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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 2015

FINANCIAL HIGHLIGHTS

- Revenue in 2015 slightly increased by 2.2% to HK\$1,517.1 million compared with HK\$1,483.8 million in 2014.
- Gross profit margin in 2015 increased from 13.1% to 17.5% and net profit margin greatly increased from 1.5% to 6.9% when compared with last year.
- Profit for the year attributable to owners of the Company was HK\$105.2 million, representing 380.9% increase compared to HK\$21.9 million in 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 2015 together with the comparative figures for the corresponding year in 2014 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
REVENUE	3	1,517,109	1,483,774
Cost of sales		<u>(1,251,158)</u>	<u>(1,289,041)</u>
Gross profit		265,951	194,733
Other income and gain	4	8,925	4,452
Selling and distribution expenses		(17,698)	(21,526)
Administrative expenses		(120,794)	(135,425)
Fair value changes on derivative financial instruments, net		(2,578)	-
Finance costs	5	<u>(3,495)</u>	<u>(5,002)</u>
PROFIT BEFORE TAX	6	130,311	37,232
Income tax expense	7	<u>(25,128)</u>	<u>(15,362)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>105,183</u>	<u>21,870</u>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<u>21.1</u>	<u>4.4</u>
Diluted		<u>21.1</u>	<u>4.4</u>

Details of dividends are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
PROFIT FOR THE YEAR	105,183	21,870
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain/(loss) on defined benefit plan	<u>(277)</u>	<u>1,130</u>
Other comprehensive income may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>688</u>	<u>13,409</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>411</u>	<u>14,539</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>105,594</u>	<u>36,409</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	31 March 2015 HK\$'000	31 March 2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		714,335	755,797
Prepaid land lease payments		72,407	74,678
Goodwill		26,112	26,112
<i>Total non-current assets</i>		<u>812,854</u>	<u>856,587</u>
CURRENT ASSETS			
Inventories		265,899	260,275
Accounts and bills receivables	10	124,192	134,263
Prepayments, deposits and other receivables		47,327	27,862
Available-for-sale investments	11	63,750	-
Cash and cash equivalents		255,399	276,565
<i>Total current assets</i>		<u>756,567</u>	<u>698,965</u>
CURRENT LIABILITIES			
Accounts payable	12	105,090	96,112
Accrued liabilities and other payables		86,612	81,366
Derivative financial instruments	13	9,110	-
Interest-bearing bank borrowings		237,621	339,620
Tax payable		23,586	9,538
<i>Total current liabilities</i>		<u>462,019</u>	<u>526,636</u>
NET CURRENT ASSETS		<u>294,548</u>	<u>172,329</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,107,402</u>	<u>1,028,916</u>
NON-CURRENT LIABILITIES			
Pension scheme obligation		4,446	2,425
Deferred tax liabilities		15,425	14,574
<i>Total non-current liabilities</i>		<u>19,871</u>	<u>16,999</u>
Net assets		<u>1,087,531</u>	<u>1,011,917</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		4,997	4,997
Reserves		1,082,534	1,006,920
Total equity		<u>1,087,531</u>	<u>1,011,917</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, which because the Company has not early adopted the revised Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). The 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 POLICY AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition</i> ¹
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination</i> ¹
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

The adoption of the new and revised HKFRSs 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 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 each other.

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 gain, fair value changes on derivative financial instruments and unallocated expenses are excluded from such measurement.

An analysis of the Group's revenue and results by reportable segment is as follows:

	Segment revenue		Segment results	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
USA	499,748	464,754	70,147	43,402
Mainland China	309,934	339,199	44,037	29,774
Europe	289,725	218,513	44,220	15,914
Japan	103,728	151,238	16,553	7,920
Others	313,974	310,070	49,541	21,786
	1,517,109	1,483,774	224,498	118,796
Interest and other unallocated income and gain			8,925	4,452
Fair value changes on derivative financial instruments, net			(2,578)	-
Unallocated expenses			(100,534)	(86,016)
Profit before tax			130,311	37,232
Income tax expense			(25,128)	(15,362)
Profit for the year attributable to owners of the Company			105,183	21,870

Geographical information – non-current assets

	2015	2014
	HK\$'000	HK\$'000
Hong Kong	17,238	18,201
Mainland China	655,851	695,051
Indonesia	139,765	143,335
	812,854	856,587

Information about major customers

Revenue of approximately HK\$874,385,000 (2014: HK\$677,915,000) and HK\$441,759,000 (2014: HK\$403,117,000) 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 GAIN

	2015 HK\$'000	2014 HK\$'000
<u>Other Income</u>		
Bank interest income	1,821	1,417
Income derived from available-for-sale investments	1,834	-
Government grants	2,820	-
Others	2,182	3,035
	<u>8,657</u>	<u>4,452</u>
<u>Gain</u>		
Gain on disposal of items of property, plant and equipment	268	-
	<u>8,925</u>	<u>4,452</u>

5. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank loans wholly repayable within five years	<u>3,495</u>	<u>5,002</u>

6. PROFIT BEFORE TAX

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

	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold	1,251,158	1,289,041
Depreciation*	60,539	61,856
Amortisation of prepaid land lease payments*	2,337	2,368
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	339,587	385,828
Pension contributions, including a pension cost for defined benefit plan of HK\$2,271,000 (2014: HK\$1,363,000)	51,343	55,333
Less: Forfeited contributions	<u>(1,442)</u>	<u>(872)</u>
Net pension contributions	<u>49,901</u>	<u>54,461</u>
Total employee benefit expenses*	<u>389,488</u>	<u>440,289</u>
Minimum lease payments under operating leases in respect of land and buildings*	-	3,418
Foreign exchange differences, net	1,921	4,270
Write-off of items of property, plant and equipment	26	2,458
Income derived from available-for-sale investments	<u>(1,834)</u>	-
Fair value losses/(gains), net,		
Derivative financial instruments – transactions not qualified as hedges:		
- matured during the year	(6,532)	-
- not yet matured	<u>9,110</u>	-

6. PROFIT BEFORE TAX (continued)

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

	2015	2014
	HK\$'000	HK\$'000
Depreciation	41,996	41,877
Amortisation of prepaid land lease payments	1,870	1,896
Employee benefit expenses	328,745	372,076
Minimum lease payments under operating leases in respect of land and buildings	<u>-</u>	<u>3,418</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015	2014
	HK\$'000	HK\$'000
Current tax charge for the year:		
Hong Kong	11,889	9,520
Elsewhere	11,200	6,506
Overprovision of current tax in respect of prior years	(302)	(1,177)
Deferred	<u>2,341</u>	<u>513</u>
Total tax charge for the year	<u>25,128</u>	<u>15,362</u>

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\$105,183,000 (2014: HK\$21,870,000), and 499,680,000 (2014: 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 2015 and 2014 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2014 – Nil (2014: final dividend of HK4 cents per ordinary share, in respect of the financial year ended 31 March 2013)	-	19,987
Interim – HK6 cents (2014: HK4 cents) per ordinary share	<u>29,980</u>	<u>19,987</u>
	<u>29,980</u>	<u>39,974</u>
Proposed final dividend –HK6.5 cents (2014: Nil) per ordinary share	<u>32,479</u>	<u>-</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 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 (2014: 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 receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK\$'000	2014 HK\$'000
Within 30 days	79,421	81,222
31 to 60 days	37,273	34,793
61 to 90 days	2,592	10,193
Over 90 days	<u>4,906</u>	<u>8,055</u>
	<u>124,192</u>	<u>134,263</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK\$'000	2014 HK\$'000
Unlisted investment funds, at cost	<u>63,750</u>	<u>-</u>

It represents short-term wealth management products offered by commercial banks in the PRC. As at 31 March 2015, unlisted investment funds with a carrying amount of HK\$63,750,000 were stated at cost less impairment because these funds do not have quoted market price in an active market and whose fair value 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:

	2015 HK\$'000	2014 HK\$'000
Within 90 days	97,785	89,207
91 to 180 days	623	1,469
181 to 365 days	307	578
Over 365 days	<u>6,375</u>	<u>4,858</u>
	<u>105,090</u>	<u>96,112</u>

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 HK\$'000	2014 HK\$'000
Foreign currency forward contracts	<u>9,110</u>	<u>-</u>

The Group has entered into various foreign currency forward contracts to manage its foreign currency risk. These foreign currency forward contracts are not designated for hedge purposes and are measured at fair value through income statement. 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 is US\$5 million (31 March 2014: Nil). 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 on a monthly interval 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 sportswear market experienced a resurgence in consumers' demand as the global economy saw gradual improvements. Nevertheless, in the intensely competitive sportswear market where low-end products are oversupplied and offer thin profit margin, only high-end functional products will be able to generate added value that provides sportswear manufacturers with stable profitability. To sustain profit growth, the Group has adjusted its marketing strategy in recent years to focus on development of products with higher value and soliciting orders of higher profit margin. Resources have been reallocated to focus on orders of major customers.

On the other hand, production costs have been increasing substantially since recent years owing to the continuous increment of the minimum wage level and ongoing RMB appreciation. Moreover, customers have also changed their market strategy in recent years to accommodate the evolution of sportswear into fashionable products by placing small-volume orders for a variety of styles and allowing shorter turnaround time for sportswear manufacturers. This has substantially increased the product development cost and production cost of sportswear manufacturers and contributed to the continuous decline in the Group's profit in the past few years. To address the situation, the Group has adopted a range of measures to enhance production efficiency, reduce costs and improve profitability. In terms of production management, manufacturing orders have been allocated to the four plants in the PRC and Indonesia based on their respective levels of production efficiency, destinations of sales and technological advantages to ensure that each plant operates at maximum efficiency and generates maximum profit to the Group. Advanced production equipment and technologies have been introduced to facilitate production automation and improve our production processes. In terms of cost control, we have adopted measures such as the reorganization and streamlining of our corporate structure, termination of the lease of a plant in Shantou, the PRC, disposal of assets with low utilization and negotiation with suppliers for more favourable terms. Moreover, our plants in Jiangxi Province, the PRC and Indonesia, which commenced operation in 2012, started to generate profit during the year on the back of stabilized business operations and contributed to the Group's growth in profit during the year.

Thanks to its vigorous efforts in cost-saving, the Group reported stellar financial results for the year with significant growth in profit. The Group's turnover grew moderately by 2.2% to HK\$1,517.1 million (2014: HK\$1,483.8 million). Gross profit improved by 36.6% to HK\$266.0 million (2014: HK\$194.7 million), while our gross profit margin rose by 4.4% from 13.1% to 17.5%. The Group's profit before tax increased by 250.0% to HK\$130.3 million (2014: HK\$37.2 million), and its profit before tax margin increased by 6.1% from 2.5% to 8.6%.

The Group's selling and distribution expenses for the year decreased by HK\$3.8 million (or 17.8%), reflecting primarily the decrease in transportation costs following effective allocation of orders to the four plants of the Group located in different regions as a result of effective production management. Administrative expenses decreased by HK\$14.6 million (or 10.8%) in line with the reduction in manpower expenses as a result of the reorganisation and streamlining of its corporate structure as well as lower administrative expenses attributable to active cost-saving measures adopted by the management. Finance costs also decreased by HK\$1.5 million (or 30.1%) in tandem with the year-on-year decrease in overall outstanding bank loans following the Group's proactive move to reduce bank loans in recent years. In terms of taxation, the Group's overall tax expenses increased by HK\$9.8 million (or 63.6%) only, despite a substantial increase in profit before tax by HK\$93.1 million (or 250.0%). The absence of an increase in taxation in tandem with the profit growth was attributable to the profit turnaround of our plants in Jiangxi Province, the PRC and Indonesia and the offset of such profit against losses incurred in previous years. Hence no provision for taxation was required to be made in respect of such profit. The

effective tax rate for the year was 19.3%, which was substantially lower than that of 41.3% for the previous year.

Other income of HK\$8.9 million comprised investment income generated from available-for-sale investment amounting to HK\$1.8 million and financial award granted by Yifeng County Government to foreign companies investing in the locality amounting to HK\$2.8 million. In addition, the Group acquired foreign currency forward contracts during the year and recorded net loss from change in fair value of derivative financial instruments as at the balance sheet date amounting to HK\$2.6 million, comprising realised gain of HK\$6.5 million and unrealised loss of HK\$9.1 million.

Profit attributable to owners of the Company was HK\$105.2 million for the year ended 31 March 2015, representing a substantial increase of 380.9% compared to HK\$21.9 million for last year. The net profit margin increased significantly by 5.4% from 1.5% to 6.9% when compared with last year. Basic earnings per share amounted to HK21.1 cents for the year compared to HK4.4 cents for last year. The Board has proposed to recommend payment of a final dividend of HK6.5 cents per share, while no final dividend payment was recommended for last year. An interim dividend of HK6 cents per share was paid during the year, resulting in a dividend payout ratio for the year of 59% (2014: 91%).

Industry Review

With increasing health awareness in the society, sporting activities have become an important part of daily living, while functional sportswear has become an increasingly popular mainstream of sporting apparel. In the document titled “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》)” promulgated by the State Council of the PRC last year, the status of sporting activities was elevated to a new level for the first time. The said document called for active expansion and development of sporting products and sporting facilities.

Consumers’ demand in the international sportswear market has rebounded as a result of further improvements in the global economy, which represents a favourable development for sportswear manufacturers. However, the profit margin of sportswear manufacturers has been eroded by rising production costs in the PRC. In order to remain as industry leaders in the ever-changing and intensively competitive sportswear market, business enterprises must keep up with market changes and increase the added value of their products through technological innovation.

Business and Market Review

Complementary play of geographic advantages of local plants in various locations

While rising labour costs in the PRC during the past decade have presented substantial pressure for the PRC garment manufacturers, the vast market of consumers and excellent support for production afforded by the country are simply incomparable. In terms of the market, the combination of China’s enormous population base, rising level of per capita disposable income and increasing health awareness of the public have contributed to an extensive and ever expanding customer base for the sporting business. In terms of production support, government support for the sporting industry, the complete industry chain and strong availability of raw materials and resources are the favourable factors that would ensure the rapid and stable development of the sportswear industry in the PRC.

The Groups has delegated different functions to its four plants in various locations in Guangdong Province, the PRC, Jiangxi Province, the PRC and Indonesia, in order to increase production efficiency and reduce costs and thus enhance its competitiveness. With the benefit of skilled labour and comprehensive production support, the two plants located in Shantou and Huilai, Guangdong Province,

the PRC are primarily engaged in the production of high-end functional products and the research and development of new products. On the other hand, given their abundant labour supply at relatively low costs, the two plants located in Jiangxi Province, the PRC and Indonesia are mainly engaged in the mass production of products with simpler designs and lower technical input. Each playing to its best strengths, these regional plants have complemented one another to form a solid cornerstone for the Group's sustainable development.

Close tracking of fashion trends and ongoing technical upgrades to facilitate development of new products

As the market for retail spending is constantly changing in tandem with rapidly evolving fashion and trends, sportswear has turned from a durable to a fast consumer product. With the general shortening of product life cycles, our customers have employed market strategies of “market segmentation, collective designs, small-batch production and style diversification” in recent years to assure swift response to market demands. To address customers' needs, the Group has made ongoing investments in its research and development department, which is committed to providing customers with innovative designs and improving our production processes. The research and development department has introduced advanced production equipment, such as 3D Laser-cut machine, auto module special stitching machine and auto template cutting machine, to increase automation and shorten production lead-time. Since last year, the Group has cooperated with suppliers of production technologies who have made recommendations to the Group in respect of the latest production technologies, supply of innovative materials and staff training to facilitate the Group's ongoing upgrade of seamless production technologies, and the research and design of innovative products. The research and development department has also introduced the template production technology to the production line since last year to assist non-skilled workers in their sewing with the use of moulds, which would ensure the stability of product quality. This year, the research and development department introduced pad printing, a new pattern printing technology claiming superiority in cost and speed, to gradually replace the previously-used thermal transfer and embroidery technologies.

Product-mix reorganization and stringent cost control

Sportswear manufacturers in the PRC are facing battles on two fronts: on the one hand, price wars are inevitable given intense market competition, especially in respect of over-supplied low-end products. On the other hand, production costs especially labour continue to rise, resulting in significant erosion in the manufacturers' profit margin and declining profitability for the industry in general. The Group is more concerned with the growth in profit than that in sales, as profitability is the key for enterprise to survival. In recent years, the Group has focused on the development and production of high-end functional apparels to reorganize its product mix, such as the down and down-like jackets actively promoted last year. Orders for high-end functional products grew significantly during the year, resulting in enhanced profit for the Group. Meanwhile, on the business front, resources have been reallocated to focus on orders of major customers, ensuring that research and development costs can contribute maximum value to the Group.

China, Europe and the U.S. remained the main markets

Regarding overseas demand, the estimated size of the global sportswear market in 2013 amounted to USD162 billion according to Euromonitor. Looking to 2018, the said market is expected to increase to USD219.1 billion, while the U.S. will be the world's largest market for sportswear. Turning to the PRC market, enormous demand is set to boost sportswear spending and advance the development of the sportswear industry. According to the National Bureau of Statistics, the medium- to high-level income earning population group is expanding. The potential of the PRC's second- and third-tier cities in sportswear spending is also gradually being realized. All in all, the Group will remain focused on Mainland China, Europe and the U.S. as its major markets, while actively pursuing market diversification

to balance off risks from different markets.

For the year under review, the U.S. continued to claim the largest share of 32.9% of the Group's total sales, followed by Mainland China which accounted for 20.4%, and Europe, where the sales grew by approximately 30%, which accounted for 19.1%.

Outlook

In terms of future challenges, the Group will be subject to increasing cost pressure following the further increment in the minimum wage level in the PRC and Indonesia in 2015 and the official launch of the housing provident fund (the long-term housing reserve maintained by an enterprise for the benefit of its in-service employees) during the year. To maintain its profit level, the Group will focus on the research and development of innovative products, and will continue to leverage the strengths of its four plants located in Guangdong Province, the PRC, Jiangxi Province, the PRC and Indonesia to create maximum value and profit contributions.

The Group will continue to invest in research and development conducted at its research and development centre in Shantou, Guangdong Province, the PRC. Our design team meets with our customers on a regular basis to introduce new designs and products, in a bid to add value for our customers. To mitigate the impact of undersupply of labour force and rising costs in the PRC, one of the priority tasks of our research and development centre would be to optimize our production processes and facilitate production automation with the introduction of advanced production technologies.

Increasing labour shortage in the PRC has presented an obstacle for the development of PRC garment manufacturers, who are engaged in a traditionally labour-intensive industry. By comparison, the labour market in Indonesia is relatively stable with more abundant supply at lower wages. With an optimistic view on the Indonesian plant, the Group has planned to expand the scale and production lines of the Indonesian plant. After several years in operation, production at the Indonesian plant has been stabilized and its workers, with improved skills, are now capable of handling designs with higher requirements in sewing skills. In future, the Group will continue to expand the capacity of the Indonesian plant, as we are convinced that a balanced portfolio of production bases will provide our customers with better services and choices.

Corporate Social Responsibility

The revised Environmental Protection Law adopted in April 2014 and enacted in 2015 by the PRC government has set out stringent provisions for pollution discharge by business enterprises and their obligations in environmental protection. In this aspect, the Group has implemented a green production policy since 2011. We have joined the material sustainability index (MSI) programme of Nike, one of our customers, and participated in initiatives such as banning of restricted chemicals, toxic-free production, installation of sewage treatment facilities and implementation of energy saving schemes.

The Group fulfils corporate social responsibility by taking substantive actions to express its care and concern for the community. During the year, the Group supported the charitable book donation campaign and donated Chinese and English reading materials to rural children who lack parental care. Moreover, the Group made regular donations to charitable organizations and encouraged its employees to participate in voluntary services for community welfare.

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 2015, the Group had cash and cash equivalents amounted to HK\$255.4 million (31 March 2014: HK\$276.6 million) mainly denominated in Hong Kong dollars, Renminbi (“RMB”), US dollars and Indonesian Rupiah.

As at 31 March 2015, the Group had aggregate bank loan facilities of HK\$727.9 million (31 March 2014: HK\$718.0 million), out of which HK\$340.0 million (31 March 2014: HK\$368.0 million) were secured by corporate guarantees executed by the Company and a subsidiary of the Company, and an undertaking of the Group not to charge one of the Group’s buildings. The bank loan facilities amounting to HK\$237.6 million were utilised by the Group as at 31 March 2015 (31 March 2014: HK\$339.6 million). As at 31 March 2015, based on the scheduled repayments set out in the relevant loan agreements with banks, all the Group’s bank borrowings are repayable 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 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 2015 is not applicable (31 March 2014: 6.2%).

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 was employed during the year 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

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2015 (2014: Nil).

Contingent Liabilities

As at 31 March 2015, the Group did not have any significant contingent liabilities (31 March 2014: Nil).

Employees and Remuneration Policies

As at 31 March 2015, the Group employed a total of approximately 8,000 employees including directors (31 March 2014: approximately 9,400). Total employee benefit expenses including directors' emoluments were HK\$389.5 million for the year under review (year ended 31 March 2014: HK\$440.3 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 HK6.5 cents per share (2014: nil) payable on Thursday, 10 September 2015 to persons who are registered shareholders of the Company on Thursday, 27 August 2015 subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the "AGM"). Together with the interim dividend of HK6 cents per share (2014: HK4 cents), the total dividend for the financial year is HK12.5 cents per share (2014: HK4 cents).

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

The AGM will be held on Tuesday, 18 August 2015. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 11 August 2015 to Tuesday, 18 August 2015, 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 Monday, 10 August 2015.

(b) Entitlement to the Proposed Final Dividend

For determining the entitlement to the proposed final dividend for the year ended 31 March 2015 (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Wednesday, 26 August 2015 to Thursday, 27 August 2015, 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 Tuesday, 25 August 2015.

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 2015, 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. Two independent non-executive directors did not attend the annual general meeting of the Company held on 21 August 2014 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

The audit committee of the Company has met with the external auditors of the Company, Messrs. 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 2015, 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 is composed of 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 results for the year ended 31 March 2015 as set out in the preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young 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 2015 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, 26 June 2015

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.