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 2013

FINANCIAL HIGHLIGHTS

- Revenue in 2013 slightly decreased by 0.1% to HK$1,444.0 million compared with HK$1,446.0 million in 2012.
- Gross profit margin in 2013 decreased from 20.5% to 17.3% and net profit margin decreased from 8.3% to 5.1% when compared with last year.
- Profit for the year attributable to owners of the Company was HK$73.0 million, representing 39.3% decrease compared to HK$120.3 million in previous year.
- The Board proposes to declare a final dividend of HK4 cents per share for the year ended 31 March 2013 so that total dividend per share for the whole year is HK11 cents (2012: HK14 cents).

* *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 2013 together with the comparative figures for the corresponding year in 2012 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Notes	**2013** HK$'000	2012 HK$'000
REVENUE	*3*	**1,443,994**	1,445,968
Cost of sales		**(1,194,143)**	(1,148,891)
Gross profit		**249,851**	297,077
Other income and gains	*4*	**4,607**	8,853
Selling and distribution expenses		**(16,692)**	(17,514)
Administrative expenses		**(136,995)**	(131,370)
Finance costs	*5*	**(6,239)**	(4,570)
PROFIT BEFORE TAX	*6*	**94,532**	152,476
Income tax expense	*7*	**(21,568)**	(32,148)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**72,964**	120,328
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**14.6**	24.1
Diluted		**14.6**	24.1

Details of dividends are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**72,964**	120,328
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Revaluation surplus on leasehold land and buildings	**105,278**	19,820
Income tax effect	**(24,663)**	(4,368)
	80,615	15,452
Exchange differences on translation of foreign operations	**(10,006)**	32,741
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**70,609**	48,193
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**143,573**	168,521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**955,144**	828,418
Prepaid land lease payments		**76,129**	78,470
Deposits		**-**	10,679
Goodwill		**26,112**	26,112
Total non-current assets		**1,057,385**	943,679
CURRENT ASSETS			
Inventories		**229,730**	244,961
Accounts and bills receivables	*10*	**184,004**	141,955
Prepayments, deposits and other receivables		**22,317**	34,131
Cash and cash equivalents		**309,352**	371,986
Total current assets		**745,403**	793,033
CURRENT LIABILITIES			
Accounts and bills payables	*11*	**108,820**	103,364
Accrued liabilities and other payables		**96,469**	80,845
Interest-bearing bank borrowings		**387,646**	418,896
Tax payable		**14,703**	29,626
Total current liabilities		**607,638**	632,731
NET CURRENT ASSETS		**137,765**	160,302
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,195,150**	1,103,981
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**52,671**	35,119
Net assets		**1,142,479**	1,068,862
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,997**	4,997
Reserves		**1,137,482**	1,063,865
Total equity		**1,142,479**	1,068,862

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. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, 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 HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the 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 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.

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 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**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Mainland China	**459,010**	468,696	**47,059**	62,576
USA	**309,800**	189,431	**43,463**	31,673
Europe	**250,619**	437,192	**29,863**	71,674
Japan	**121,601**	88,685	**14,246**	14,782
Others	**302,964**	261,964	**35,536**	46,469
	1,443,994	1,445,968	**170,167**	227,174
Interest and other unallocated income			**4,607**	8,853
Unallocated expenses			**(80,242)**	(83,551)
Profit before tax			**94,532**	152,476
Income tax expense			**(21,568)**	(32,148)
Profit for the year attributable to owners of the Company			**72,964**	120,328

Geographical information – non-current assets

	2013	2012
	HK$'000	HK$'000
Hong Kong	**52,061**	38,319
Mainland China	**861,091**	773,733
Indonesia	**144,233**	131,627
	1,057,385	943,679

Information about major customers

Revenue of approximately HK$750,198,000 (2012: HK$910,248,000) and HK$371,238,000 (2012: HK$245,002,000) 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

	2013 HK$'000	2012 HK$'000
Other income		
Bank interest income	**2,897**	3,933
Others	**1,710**	853
	4,607	4,786
Gains		
Gain on disposal of items of property, plant and equipment	**-**	181
Reversal of a revaluation deficit on leasehold land and buildings	**-**	3,886
	-	4,067
	4,607	8,853

5. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank loans wholly repayable within five years	**6,239**	4,570

6. PROFIT BEFORE TAX

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

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	**1,194,143**	1,148,891
Depreciation*	**61,833**	41,800
Amortisation of prepaid land lease payments*	**2,327**	2,267
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**335,451**	299,793
Pension scheme contributions (defined contribution schemes)	**35,820**	26,525
Less: Forfeited contributions	**(321)**	(174)
Net pension scheme contributions	**35,499**	26,351
Total employee benefits expenses*	**370,950**	326,144
Minimum lease payments under operating leases in respect of land and buildings*	**3,331**	2,797
Foreign exchange differences, net	**1,964**	3,766
Write-off of items of property, plant and equipment	**-**	2

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

	2013	2012
	HK$'000	HK$'000
Depreciation	**41,594**	28,261
Amortisation of prepaid land lease payments	**1,867**	1,812
Employee benefits expenses	**296,685**	253,594
Minimum lease payments under operating leases in respect of land and buildings	**3,331**	2,790

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong	**19,132**	21,888
Elsewhere	**11,998**	10,590
Over provision of current tax in respect of prior years	**(7,371)**	(23)
Deferred	**(2,191)**	(307)
Total tax charge for the year	**21,568**	32,148

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$72,964,000 (2012: HK$120,328,000), and 499,680,000 (2012: 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 2013 and 2012 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2012 – HK7 cents per ordinary share (2012: final dividend of HK3 cents per ordinary share, in respect of the financial year ended 31 March 2011)	**34,978**	14,990
Interim – HK7 cents (2012: HK7 cents) per ordinary share	**34,978**	34,978
	69,956	49,968
Proposed final dividends – HK4 cents (2012: HK7 cents) per ordinary share	**19,987**	34,978

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 (2012: 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:

	2013 HK$'000	2012 HK$'000
Within 30 days	**114,266**	117,122
31 to 60 days	**45,639**	22,766
61 to 90 days	**5,999**	4
Over 90 days	**18,100**	2,063
	184,004	141,955

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

11. ACCOUNTS AND BILLS PAYABLES

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

	2013	2012
	HK$'000	HK$'000
Within 90 days	**102,259**	99,548
91 to 180 days	**1,843**	556
181 to 365 days	**569**	749
Over 365 days	**4,149**	2,511
	108,820	103,364

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

In recent years, the Group has focused on developing the markets in the PRC, U.S. and the Europe which accounted for 70.6% in aggregate of our total sales. The growth of sportswear market in the PRC has recently slowed down after years of tremendous growth. The European and U.S. economies have been plagued by high unemployment rate and decrease in demand for sportswear in emerging markets giving rise to overcapacity and overstocking encountered by most sportswear brands. In 2012, sportswear manufacturers were affected, to different extents, by actions of inventory clearance taken by sportswear brands. In spite of decreasing global demand for sportswear, the Group was able to sustain overall sales by capitalizing its established cooperation relationship with our customers. Turnover for the year slightly decreased by 0.1% to HK$1,444.0 million from HK$1,446.0 million last year.

During the year, the toughest challenges that the Group had encountered were increase in production costs which resulted from rise in labour costs, Renminbi appreciation and constant inflation. Meanwhile, the PRC government hasinitiated tax reforms on cutting down tax preference for foreign investors as well as introducing additional tax types, leading to a soar in our production costs. Further, since the two new plants of the Group set up in Jiangxi Province, the PRC and Banten Province, Indonesia (the "New Plants") have commenced full operations during the year, provision for depreciation of property, plant and equipment was required to be made in respect of the New Plants and depreciation charges for the year increased significantly. Coupled with the fact that the workers in the New Plants were still undergoing training, the operations had yet achieved break-even during the year. As a result, our gross profit dropped by HK$47.2 million to HK$249.9 million from HK$297.1 million, and gross profit margin decreased by 3.2% from 20.5% to 17.3%.

The Group's selling and distribution expenses decreased by HK$0.8 million (or 4.7%), which were due to decrease in promotion and advertising expenses as compared with last year. Increase in administrative expenses of HK$5.6 million (or 4.3%) were principally due to employment of additional managerial staff relating to investments in the New Plants, as well as provision for depreciation of office buildings and equipment of the New Plants after full operations of the New Plants commenced during the year. Finance costs increased by HK$1.7 million (or 36.5%) during the year as the overall interest rate and outstanding bank borrowings were higher than that of last year.

In respect of taxation, profit before tax decreased by HK$57.9 million (or 38.0%), while the Group's overall tax expenses decreased by HK$10.6 million (or 32.9%). Decrease in Hong Kong profit tax expenses was due to profit drop in the Group's business in Hong Kong; while tax provision for business in the PRC increased as a result of rise in applicable tax rate for the year under the tax reforms in the PRC. The over-provision of tax was mainly due to tax credit given by the PRC government. Based on the latest guidelines issued by the PRC government in respect of beneficial owner assessment, the Group could enjoy preferential tax rate on distribution of profits from its PRC subsidiaries under Mainland China/Hong Kong Double Taxation Arrangement. Reversal of deferred tax of HK$2.2 million has been made as a result.

Profit attributable to owners of the Company was HK$73.0 million for the year ended 31 March 2013, representing a decrease of 39.3% compared to HK$120.3 million last year. The net profit margin decreased by 3.2% from 8.3% to 5.1% when compared with last year. Basic earnings per share amounted to HK14.6 cents for the year compared to HK24.1 cents last year. The Board recommended a final dividend of HK4 cents per share compared to HK7 cents per share last year, which would result in the dividend payout ratio for the whole year of 75% (2012: 58%).

Industry Review

While the PRC reported stable economic growth against the general slowdown in the global economy in 2012, consumers were cautious in their spending given uncertainties in the economic outlook. The market for sporting goods was subject to a decline in demand for consumer goods as the European and U.S. economies continued to be troubled by high unemployment rates in 2012. In the PRC, economic growth has slowed down since recent years following successive periods of solid growth. According to the "2012 China Sporting Goods Industry White Paper" published by China Sporting Goods Federation, the PRC's domestic sportswear brands experienced a second consecutive year of decline in sales in 2012. According to the White Paper, domestic sportswear sales by Mainland listed enterprises in 2012 dropped by nearly 20% as compared to the previous year, indicating the end of a cycle of high growth for the PRC's sporting goods industry. The global sporting goods industry is currently subject to a decline in the overall demand for sporting goods, a changing structure and pattern in consumer spending, piling stocks and shrinking profit. Production costs have increased significantly in line with unyielding inflationary prices in Asia as a result of quantitative easing measures adopted by various countries, coupled with substantially higher levels of minimum labour wages and benefits introduced by the PRC and major manufacturing nations in Southeast Asia in recent years.

Business and Market Review

While the industry as a whole continued to be subject to intense competition, change became the key to success for market player. In response to the situation, the Group has vigorously carried out reforms on all fronts in recent years to consolidate its strengths for future development.

Leveraging complementary strengths of different regions and driving sustainable growth with research and development

Relocation to the central and western regions of the PRC as well as developing countries in Southeast Asia has become a major trend for manufacturers previously based in the PRC's coastal regions that have been subject to rising production costs and limitations in resources and the environment for development. The Group started to expand its business to Jiangxi Province, the PRC and Banten Province, Indonesia in previous years, as a solution to rising labour cost, inadequate land supply and insufficient domestic labour supply in the Mainland China. We have positioned the New Plants as large-scale, standardised production bases leveraging the labour cost advantage and land resources in the PRC's central and western regions. The plant in Indonesia, which represents the Group's first step towards international development, has enhanced the flexibility of our order arrangements and the strength of our diversification strategy. Meanwhile, the existing plants in Guangdong Province, the PRC have been designated as research and development bases characterised by advanced technologies, high added value and low resource consumption capitalising on its existing strengths in technology, research and development and marketing.

By leveraging the mutually complementary strengths of the new regions and the developed regions, the Group has built a solid foundation for long-term development.

Close tracking of market demand to support clients' initiatives to address market requirements

With the introduction of fashion element that changes the appearance of sportswear and the technology element that enhances its functions amid a rapidly evolving consumers' market, sportswear has been transformed from a durable consumer product to fast fashion. As a result, the current market strategy of our customers is underpinned by "market segment sub-division, collective designs, small-batch production and style variety". To afford best services for customers, the Group has built a swift-acting marketing regime that is highly flexible, resilient, adaptable to changes and capable of prompt response. Our in-house design team has kept a close tracking of market demand and maintained frequent liaison with suppliers to learn about functions of novel materials and innovative production technologies, while enhancing communication with customers to ensure understanding of their requirements and needs. In view of production, the sample manufacturing process has been optimised to improve production capacity and quality while shortening the lead-time for sample production, to enable customers' launch of new products in the retail market within the shortest possible time.

To further support our customers' market strategy of "market segment sub-division and style variety," the Group vigorously expanded its sample production line during the year to cope with the significantly increased quantity of styles developed and enhance production flexibility. Equipment at the test laboratory has also been enhanced with the addition of advanced equipment such as Formaldehyde Determination, Automatic Fabric Air Permeability Tester, and Digital Fabric Water Permeability Tester, so as to expedite the speed of laboratory tests and shorten the lead-time of development of new product styles.

Being focused on the PRC, the U.S. and Europe as major markets while vigorously developing new clientele

It has been the Group's market strategy in recent years to vigorously develop the European and U.S. markets while continuing to make inroads in the market of the PRC. While the European and U.S. economies have yet to see full recovery from the blow of the 2008 financial tsunami, they have remained major consumer nations as major economies in the world, providing enormous market demand for sporting goods. As for the emerging markets, the PRC has outperformed its peers over the years, being intensely contested for by most sporting brands even though demand in the market has slowed down in recent years. The Group expects to adhere to this market strategy in future. The PRC, the U.S. and Europe remained the top three markets of the Group during the year under review, accounting for 32%, 21% and 17% of our sales for the year, respectively. Sales generated from the PRC, the Group's largest market, were generally stable with a minimal year-on-year decrease of approximately 2% reflecting mainly intense competition in the industry. The U.S. replaced Europe as the Group's second largest market with sales growing significantly by approximately 64%, while sales in Europe decreased substantially by approximately 43%, resulting from customers' business strategy of reallocation of orders. The Group has been able to sustain stable overall sales and mitigate the impact of market volatility or changes in clients' business strategies on its sales on the back of its strategy of market diversification.

Outlook

Market demand for sportswear is expected to sustain given growing public awareness of health issues and increasing popularity of sporting activities, while the trend of fashionable and leisure sportswear in recent years has provided immense potential to drive further growth of the sportswear market. At the same time, we are also well-prepared as a sportswear manufacturer to embrace future challenges in view of escalating competition in the sporting goods industry and increasing demand for product quality and functions from the consumers. The Group remains confident in the long-term prospect of the market for sporting goods and the Board intends to maintain the Group's dividend payout policy.

Labour supply and labour costs are very important factors affecting the operation of sportswear manufacturers given sportswear manufacturing being labour-intensive industry. To pursue sustained development at reasonable costs, the Group commenced the construction of production bases in Jiangxi Province, the PRC and Banten Province, Indonesia in 2010 to leverage the relatively low labour costs and abundant labour supply in these regions. The New Plants became fully operational during the year and we are stepping up with the training of workers to enhance efficiency. Coupled with the depreciation factor associated with property, plant and equipment of the New Plant, the Group does not anticipate the New Plants to make profit contributions in the coming one to two years, although they will unquestionably provide the driving force for the Group's growth in the long run.

In connection with supply-chain management, the Group seeks to cope with the ever-changing consumer market by adopting business measures on all fronts, such as optimising its information technology system to cater for customers' requirements, adopting innovative technologies to shorten production lead-time, refining lean production to enhance efficiency and making ongoing investments in research, development and design teams to improve product functions and designs.

The Group is concerned with improving not only the quality of its products, but also the quality of its human resources, its invaluable assets, to help maintain a leading edge in the intense market competition. The Group has further optimised and adjusted its organisational structure to enhance its operating efficiency following the commissioning of the New Plants.The Group considers the right employees as cornerstone to its development. It places a strong emphasis on the selection, training, motivation and retention of the employees, enhancing internal staff training and development through a systematic human resource management regime, while recruiting high-calibre persons to facilitate future expansion. The Group's human resource management is based on the principle of matching individual remuneration with the job position, performance and abilities and ensuring competitiveness of remuneration for core staff with a view to sustainable development for the Group and its employees amidst a highly competitive environment.

Social Responsibility

The Group fulfills its corporate social responsibility by engaging in practical actions that bring warmth and affection to the community and deliver long-term benefits to its employees, the community and the environment. In addition to charitable donations by the Group, staff volunteer teams are also organized to participate in charitable fundraising activities, holiday visits to underprivileged families and the Bridge to China fundraising walkathon.

In response to the call for environmental protection, the Group has launched a series of campaigns and activities on environmental protection and energy conservation. Through seminars and talks on how industrial pollution jeopardises human life, health and workplace coupled with relevant training sessions, it aroused employees' awareness of the importance of environmental protection and refuse sorting and recycling. Refuse sorting and recycling have been diligently implemented at our plants. The Group also manufactures colourful and environment-friendly shopping bags with scrap material with a view to reducing the consumption of plastic bags, enhancing staff environmental awareness and maximising the use of raw materials. An environmental protection contest was held during the year. The participating staff showed their creativity with waste-turned items of trendy design, underpinning strong environmental awareness at the Group.

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 provided by its bankers. As at 31 March 2013, the Group had cash and cash equivalents amounted to HK$309.4 million (31 March 2012: HK$372.0 million) mainly denominated in Hong Kong dollars, Renminbi ("RMB"), US dollars and Indonesian Rupiah.

As at 31 March 2013, the Group had aggregate banking facilities of HK$666.0 million (31 March 2012: HK$706.0 million), out of which HK$316.0 million (31 March 2012: HK$356.0 million) were secured by corporate guarantees executed by the Company and a subsidiary of the Company. The banking facilities amounting to HK$390.0 million were utilised by the Group as at 31 March 2013 (31 March 2012: HK$427.6 million). As at 31 March 2013, the Group's total bank borrowings was HK$387.6 million (31 March 2012: 418.9 million). As at 31 March 2013, based on the scheduled repayments set out in the relevant loan agreements with banks, the maturity profile of the Group's bank borrowings spread over four years with HK$145.2 million repayable within one year, HK$31.2 million in the second year, HK$211.2 million in the third to fourth year.

The management believes that the existing financial resources will be sufficient to meet 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. As at 31 March 2013, the Group's gearing ratios is 6.9% (31 March 2012: 4.4%).

Foreign Exchange Risk Management

The Group has transactional currency exposures. Such exposures arise from substantial portion of sales or purchases by operating units in US dollars and RMB. The Group is exposed to foreign exchange risk arising from the exposure of US dollars and RMB. As the foreign currency risks generated from the sales and purchases can be set off with each other, the Group believes its exposure to exchange rate risk is minimal. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

The Group currently does not have a foreign currency hedging policy. However, the management monitors the foreign exchange exposures and will consider hedging the significant foreign currency exposures should any need arises.

Significant Investments

As at 31 March 2013, there was no significant investment held by the Group (31 March 2012: Nil).

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2013 (2012: Nil).

Contingent Liabilities

As at 31 March 2013, the Group did not have any significant contingent liabilities (31 March 2012: Nil).

Employees and Remuneration Policies

As at 31 March 2013, the Group employed a total of approximately 10,000 employees including directors (31 March 2012: approximately 10,000). Total employee benefits expenses including directors' emoluments were HK$371.0 million for the year under review (year ended 31 March 2012: HK$326.1 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 central pension scheme for the employees of the Group in the PRC.

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 HK4 cents per share (2012: HK7 cents) payable on Thursday, 12 September 2013 to persons who are registered shareholders of the Company on Thursday, 29 August 2013 subject to the approval of shareholders at the forthcoming annual general meeting. Together with the interim dividend of HK7 cents per share (2012: HK7 cents), the total dividend for the financial year is HK11 cents per share (2012: HK14 cents).

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company (the "Annual General Meeting") will held on Wednesday, 21 August 2013. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 15 August 2013 to Wednesday, 21 August 2013, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, 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, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 August 2013.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Thursday, 29 August 2013. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 28 August 2013 to Thursday, 29 August 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Tuesday, 27 August 2013. The payment of final dividend is expected to be made on Thursday, 12 September 2013.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2013, except for the deviation in respect of the attendance of the independent non-executive directors at the general meetings of the Company set out in Code Provision A.6.7 of the Code.

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. An independent non-executive director did not attend the annual general meeting of the Company held on 27 August 2012 due to his other commitments.

Subsequent to the year ended 31 March 2013, the Company announced that Mr. Chung Yuk Sing, the Chairman of the Board, will be appointed as Chief Executive Officer of the Company with effect from 30 June 2013. Since 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, there will be a deviation from Code Provision A.2.1 by the Company with effect from 30 June 2013. Details of the deviation and explanations therefor are disclosed in the announcement of the Company dated 25 June 2013.

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 Company's 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 has reviewed the Group's consolidated financial statements for the year ended 31 March 2013, including the accounting principles adopted by the Group.

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 2013 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, 28 June 2013

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.