 million, mainly due to the addition of administrative staff in order to cope with the intended expansion of business and production capacity as well as annual pay adjustment of the staff's salaries. Finance costs increased slightly by HK$63,000 (or 3.5%) during the period. For the period under review, the average outstanding balance of bank loans of the Group decreased as compared to that in the same period last year, but the average interest rate on bank loans was higher than that in the same period last year, resulting in total finance costs for the period similar to those in the same period of previous year.

Other income and gains of HK$3.1 million (2016: HK$7.5 million) mainly comprised gains on disposal of idle assets amounting to HK$1.0 million (2016: HK$2.8 million), bank interest income of HK$0.9 million (2016: HK$0.9 million) and financial award granted by the Government of the PRC amounting to HK$0.6 million (2016: HK$3.0 million). Gains derived from the deregistration of a PRC subsidiary amounted to HK$47.1 million (2016: nil).

In respect of taxation, the Group's overall tax expenses for the period slightly decreased by HK$0.7 million (or 2.2%). Not taking into account the non-tax assessable gains of HK$47.1 million arising from the deregistration of a subsidiary in the PRC, the effective tax rate increased by 1.2% to 22.8% (2016: 21.6%). The effective tax rate for the period was higher than that in the corresponding period of last year, as the sales to Mainland China increased by HK$128.9 million (or 42.9%) compared with the corresponding period of last year and thereby increased the profit of the subsidiaries in the PRC. The effective tax rate for the period has therefore increased due to the higher tax rate in the PRC than in Hong Kong.

The Group's profit before tax increased by 23.3% to HK$190.2 million for the six months ended 30 September 2017 (2016: HK$154.2 million) and profit before tax margin increased by 2.0% from 14.2% to 16.2%. For the six months ended 30 September 2017, profit attributable to equity owners of the Company was HK$157.6 million, increased by 30.3% as compared to HK$120.9 million for the corresponding period of last year. Compared with the corresponding period of last year, net profit margin increased by 2.2% from 11.2% to 13.4%. Basic earnings per share for the period under review was HK31.54 cents, while it was HK24.20 cents for the corresponding period of last year. The Board proposed payment of an interim dividend of HK18 cents per share for the six months ended 30 September 2017, as compared to HK15 cents for the corresponding period of last year.

Future prospects and strategy

The Group has made solid strides on the road to healthy development. Under the "Production Mechanisation" programme currently underway, advanced production equipment are being installed in various manufacturing plants to increase our overall production efficiency, while there are plans to establish research and development centre in the Jiangxi plant to support the Group's business growth. In addition, the management will continue to optimize the Group's business strategies to minimize the negative effect of seasonality of products on the performance of the Group in order to maximize the use of resources so that more stable income will be assured for both employees and investors.

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 2017, the Group had cash and cash equivalents amounting to HK$213.4 million (31 March 2017: HK$290.9 million) mainly denominated in Hong Kong dollars, Renminbi, US dollars and Indonesian Rupiah.

As at 30 September 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$601.3 million (31 March 2017: HK$647.8 million), of which an aggregate amount of HK$241.0 million (31 March 2017: HK$143.1 million) was utilised. Based on the maturity terms of the bank borrowings, as at 30 September 2017 and 31 March 2017, all bank borrowings of the Group are repayables within one year.

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 net debt (represented by bank borrowings net of cash and cash equivalents) divided by shareholders' equity. The Group's gearing ratio as at 30 September 2017 is 2.2% (31 March 2017: not applicable).

Foreign exchange risk management

The Group has transactional currency exposures as substantial portion of sales or purchases are transacted in US dollars and RMB. The Group is exposed to foreign exchange risk mainly 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 partly 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 minimize its foreign exchange risk.

Material acquisition or disposal

Except for the deregistration of a PRC subsidiary during the period under review, there was no material acquisition or disposal of subsidiaries and associated companies for the six months ended 30 September 2017 (2016: Nil).

Contingent liabilities

As at 30 September 2017, the Group did not have any significant contingent liabilities (31 March 2017: Nil).

As at 30 September 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$601.3 million (31 March 2017: HK$647.8 million), of which an aggregate amount of HK$241.0 million (31 March 2017: HK$143.1 million) was utilised.

Employees and remuneration policies

As at 30 September 2017, the Group employed a total of approximately 8,600 employees including the directors of the Company (the "Directors") (31 March 2017: approximately 8,600).

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 the PRC and Indonesia.

OTHER INFORMATION

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

As at 30 September 2017, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the share capital, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors or chief executive were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept 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"), were as follows:

The Company:

Name of Director	Capacity	Number of shares held Long position	 Short position	Percentage of issued share capital of the Company
Mr. Chung Yuk Sing ("Mr. Chung")	Interest in a controlled corporation	72,650,000 (Note)	—	14.54
	Beneficial owner	12,600,000	—	2.52
Mr. Chen Hsiao Ying	Beneficial owner	31,880,800	—	6.38

Note: These shares are held by Time Easy Investment Holdings Limited ("Time Easy"). The entire issued share capital of Time Easy is held by Mr. Chung.

Save as disclosed above, as at 30 September 2017, none of the Directors or Chief Executive had registered an interest or short position in the shares, underlying shares or debentures of the Company 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' interests and short positions in shares and underlying shares

As at 30 September 2017, the interests and short positions of the following persons, other than the Directors and the Chief Executive, in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and which have been recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Number of shares held Long position	Number of shares held Short position	Percentage of issued share capital of the Company
Time Easy	Beneficial Owner	72,650,000 (Note 1)	—	14.54
Pou Chen Corporation ("PCC")	Interest in a controlled corporation	192,000,000 (Note 2)	—	38.42
Wealthplus Holdings Limited ("Wealthplus")	Interest in a controlled corporation	192,000,000 (Note 2)	—	38.42
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	Interest in a controlled corporation	192,000,000 (Note 2)	—	38.42
Pou Hing Industrial Co. Ltd. ("Pou Hing")	Interest in a controlled corporation	192,000,000 (Note 2)	—	38.42
Great Pacific Investments Limited ("Great Pacific")	Beneficial owner	192,000,000 (Note 2)	—	38.42

Notes:

1. The entire issued share capital of Time Easy is held by Mr. Chung.

2. The 192,000,000 shares 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 46.89% and 3.09% respectively. Wealthplus and Win Fortune are in turn wholly-owned by PCC. Accordingly, Pou Hing, Yue Yuen, Wealthplus, Win Fortune and PCC are all deemed to be interested in the 192,000,000 shares held by Great Pacific.

Save as disclosed above, as at 30 September 2017, no person, other than the directors and Chief Executive, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Directors' interest in a competing business

During the six months ended 30 September 2017, interest of the Directors in a competing business required to be disclosed pursuant to Rule 8.10 of the Listing Rules is as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest	Appointment date
Mr. Lee Cheng Chuan ("Mr. Lee")	Yue Yuen (Note 1)	Garment manufacturing	As a vice president	June 2014
Ms. Chen Fang Mei, Christina ("Ms. Chen")	Din Tsun Holding Co., Ltd. ("Din Tsun") (Note 2)	Garment manufacturing	As a director	April 2011
Mr. Lee			As a director	August 2016
Ms. Chen Mr. Lee	Faith Year Investments Limited ("Faith Year") (Note 2)	Garment manufacturing	As a director As a director	August 2010 August 2016
Ms. Chen Mr. Lee	Pro Kingtex Industrial Co., (HK) Ltd. ("Pro Kingtex") (Note 2)	Garment manufacturing	As a director As a director	August 2010 August 2016
Mr. Lee	Tien Pou International Ltd ("Tien Pou") (Note 3)	Garment manufacturing	As a director	October 2016

Notes:

1. Yue Yuen is a company listed on the Stock Exchange and is a substantial shareholder of the Company. The principal business activities of Yue Yuen Group are manufacturing and sales of footwear products, and retail and distribution of sportswear products. Based on the published interim report of Yue Yuen, Yue Yuen recorded total revenue of around US$3.0 billion for its footwear manufacturing business for the six months ended 30 June 2017. As the Group is principally engaged in the manufacturing and trading of sportswear and garments, the businesses of Yue Yuen Group and the Group potentially compete with each other.

   Given that Yue Yuen Group and the Group are operated by different and separate management team, the Directors consider that the Company is capable of carrying on its business independently of, and at arm's length with Yue Yuen Group. Having considered the nature and extent of Mr. Lee's participation in business of Yue Yuen Group and the Group, the Directors believe that there is unlikely to be any significant competition caused to the business of the Group.

2. Din Tsun is a company incorporated in the British Virgin Islands on 4 January 2005 and had been held as to 50% by Yue Yuen Group and 50% by two individuals prior to 1 October 2017. On 1 October 2017, Yue Yuen Group disposed of its entire interest in Din Tsun but acquired from Din Tsun its 70% interest in Faith Year. After completion of the acquisition, Yue Yuen Group became interested in 95% of the shareholding interests of Faith Year, which in turn owns the entire shareholding interests of Pro Kingtex. Faith Year and its subsidiaries are investee companies of the Yue Yuen Group. The principal business activities of Faith Year and its operating subsidiaries including Pro Kingtex are apparel manufacturing of sportswear, casual and outdoor clothes. Based on information provided by Faith Year, it and its subsidiaries recorded US$74 million in revenue for the year ended 31 December 2016. Both Ms. Chen and Mr. Lee had been nominated to the board of directors of Din Tsun, Faith Year and Pro Kingtex to represent the interests of Yue Yuen Group as an investor and both of them resigned as directors of Din Tsun with effect from 27 September 2017.

   While Ms. Chen is not involved in the operation of Faith Year and its subsidiaries including Pro Kingtex, Mr. Lee participates in the apparel manufacturing business of Faith Year and its subsidiaries. Mr. Lee has confirmed that he is mindful of his duty to avoid conflict of interest. In cases where conflict of interest situation arises, Mr. Lee will refrain from taking part in the decision making process and will abstain from voting on the relevant resolution in board meeting. On this basis and given that Faith Year and its subsidiaries including Pro Kingtex have their own management personnel other than Mr. Lee and that Ms. Chen is not involved in their operations, the Directors believe that the Company is capable of carrying on its business independently of, and at arm's length from Faith Year and its subsidiaries including Pro Kingtex.

3. Tien Pou is a company incorporated in the Cayman Islands on 3 June 2016 and is held as to 40% by Yue Yuen Group and 60% by an independent corporation. The principal business activities of Tien Pou are apparel manufacturing of sportswear, casual and outdoor clothes. Based on information provided by Tien Pou, it recorded over US$19 million in revenue for the period from June 2016 to December 2016. Mr. Lee has been nominated to the board of directors of Tien Pou to represent the interest of the Yue Yuen Group as an investor.

   Given that Mr. Lee is not involved in the operation of Tien Pou, the Directors believe that the Company is capable of carrying on its business independently of, and at arm's length from Tien Pou.

Save as disclosed above, none of the Directors or their respective close associates (as defined under the Listing Rules) was interested in, apart from the Group's business, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

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 2017.

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 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.

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 2017.

AUDIT COMMITTEE

The audit Committee of the Company (the "Audit Committee") consists of three independent non-executive Directors. The Audit Committee has reviewed with management the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017, including the accounting principles adopted by the Group, risk management and internal controls.

REMUNERATION COMMITTEE

A remuneration committee of the Company was established pursuant to the requirements of the Listing Rules. The remuneration committee 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

A nomination committee of the Company was established pursuant to the requirements of the Listing Rules. The nomination committee 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.

DISCLOSURE OF INFORMATION OF DIRECTORS

Save that Ms. Chen Fang Mei, Christina and Mr. Lee Cheng Chuan, both executive Directors, have ceased to be a director of Din Tsun, with effect from 27 September 2017, there are no changes in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the last published annual report of the Company.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK18 cents per share for the six months ended 30 September 2017 (2016: HK15 cents) to be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 5 December 2017. The interim dividend will be payable on Friday, 15 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 1 December 2017 to Tuesday, 5 December 2017, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 30 November 2017.

DISCLOSURE OF INFORMATION ON THE COMPANY'S AND THE STOCK EXCHANGE'S WEBSITE

This interim report is published on the websites of the Company (http://www.eaglenice.com.hk) and the designated issuer website of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk).

On Behalf of the Board
Chung Yuk Sing
Executive Director

Hong Kong, 10 November 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.