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 2016

FINANCIAL HIGHLIGHTS

- Revenue in 2016 slightly increased by 1.2% to HK$1,534.6 million compared with HK$1,517.1 million in 2015.

- Gross profit margin in 2016 increased from 17.5% to 20.0% and net profit margin increased from 6.9% to 8.2% when compared with last year.

- Profit for the year attributable to owners of the Company was HK$125.1 million, representing 19.0% increase compared to HK$105.2 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 2016 together with the comparative figures for the corresponding year in 2015 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2016

	Notes	**2016** **HK$’000**	2015 HK$’000
REVENUE	*3*	**1,534,592**	1,517,109
Cost of sales		**(1,227,650)**	(1,251,158)
Gross profit		**306,942**	265,951
Other income and gains	*4*	**11,052**	8,925
Selling and distribution expenses		**(18,651)**	(17,698)
Administrative expenses		**(129,129)**	(120,794)
Fair value changes on derivative financial instruments, net		**(9,980)**	(2,578)
Loss on deregistration of a subsidiary		**(5,169)**	-
Finance costs	*5*	**(2,879)**	(3,495)
PROFIT BEFORE TAX	*6*	**152,186**	130,311
Income tax expense	*7*	**(27,057)**	(25,128)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**125,129**	105,183
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**25.0**	21.1
Diluted		**25.0**	21.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
PROFIT FOR THE YEAR	**125,129**	105,183
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	**666**	(277)
Other comprehensive income/(expense) may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(28,490)**	688
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	**6,955**	-
	(21,535)	688
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**(20,869)**	411
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	**104,260**	105,594

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**663,613**	714,335
Prepaid land lease payments		**65,587**	72,407
Goodwill		**26,112**	26,112
Deposits		**23,367**	-
Total non-current assets		**778,679**	812,854
CURRENT ASSETS			
Inventories		**359,952**	265,899
Accounts and bills receivables	*10*	**111,523**	124,192
Prepayments, deposits and other receivables		**52,952**	47,327
Available-for-sale investments	*11*	**-**	63,750
Cash and cash equivalents		**255,413**	255,399
Total current assets		**779,840**	756,567
CURRENT LIABILITIES			
Accounts payable	*12*	**133,423**	105,090
Accrued liabilities and other payables		**84,304**	86,612
Derivative financial instruments	*13*	**-**	9,110
Interest-bearing bank borrowings		**197,900**	237,621
Tax payable		**23,525**	23,586
Total current liabilities		**439,152**	462,019
NET CURRENT ASSETS		**340,688**	294,548
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,119,367**	1,107,402
NON-CURRENT LIABILITIES			
Pension scheme obligation		**6,239**	4,446
Deferred tax liabilities		**13,778**	15,425
Total non-current liabilities		**20,017**	19,871
Net assets		**1,099,350**	1,087,531
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,997**	4,997
Reserves		**1,094,353**	1,082,534
Total equity		**1,099,350**	1,087,531

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments 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 standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions* is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have contributions from employees or third parties to its defined benefit plan.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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**	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
USA	**560,799**	499,748	**101,490**	70,147
Mainland China	**442,252**	309,934	**73,273**	44,037
Europe	**206,106**	289,725	**35,607**	44,220
Japan	**65,676**	103,728	**9,241**	16,553
Others	**259,759**	313,974	**37,024**	49,541
	1,534,592	1,517,109	**256,635**	224,498
Interest income and other unallocated income and gains			**11,052**	8,925
Fair value changes on derivative financial instruments, net			**(9,980)**	(2,578)
Loss on deregistration of a subsidiary			**(5,169)**	-
Unallocated expenses			**(100,352)**	(100,534)
Profit before tax			**152,186**	130,311
Income tax expense			**(27,057)**	(25,128)
Profit for the year attributable to owners of the Company			**125,129**	105,183

Geographical information - non-current assets

	2016	2015
	HK$'000	HK$'000
Hong Kong	**16,962**	17,238
Mainland China	**600,120**	655,851
Indonesia	**161,597**	139,765
	778,679	812,854

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

Information about major customers

Revenue of HK$853,077,000 (2015: HK$874,385,000) and HK$594,865,000 (2015: HK$441,759,000) were derived from sales to the largest customer and the second largest customer of the Group, respectively. The above amounts include sales to group of entities which are known to be under common control with these customers.

4. OTHER INCOME AND GAINS

	2016	2015
	HK$'000	HK$'000
Other income and gains		
Bank interest income	**2,497**	1,821
Income derived from available-for-sale investments	**1,442**	1,834
Government grants*	**4,725**	2,820
Gain on disposal of items of property, plant and equipment	**773**	268
Gain on disposal of prepaid land lease payments	**1,159**	-
Others	**456**	2,182
	11,052	8,925

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

5. FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interest on bank loans	**2,879**	3,495

6. PROFIT BEFORE TAX

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

	2016	2015
	HK$'000	HK$'000
Cost of inventories sold	**1,227,650**	1,251,158
Depreciation*	**52,454**	60,539
Amortisation of prepaid land lease payments*	**2,285**	2,337
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**357,116**	339,587
Pension contributions, including a pension cost for a defined benefit plan of HK$2,502,000 (2015: HK$2,271,000)	**58,166**	51,343
Less: Forfeited contributions	**(439)**	(1,442)
Net pension contributions	**57,727**	49,901
Total employee benefit expenses*	**414,843**	389,488
Foreign exchange differences, net	**2,615**	1,921
Write-off of items of property, plant and equipment	**-**	26
Gain on disposal of items of property, plant and equipment	**(773)**	(268)
Gain on disposal of prepaid land lease payments	**(1,159)**	-
Income derived from available-for-sale investments	**(1,442)**	(1,834)

6. PROFIT BEFORE TAX (continued)

	2016	2015
	HK$'000	HK$'000
Fair value losses/(gains), net,		
Derivative financial instruments - transactions not qualified as hedges:		
- matured during the year	**9,980**	(6,532)
- not yet matured	**-**	9,110
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 :

	2016	2015
	HK$'000	HK$'000
Depreciation	**36,636**	41,996
Amortisation of prepaid land lease payments	**1,832**	1,870
Employee benefit expenses	**345,818**	328,745

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	2016	2015
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong	**11,057**	11,889
Elsewhere	**14,370**	11,200
Overprovision of current tax in respect of prior years	**-**	(302)
Deferred	**1,630**	2,341
Total tax charge for the year	**27,057**	25,128

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$125,129,000 (2015: HK$105,183,000), and 499,680,000 (2015: 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 2016 and 2015 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2016	2015
	HK$'000	HK$'000
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2015 - HK6.5 cents per ordinary share (2015: Nil)	**32,479**	-
Interim - HK12 cents (2015: HK6 cents) per ordinary share	**59,962**	29,980
	92,441	29,980
Proposed final dividend - HK5 cents (2015: HK6.5 cents) per ordinary share	**24,984**	32,479

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 (2015: 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, 67% (2015: 76%) and 25% (2015: 18%) 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:

	2016	2015
	HK$'000	HK$'000
Within 30 days	**89,233**	79,421
31 to 60 days	**13,614**	37,273
61 to 90 days	**6,132**	2,592
Over 90 days	**2,544**	4,906
	111,523	124,192

11. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	HK$'000
Unlisted investment funds, at cost	**-**	63,750

The unlisted investment funds represent short-term wealth management products offered by certain commercial banks in the PRC.

As at 31 March 2015, unlisted investment funds with an aggregate carrying amount of HK$63,750,000 were stated at cost less impairment because these funds did not have quoted market price in an active market and whose fair values cannot be measured reliably.

12. 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:

	2016	2015
	HK$'000	HK$'000
Within 90 days	**128,546**	97,785
91 to 180 days	**954**	623
181 to 365 days	**179**	307
Over 365 days	**3,744**	6,375
	133,423	105,090

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2016	2015
	HK$'000	HK$'000
Foreign currency forward contracts	**-**	9,110

During the year ended 31 March 2015, the Group had entered into various foreign currency forward contracts to manage its foreign currency risk. These foreign currency forward contracts were designated upon initial recognition as fair value through profit or loss. Changes in the fair value of these non-hedging currency derivatives, net, amounting to a loss of HK$9,980,000 (2015: HK$2,578,000), were charged to the income statement during the year ended 31 March 2016. The above transactions including derivative financial instruments were conducted with creditworthy financial institutions without recent history of default.

The aggregate monthly notional amount of the outstanding contracts as at 31 March 2015 was US$5 million. The major terms of the contracts are as follows:

(i) The Group shall sell US$1 million or US$0.5 million for RMB at the contracted rates ranging from US$1 for RMB6.30 to 6.38 or receive the gain where the spot rate on the fixing date is below the contracted rate.

(ii) Where the spot rate on the fixing date is above the upper contract rates ranging from US$1 for RMB6.35 to 6.43, the Group shall sell double the amount of US$ for RMB at the contracted rate or pay for the loss.

(iii) Where the spot rate on the fixing date falls within the upper contract rates and contracted rates, no settlement will be required.

(iv) The contracts are settled at monthly intervals from September 2014 to November 2016.

(v) The contracts will be terminated when either the cumulative positive gain reaches a specific amount at any fixing date set out in the relevant agreements or the spot rate on the fixing date is equal to or below the lower contract rates ranging from US$1 for RMB6.12 to 6.186 in the period specified in the relevant agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group continued to show improvements in financial performance during the year as it reported further growth in profit. For the year under review, total sales of the Group amounted to HK$1,534.6 million (2015: HK$1,517.1 million), representing a level similar to that of the previous year. Gross profit increased by 15.4% to HK$306.9 million (2015: HK$266.0 million), which gross profit margin improved by 2.5% from 17.5% to 20.0%. The Group's profit before tax increased by 16.8% to HK$152.2 million (2015: HK$130.3 million), which profit before tax margin also increased by 1.3% from 8.6% to 9.9%.

Competition in the sportswear industry remained intense given growing maturity of the market over the years and low entry barriers. In the PRC, domestic manufacturers have been facing increasing pressure in cost in the wake of the government's move for substantial increase in minimum wages and improvements in workers' benefits as part of its endeavour to encourage domestic consumption in recent years. Meanwhile, customers have adopted a market strategy underpinned by small-volume orders with diversified styles in response to the trend of fashionable sportswear. Manufacturers are compelled to expedite their production turnover periods in order to meet the requirements of the fast-changing consumer market. To cope with rising costs and customers' demands, the Group has made active adjustments in its marketing strategy and business restructuring in response to changes in the business environment by focusing on high-end products commanding higher profit margin and aligning its resources to concentrate on the development of business with major customers in order to increase its efficiency of use of resource. On the production management side, the Group has endeavoured to maximize capacity utilization and increase production efficiency at the four plants in the PRC and Indonesia based on their respective strengths in geographic locations and ancillary production facilities. During the year, the Group was also able to lower its production costs by introducing advanced production equipment and technologies to drive automation and enhance production processes.

The factories located in the Jiangxi Province, the PRC (the "Jiangxi Plant") and Indonesia (the "Indonesian Plant") played important roles in contributing to the further profit growth of the Group. Officially commissioned in 2012, the production skills of the workers at these plants have become more mature and stable after years of training. The Indonesian Plant commenced manufacturing high-end products which commands higher margin, such as down-like apparels, and therefore increased the Group's production capacity for high-end products. The Jiangxi Plant, meanwhile, was focused on mass manufacturing of products with less sophisticated styles. Production efficiency was substantially increased with repeated fabrication of similar products by the workers, offsetting the pressure of rising labour costs and contributing to the Group's improved gross profit margin.

The Group's selling and distribution expenses for the year increased by HK$1.0 million (or 5.4%) and stood at 1.2% (2015: 1.2%) as a percentage of total sales, in tandem with the growth in sales. Administrative expenses increased by HK$8.3million (or 6.9%), reflecting mainly inflationary increments in wages and bonus payments to the management. Finance costs for the year decreased by HK$0.6 million (or 17.6%), attributable mainly to a decrease in the balance of bank loans for the year following the Group's active moves to reduce bank loans in recent years. In respect of taxation, the Group's overall tax expenses increased by HK$1.9 million (or 7.7%) despite the increase in profit before tax by HK$21.9 million (or 16.8%). The increase in tax expenses was not in tandem with profit growth was a result of the offsetting of losses in previous years against profit for the current year of the Jiangxi Plant and the Indonesian Plant, which in turn did not require any provision for tax. The effective tax rate for the year was 17.8% (2015: 19.3%), which was 1.5% lower as compared to the previous year.

Other income and gains of HK$11.1 million (2015: HK$8.9 million) mainly comprised bank interest income of HK$2.5 million (2015: HK$1.8 million), income generated from available-for-sale investment amounting to HK$1.4 million (2015: HK$1.8 million), and financial award granted by the PRC Government amounting to HK$4.7 million (2015: HK$2.8 million).

In view of RMB's fluctuation against USD and its reduced appreciation risk in the foreseeable future, the Group early terminated all of the outstanding foreign currency forward contracts purchased in the previous year, and recorded a total net loss of HK$10.0 million (2015: HK$2.6 million). Besides, there was a loss of HK$5.2 million (2015: Nil) on deregistration of a subsidiary incurred during the year.

Profit attributable to owners of the Company amounted to HK$125.1 million for the year ended 31 March 2016, representing an increase of 19.0% compared to HK$105.2 million for last year. Net profit margin increased by 1.3% from 6.9% to 8.2% compared with last year. Basic earnings per share amounted to HK25.0 cents for the year compared to HK21.1 cents for last year. The Board proposed to recommend payment of a final dividend of HK5 cents (2015: HK6.5 cents) per ordinary share. Together with the interim dividend of HK12 cents (2015: HK6 cents) per ordinary share paid during the year, the dividend payout ratio for the year was 68% (2015: 59%).

Industry Review

The sportswear industry benefited from the promulgation of the PRC State Council document entitled "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》) in 2014, which elevated the notion of encouraging the pursuit of physical fitness among all Chinese to the status of a national strategy and set as a fundamental objective the strengthening of the physical build and improvement in health for the people. The sports sector would be supported as a "green" and "sunrise" industry. Policies regarding retail spending on fitness work-out would be optimised, while government spending on the construction of sporting facilities would be increased. The funding for fitness initiatives would be accounted for in the government's financial budget, as the government would support mass participation in physical fitness programmes with the purchase of relevant services. These initiatives were expected to help the growth of the aggregate size of the sports industry to over RMB5,000 billion by 2025, providing a significant momentum that would drive the economic growth and sustainable social development of the country, as well as an enormous force underpinning the development of the sportswear industry. Eagle Nice worked with its major customers to seize this opportunity and substantially increased the weighting of sportswear orders for sales in the PRC, which grew from HK$309.9 million for the previous year to HK$442.3 million for the current year, representing an increment of 42.7% and serving as one of the Group's growth engines.

On operational management, the Group exercised stringent control over costs and expenses through ongoing optimisation of lean production in line with a persistent sense of crisis awareness. Meanwhile, operating efficiency was enhanced by encouraging management personnel and other staff at all levels to increase their efforts. Benefiting from further enhancements in production efficiency and increased production of high-end sportswear, there was substantial improvements in gross profit margin. Assets with low utilisation rates and below-par efficiency were reorganised or disposed of, while operating costs were maintained at a relatively low level in proportion to sales.

Business and Market Review

Manufacturing of high-end sportswear
During the year under review, Eagle Nice increased its production of high-end functional jackets and down apparel. All of the Group's production bases have been equipped with machinery and equipment and skilled workers for manufacturing down apparel. The Group will step up with the training of proficient skilled workers to prepare for the future increase in the weighting of high-end sportswear in its production.

High-end functional sportswear items are mainly sportswear for the winter season, the production and sales of which is concentrated in the first half of Eagle Nice's financial year. With the restructuring of the Group's product mix, the seasonal factor is expected to be even more apparent in future. Nevertheless, the Group will strive to maintain growth in its net profit for the full year through efforts in production management and the re-allocation of its production capacity.

Upgrade and transformation
In persistent commitment to lean production, Eagle Nice continued to optimise the production processes at its four production bases during the year and succeeded in enhancing the efficiency of operations and production in the Jiangxi Plant and the Indonesian Plant.

During the year, the Group continued to strengthen its efforts in lean production management. The Group's ever-improving ability to carry out highly efficient production in a sustainable manner was further showcased by a series of production improvement initiatives resulting in optimised production processes and arrangements that enabled flexible adjustments to the production lines to accommodate the style requirements of different sports.

Eagle Nice aims to become a leader in the major sportswear manufacturing industries in Asia and a vital partner for famous international brands of sportswear. The recognition and encouragement of prominent international branded customers represents immense motivation for Eagle Nice in its ongoing ventures. In 2015, Eagle Nice captured respective best supplier's awards from NIKE and The North Face, its two major customers, reflecting the Group's outstanding performance in delivery, quality and sustainable development and its leading position in the international sportswear manufacturing industry with well-testified results.

Expansion of the Indonesian Plant
Following the reorganisation exercise conducted by the Group in the past two years to streamline the workforce and optimise the operational structure for the control of production costs, cost reduction and enhancement of efficiency in production had been achieved. During the year, the Group re-embarked on the expansion of production capacity, and commenced the construction of Phase 2 of the Indonesian Plant. Commencement of production is scheduled in 2017, by which time the production capacity of the Indonesian Plant will be taken to a new level. Coupled with the benefit of lower labour costs in Indonesia, the Group's overall competitiveness in overseas sales will be enhanced to lay a solid foundation and a clear direction for its overall planning in the coming years.

Outlook

Expansion of productivity
The garment industry is a labour-intensive industry. The shortage in domestic labour supply, ongoing increment of minimum wages and removal of trade barriers among countries which are signatories to international trade agreements have aggravated the burden of manufacturers in the PRC. Confronted with the challenge at hand, the Group is committed to leveraging the respective advantages of its domestic and overseas plants by increasing the production capacities of overseas production bases and improving the capability of domestic plants to deliver high efficiency and employ advanced technologies in manufacturing.

R&D Centre
With a stronger emphasis and growing awareness on health and the importance of sports as well as a simple and green lifestyle, leisure sportswear has become increasingly popular among the general population. Advances in manufacturing technologies enable leading brands to incorporate a variety of fashionable elements so that leisure sportswear has become more stylistically appealing in addition to its functional qualities.

In response to discerning consumer standards for designs and functions, Eagle Nice will establish R&D centres and testing centres at all production bases in future for the design and production of more innovative sportswear. Improvements will also be made to the existing R&D centres in Shantou and Huilai with the introduction of new technologies and recruitment of high-calibre technical talents, with a view to fostering a creative hub that offers the most fashionable products for customers with the aid of state-of-the-art technologies.

Corporate Social Responsibility

Eagle Nice believes that the sustainable development of an enterprise is closely associated with the society and environment. While striving to be internationally competitive in terms of product, service and technology, the Group also attach a lot of importance to the interests of the society as a whole and its long-term development, undertaking social responsibilities as part of the effort to enhance our core competitive strengths.

During the year, Eagle Nice made strong efforts to promote various community welfare activities. On the sixth day of the Chinese New Year of the Goat, Eagle Nice employees and their families joined the "Spring Charity – Barefoot Walk for Children," a fundraising event held in Hong Kong and organised by the World Vision, under the banner of "Eagle Nice-er". Donations raised were dedicated to the building of water wells for children, provision of medical treatment and nutritional supplements for undernourished children, and agricultural training for local farmers to secure sufficient food supply in India.

On the day, Eagle Nice-ers stepped out and experienced living in an impoverished neighbourhood and working as a child labour in India. The barefoot walk reminded the Group's employees and families to take heed of the needs of the World, to care for children in hunger, and to extend the Group's charity and compassion to those in need.

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 2016, the Group had cash and cash equivalents amounted to HK$255.4 million (31 March 2015: HK$255.4 million) mainly denominated in Hong Kong dollars, RMB, US dollars and Indonesian Rupiah.

As at 31 March 2016, 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$597.4 million, of which an aggregate amount of HK$197.9 million was utilised. As at 31 March 2015, the Group's banking facilities were supported by the corporate guarantees executed by the Company and a subsidiary of the Company to the extent of HK$339.5 million, of which an aggregate amount of HK$171.7 million was utilised, and an undertaking of the Group not to charge one of the Group's buildings.

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 2016 is not applicable (31 March 2015: not applicable).

Foreign Exchange Risk Management

The Group has transactional currency exposures as substantial portion of sales or purchases have operating units 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 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 Acquisitions and Disposals

Except for the deregistration of a subsidiary during the year, there was no material acquisition or disposal of subsidiaries during the year ended 31 March 2016 (2015: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2016 (31 March 2015: Nil).

Employees and Remuneration Policies

As at 31 March 2016, the Group employed a total of approximately 8,800 employees including directors (31 March 2015: approximately 8,000). Total employee benefit expenses including directors' emoluments were HK$414.8 million for the year under review (2015: HK$389.5 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.

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 HK5 cents (2015: HK6.5 cents) per ordinary share payable on Thursday, 8 September 2016 to persons who are registered shareholders of the Company on Friday, 26 August 2016 subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the "AGM"). Together with the interim dividend of HK12 cents per ordinary share (2015: HK6 cents), the total dividend for the financial year is HK17 cents (2015: HK12.5 cents) per ordinary share.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

The AGM will be held on Thursday, 18 August 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 11 August 2016 to Thursday, 18 August 2016, 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, 10 August 2016.

(b) Entitlement to the Proposed Final Dividend

For determining the entitlement to the proposed final dividend for the year ended 31 March 2016 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Thursday, 25 August 2016 to Friday, 26 August 2016, 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, 24 August 2016.

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 Listing Rules throughout the year ended 31 March 2016, 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 independent non-executive directors and other non-executive directors should attend general meetings. One of the independent non-executive directors did not attend the annual general meeting of the Company held on 18 August 2015 due to his 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

The audit committee of the Company has met with the external auditors of the Company, Ernst & Young, to review the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 31 March 2016, and is of the opinion that the consolidated results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made. The audit committee comprised three independent non-executive directors of the Company, namely Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Mr. Cheng Yung Hui, Tony. 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 AUDITORS

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 2016 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors 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 2016 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, 24 June 2016

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Kuo Tai Yu and Ms. Chen Fang Mei, Christina and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Mr. Cheng Yung Hui, Tony.