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 2014

FINANCIAL HIGHLIGHTS

- Revenue in 2014 slightly increased by 2.8% to HK$1,483.8 million compared with HK$1,444.0 million in 2013.

- Gross profit margin in 2014 decreased from 17.3% (restated) to 13.1% and net profit margin decreased from 5.1% (restated) to 1.5% when compared with last year.

- Profit for the year attributable to owners of the Company was HK$21.9 million, representing 70.1% decrease compared to HK$73.0 million (restated) 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 audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 together with the comparative figures for the corresponding year in 2013 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000 (restated)
REVENUE	*3*	**1,483,774**	1,443,994
Cost of sales		**(1,289,041)**	(1,194,374)
Gross profit		**194,733**	249,620
Other income	*4*	**4,452**	4,607
Selling and distribution expenses		**(21,526)**	(16,692)
Administrative expenses		**(135,425)**	(136,690)
Finance costs	*5*	**(5,002)**	(6,239)
PROFIT BEFORE TAX	*6*	**37,232**	94,606
Income tax expense	*7*	**(15,362)**	(21,568)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**21,870**	73,038
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**4.4**	14.6
Diluted		**4.4**	14.6

Details of dividends are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014	2013
	HK$'000	HK$'000
		(restated)
PROFIT FOR THE YEAR	**21,870**	73,038
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	**1,130**	(169)
Other comprehensive income/(expense) may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**13,409**	(10,300)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	**14,539**	(10,469)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**36,409**	62,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	31 March 2014 HK$'000	31 March 2013 HK$'000 (restated)	1 April 2012 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**755,797**	792,004	768,898
Prepaid land lease payments		**74,678**	76,129	78,470
Deposits		**-**	-	10,679
Goodwill		**26,112**	26,112	26,112
Total non-current assets		**856,587**	894,245	884,159
CURRENT ASSETS				
Inventories		**260,275**	229,730	244,961
Accounts and bills receivables	*10*	**134,263**	184,004	141,955
Prepayments, deposits and other receivables		**27,862**	22,317	34,131
Cash and cash equivalents		**276,565**	309,352	371,986
Total current assets		**698,965**	745,403	793,033
CURRENT LIABILITIES				
Accounts and bills payables	*11*	**96,112**	108,820	103,364
Accrued liabilities and other payables		**81,366**	96,469	80,845
Interest-bearing bank borrowings		**339,620**	387,646	418,896
Tax payable		**9,538**	14,703	29,626
Total current liabilities		**526,636**	607,638	632,731
NET CURRENT ASSETS		**172,329**	137,765	160,302
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,028,916**	1,032,010	1,044,461
NON-CURRENT LIABILITIES				
Pension scheme obligation		**2,425**	2,578	531
Deferred tax liabilities		**14,574**	13,950	21,061
Total noncurrent liabilities		**16,999**	16,528	21,592
Net assets		**1,011,917**	1,015,482	1,022,869
EQUITY				
Equity attributable to owners of the Company				
Issued capital		**4,997**	4,997	4,997
Reserves		**1,006,920**	1,010,485	1,017,872
Total equity		**1,011,917**	1,015,482	1,022,869

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. 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

(i) The Group has adopted the following new and 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments:Disclosures–Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKAS 1 and HKAS 19 (2011), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

(b) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen not to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

(c) HKAS 19 (2011) changes the accounting for defined benefit plans. The revised standard removes the choice to defer the recognition of actuarial gains and losses. All actuarial gains and losses are required to be recognised immediately in other comprehensive income ("OCI"). The interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a net interest amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Prior to the adoption of HKAS 19 (2011), the Group elected to recognise actuarial gains or losses as income or expense over the expected average remaining service periods of the employees participating in the defined benefit plan when the net cumulative unrecognised actuarial gains or losses for the plan at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. Upon the adoption of HKAS 19 (2011), all actuarial gains and losses are recognised in OCI immediately. As a result, all deferred actuarial gains and losses as at 1 April 2012 and 31 March 2013 were recognised in OCI and the actuarial losses recognised in the income statement for the year ended 31 March 2013 were adjusted to OCI. In addition, the interest cost and expected return on plan assets recorded in 2013 have been replaced by a net interest amount.

Furthermore, upon the adoption of HKAS 19 (2011), all past service costs are recognised at the earlier of when an amendment/curtailment occurs and when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. Since the Group did not have unrecognised service costs as at 1 April 2012 and 31 March 2013, the adoption of HKAS 19 (2011) has had no financial impact on the past services costs.

Other than the changes to the accounting for defined benefit plan, HKAS 19 (2011) also changes the timing of recognition for termination benefits and the classification of short term employee benefits. The revised standard requires termination benefits outside of a wider restructuring to be recognised only when the offer becomes legally binding and cannot be withdrawn. Under the revised standard, the distinction between short term and other long term employee benefits is now based on the expected timing of settlement rather than employee entitlement. As the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period or had no events giving rise to termination benefits, the changes to the accounting for these benefits have had no effect on the financial position or performance of the Group.

The effects of the changes to the accounting for the Group's defined benefit plan are summarised below:

Consolidated income statement

	Year ended 31 March 2014 HK$'000	Year ended 31 March 2013 HK$'000
Increase in costs of sales	**(1,161)**	(1,508)
Increase in administrative expenses	**(202)**	(341)
Decrease in profit for the year attributable to owners of the Company	**(1,363)**	(1,849)
Decrease in earnings per share attributable to owners of the Company		
Basic	**(HK0.3 cent)**	(HK0.4 cent)
Diluted	**(HK0.3 cent)**	(HK0.4 cent)

Consolidated statement of comprehensive income

	Year ended 31 March 2014 HK$'000	Year ended 31 March 2013 HK$'000
Decrease in profit for the year	**(1,363)**	(1,849)
Increase/(decrease) in actuarial gain/(loss) on defined benefit plan	**1,130**	(169)
Decrease/(increase) in exchange differences on translation of foreign operations	**386**	(29)
Increase/(decrease) in other comprehensive income for the year attributable to owners of the Company	**1,516**	(198)
Increase/(decrease) in total comprehensive income for the year attributable to owners of the Company	**153**	(2,047)

Consolidated statement of financial position

	31 March 2014 HK$'000	31 March 2013 HK$'000	1 April 2012 HK$'000
Increase in pension scheme liabilities	**(2,425)**	(2,578)	(531)
Decrease/(increase) in exchange fluctuation reserve	**(357)**	29	-
Decrease in retained profits	**2,782**	2,549	531

(ii) Change in accounting policy for leasehold land and buildings

In accordance with HKAS 16 *Property, Plant and Equipment*, leasehold land and buildings can either be accounted for using the cost model or the revaluation model after their initial recognition. The Group accounted for its leasehold land and buildings using the revaluation model in previous years.

Given the fact that most of the leasehold land and buildings held by listed companies in Hong Kong in the manufacturing and retail industries are accounted for using the cost model, during the year, the Group aligned its accounting policy with the industry practice and stated its leasehold land and buildings at cost less accumulated depreciation and any impairment losses. In addition, the Group's leasehold land and buildings are not expected to be sold in the normal course of business, instead, the future economic benefits embodied in the leasehold land and buildings will be recovered principally through use in the Group's operation. In the opinion of the directors, this change in the accounting policy enables the Group to provide more relevant information in the financial statements about its performance.

Consolidated income statement

	Year ended 31 March 2014 HK$'000	Year ended 31 March 2013 HK$'000
Decrease in cost of sales	**3,522**	1,277
Decrease in administrative expenses	**2,343**	646
Increase in profit for the year attributable to owners of the Company	**5,865**	1,923
Increase in earnings per share attributable to owners of the Company		
Basic	**HK1.2 cents**	HK0.4 cent
Diluted	**HK1.2 cents**	HK0.4 cent

Consolidated statement of comprehensive income

	Year ended 31 March 2014 HK$'000	Year ended 31 March 2013 HK$'000
Increase in profit for the year	**5,865**	1,923
Decrease in revaluation surplus on leasehold land and buildings	**(98,807)**	(105,278)
Decrease in deferred tax liabilities	**24,492**	24,663
Increase in exchange differences on translation of foreign operations	**(1,613)**	(265)
Decrease in other comprehensive income for the year attributable to owners of the Company	**(75,928)**	(80,880)
Decrease in total comprehensive income for the year attributable to owners of the Company	**(70,063)**	(78,957)

Consolidated statement of financial position

	31 March 2014 HK$'000	31 March 2013 HK$'000	1 April 2012 HK$'000
Decrease in property, plant and equipment	**(257,695)**	(163,140)	(59,520)
Decrease in deferred tax liabilities	**63,213**	38,721	14,058
Decrease in asset revaluation reserve	**201,451**	127,136	46,521
Decrease in exchange fluctuation reserve	**5,738**	4,125	3,860
Increase in retained profits	**(12,707)**	(6,842)	(4,919)

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 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 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**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
				(restated)
USA	**464,754**	309,800	**43,402**	42,832
Mainland China	**339,199**	459,010	**29,774**	47,623
Europe	**218,513**	250,619	**15,914**	29,747
Japan	**151,238**	121,601	**7,920**	14,449
Others	**310,070**	302,964	**21,786**	35,590
	1,483,774	1,443,994	**118,796**	170,241
Interest and other unallocated income			**4,452**	4,607
Unallocated expenses			**(86,016)**	(80,242)
Profit before tax			**37,232**	94,606
Income tax expense			**(15,362)**	(21,568)
Profit for the year attributable to owners of the Company			**21,870**	73,038

Geographical information – non-current assets

	2014	2013
	HK$'000	HK$'000
		(restated)
Hong Kong	**18,201**	20,905
Mainland China	**695,051**	725,621
Indonesia	**143,335**	147,719
	856,587	894,245

Information about major customers

Revenue of approximately HK$677,915,000 (2013: HK$750,198,000) and HK$403,117,000 (2013: HK$371,238,000) 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

	2014 HK$'000	2013 HK$'000
Bank interest income	**1,417**	2,897
Others	**3,035**	1,710
	4,452	4,607

5. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on bank loans wholly repayable within five years	**5,002**	6,239

6. PROFIT BEFORE TAX

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

	2014 HK$'000	2013 HK$'000 (restated)
Cost of inventories sold	**1,289,041**	1,194,374
Depreciation*	**61,856**	59,910
Amortisation of prepaid land lease payments*	**2,368**	2,327
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**385,828**	335,451
Pension scheme contributions, including a pension cost for defined benefit plan of HK$1,363,000 (2013: HK$1,849,000 (restated))	**55,333**	37,669
Less: Forfeited contributions	**(872)**	(321)
Net pension scheme contributions	**54,461**	37,348
Total employee benefits expenses*	**440,289**	372,799
Minimum lease payments under operating leases in respect of land and buildings*	**3,418**	3,331
Foreign exchange differences, net	**4,270**	1,964
Write-off of items of property, plant and equipment	**2,458**	-

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

	2014	2013
	HK$'000	HK$'000
		(restated)
Depreciation	**41,877**	40,317
Amortisation of prepaid land lease payments	**1,896**	1,867
Employee benefits expenses	**372,076**	298,193
Minimum lease payments under operating leases in respect of land and buildings	**3,418**	3,331

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK$'000	HK$'000
Current tax charge for the year:		
Hong Kong	**9,520**	19,132
Elsewhere	**6,506**	11,998
Overprovision of current tax in respect of prior years	**(1,177)**	(7,371)
Deferred	**513**	(2,191)
Total tax charge for the year	**15,362**	21,568

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$21,870,000 (2013: HK$73,038,000 (restated)), and 499,680,000 (2013: 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 2014 and 2013 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDENDS

	2014 HK$'000	2013 HK$'000
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2013 – HK4 cents per ordinary share (2013: final dividend of HK7 cents per ordinary share, in respect of the financial year ended 31 March 2012)	**19,987**	34,978
Interim – HK4 cents (2013: HK7 cents) per ordinary share	**19,987**	34,978
	39,974	69,956
Proposed final dividends – Nil (2013: HK4 cents) per ordinary share	**-**	19,987

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 (2013: 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.

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:

	2014 HK$'000	2013 HK$'000
Within 30 days	**81,222**	114,266
31 to 60 days	**34,793**	45,639
61 to 90 days	**10,193**	5,999
Over 90 days	**8,055**	18,100
	134,263	184,004

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:

	2014	2013
	HK$'000	HK$'000
Within 90 days	**89,207**	102,259
91 to 180 days	**1,469**	1,843
181 to 365 days	**578**	569
Over 365 days	**4,858**	4,149
	96,112	108,820

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

12. COMPARATIVE FIGURES

As further explained in notes 2(i) and (ii) above, due to the adoption of new and revised HKFRSs during the current year and the reasons as detailed in note 2(ii), the accounting treatment and presentation of certain items and balances in the financial statements have been revised. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform to the current year's presentation and accounting treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group reported a moderate 2.8% growth in total sales despite unsatisfactory demand for sportswear in the retail market amid continued weakness in the global economy. The Group's business remained stable as it endeavoured diversifying to different types of sportswear with the support of longstanding customers.

The Group's operating revenue grew moderately by 2.8% to HK$1,483.8 million (2013: HK$1,444.0 million). Gross profit declined substantially by 22.0% to HK$194.7 million (2013: HK$249.6 million (restated)), while our gross profit margin for the year decreased 4.2% from 17.3% (restated) to 13.1%. The decline in gross profit was mainly attributable to the substantial rise in labour costs. Committed to improving the living standards of the people, the PRC government has sanctioned several increments in the statutory minimum wage level and social benefits in the PRC in recent years. Jiangxi Province and Guangdong Province, the PRC, where the Group's production bases are located, announced further increments to their statutory minimum wage levels in April and May 2013, respectively. At Jiangxi Province, the minimum wage level substantially increased by close to 50%. Indonesia government raised the statutory minimum wage level by around 48% and 13% in January 2013 and January 2014 respectively, resulting in great increase in labour costs of our factory in Indonesia. Besides, the Group adjusted the wages of its workers and enhanced its bonus programme to boost staff morale and encourage them to improve their production efficiency.

Moreover, the Group has in recent years unified the business model of its PRC subsidiaries into "import processing" so that certain of its PRC subsidiaries have become engaged in import processing as opposed to contract processing. While value added tax expense has increased as a result, the change has enabled the subsidiaries to carry out their own domestic and international marketing, especially in connection with procurement, for which they are able to identify more cost-efficient partners to facilitate cost savings and increase flexibility in production.

During the year, the Group changed its accounting policy for leasehold land and buildings from revaluation model to cost model. Total depreciation charge for the year decreased by HK$5.9 million as a result.

The Group's selling and distribution expenses increased by HK$4.8 million, mainly due to increase in transportation costs. Administrative expenses decreased by HK$1.3 million mainly as a result of manpower reorgnisation and adjustments to our remuneration structure to achieve cost savings. Finance costs decreased by HK$1.2 million (or 19.8%) in tandem with the year-on-year decrease in the overall loan interest rate and overall outstanding bank loans.

In respect of taxation, profit before tax decreased by HK$57.4 million (or 60.6%), while the Group's overall tax expenses decreased by HK$6.2 million (or 28.8%). However, our effective tax rate for the year increased substantially by 18.5% to 41.3% from 22.8% (restated). The substantial increase in the Group's overall effective tax rate was mainly attributable to the fact that the tax losses of the Group's two production bases in Jiangxi Province, the PRC and Banten Province, Indonesia (the "Production Plants") could not be used to offset tax payments of our old plants in Guangdong Province, the PRC. In addition, a subsidiary of the Group based in Guangdong Province had been entitled to a 50% reduction in tax for the previous year pursuant to a tax concession which had expired in December 2012. The said subsidiary was required to pay taxes at the standard rate of 25% for the year under review so that the Group's overall effective tax rate was driven higher as a result.

Profit attributable to owners of the Company was HK$21.9 million for the year ended 31 March 2014, representing a decrease of 70.1% compared to HK$73.0 million (restated) last year. The net profit margin decreased by 3.6% from 5.1% (restated) to 1.5% when compared with last year. Basic earnings per share amounted to HK4.4 cents for the year compared to HK14.6 cents (restated) last year. The Board does not recommend payment of final dividend, while a final dividend of HK4 cents per share was paid last year. An interim dividend of HK4 cents per share was paid during the year, resulting in a dividend payout ratio for the year of 91% (2013: 75% (restated)).

Industry Review

Global economy continued to slow down in 2013. Economic recovery in Europe and the United States remained sluggish, and the outlook for the coming years was still uncertain. In the PRC, while growth in domestic retail consumption has sustained for years, the lowest GDP growth rate in the last decade was reported for 2013, reflecting the continuous decline in the domestic economic growth of the PRC. The overall retail market in the PRC remained under pressure.

Following a period of destocking for the sportswear market over the past few years, major sportswear brands have been exercising vigorous control over their inventory levels. In an intensely competitive marketplace, sportswear brands have sought to optimise their retail channels while being engaged in the development of e-commerce with a view to swift response to market demands. As an integral part of the supply chain, the Company will continue to closely monitor the demand of customers and the market in order to manufacture the best products.

Production Management

With the booming of productivity in Southeast Asian countries, many PRC manufacturers have opted to go out of the PRC and establish factories in Indonesia, Vietnam and Cambodia, etc to capitalise on the low labour costs in such countries. To address the challenge, during the year, the management adjusted the production structure and optimised the production capacities of our four production bases in Shantou and Huilai in Guangdong Province, the PRC, Yifeng in Jiangxi Province, the PRC and Banten Province, Indonesia. Reallocation of workers and management personnel was conducted to streamline production management, lower labour costs and improve production efficiency. Meanwhile, certain senior management personnel previously based in Guangdong Province, the PRC were redeployed to the Production Plants to conduct training in person, with the aim of improving the production skills of workers at the Production Plants in a short period in preparation for efficient production and capacity expansion in future.

During the year, the Group terminated the lease of a factory premises in Shantou and consolidated and transferred its staff, machinery equipment and computers to other production bases in Shantou and Jiangxi Province, the PRC to support the Group's in-service training and training for new workers at the Production Plants. Moreover, the Group made dedicated efforts to optimise its production management, as well as restructure and streamline its organization structure to reduce costs. As a result, there was a slight adjustment in the total number of the Group's employees compared to the previous year, which was in line with the Group's development strategies.

Business and Market Review

Tracking Market Demands

The market for consumer goods is constantly evolving. In view of increasing public interest in a healthy lifestyle and participation in sports, the Group has been engaged in the manufacture of fashionable fabric-woven sportswear with excellent functional features for international sportswear brands on the back of its refined and precise production technologies. Moreover, as most sportswear brands were adopting a market strategy underpinned by small volumes, diverse style choices, low costs and strong functionality, the Group also adjusted its management and organizational structure to enhance on-job training for the staff and introduce new machinery and equipment compatible with customers' development, in order to allow greater flexibility in production.

Developing the Production of Down and Down-like Apparels

During the year, the Company established a stand-alone quilt-filling workshop and purchased a number of automated down-filling machines to ensure that each down jacket is made of standard portions of high-quality down feather. Workers at the stand-alone down sewing workshop are required to attend intensive on-job training, as well as to put on special suits while performing their tasks. In view of weakened spending powers in a slow economic recovery, the Group successfully masters the technique of producing jacket with down-like artificial materials, which requires lower material costs but offers comparable quality to down jackets in terms of appearance and insulation to meet the demand of different customers and market segments.

Production automation
Rising labour costs in recent years represent the single most impending issue for labour-intensive industries. For many textile manufacturers who seek to lower labour costs, production automation and the increased application of machinery represents the only solution for those looking to reduce the number of workers and costs. In this connection, the Group has been working with machinery manufacturers to determine which production machines can operate on an automated basis, and will continue to identify opportunities in production automation in future.

Globalisation of Sales
Over the past few years, the PRC's sportswear industry has been subject to excessive inventory levels, over-expansion and many brands have been confronted with the challenge of business restructuring.
Under an austere economic environment, the Group's sales to Mainland China as a percentage of its total sales were reduced to 22.9% from 31.8% when compared with last year. While the U.S., Mainland China and Europe continued to claim the largest shares of the Group's sales, accounting for 31.3%, 22.9% and 14.7%, respectively (2013: 21.5%, 31.8% and 17.4%), the management was adjusting the weightings of sales to Mainland China and the U.S. in line with market demands, as the Group made vigorous efforts to develop the relatively stable U.S. market during the year and succeeded in increasing the weighting of U.S. sales by close to 10%, making it the largest sales destination of the Group for the year. Sales to Japan for the year increased from 8.4% to 10.2% as a percentage of our total sales, as we capitalised on opportunities presented by the nation's economic recovery in the aftermath of the earthquake in March 2011. In future, the Group will continue to be focused on the three regions of the U.S., Mainland China and Europe, while seeking to develop sales in other emerging markets to diversify the risk of regional concentration of customers and maintain balanced growth in sales.

Corporate Social Responsibility

Eco-friendly Factories
Apart from enhancing production technologies at its factories, the Group also places a strong emphasis on environmental protection. Since 2011, the Group has been invited by NIKE, one of its patrons, to join its MSI programme designed to promote a green production policy. The programme features the prohibition of banned chemicals, a pledge for non-toxic production, implementation of production waste water treatment, water and energy conservation and carbon reduction and the obtaining of certification by other environmental organisations. Through participation in various programmes, the Group has successfully enhanced the environmental awareness of its staff.

Outlook

2014 has been a difficult year. Given uncertainties in the global economy, the Board of Directors has revised the future management direction of the Group, and all employees have shown strong dedication working in concerted effort to ensure the Group's future business growth. During the year, the Board of Directors made an interim dividend payment of HK4 cents per ordinary share, representing a dividend payout ratio of 91% of the annual profit. No payment of final dividend is recommended. The Group has been committed to maintaining its dividend payout ratio to generate stable return for shareholders. The Group has been recruiting high-calibre personnel and introducing automated machinery to equip itself for the challenges of coming years. We believe that we will be able to deliver greater value and return to shareholders in the near future.

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 2014, the Group had cash and cash equivalents amounted to HK$276.6 million (31 March 2013: HK$309.4 million) mainly denominated in Hong Kong dollars, Renminbi ("RMB"), US dollars and Indonesian Rupiah.

As at 31 March 2014, the Group had aggregate banking facilities of HK$718.0 million (31 March 2013: HK$666.0 million), out of which HK$368.0 million (31 March 2013: HK$316.0 million) were secured by corporate guarantees executed by the Company and a subsidiary of the Company. The banking facilities amounting to HK$339.6 million were utilised by the Group as at 31 March 2014 (31 March 2013: HK$390.0 million). As at 31 March 2014, the Group's total bank borrowings was HK$339.6 million (31 March 2013: HK$387.6 million). As at 31 March 2014, 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 two years with HK$145.0 million repayable within one year, HK$194.6 million in the second 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 2014, the Group's gearing ratios is 6.2% (31 March 2013: 7.7% (restated)).

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 arise.

Significant Investments

As at 31 March 2014, there was no significant investment held by the Group (31 March 2013: Nil).

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2014 (2013: Nil).

Contingent Liabilities

As at 31 March 2014, the Group did not have any significant contingent liabilities (31 March 2013: Nil).

Employees and Remuneration Policies

As at 31 March 2014, the Group employed a total of approximately 9,400 employees including directors (31 March 2013: approximately 10,000). Total employee benefits expenses including directors' emoluments were HK$440.3 million for the year under review (year ended 31 March 2013: HK$372.8 million (restated)).

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 does not recommend payment of a final dividend (2013: HK4 cents) to shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company (the "Annual General Meeting") will be held on Thursday, 21 August 2014. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 15 August 2014 to Thursday, 21 August 2014, 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, on the Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14 August 2014.

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 2014, 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. An independent non-executive Director did not attend the annual general meeting of the Company held on 21 August 2013 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 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 accounting principles and practices adopted by the Group and the annual results of the Group for the year with the external auditors of the Company, Messrs. Ernst & Young.

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 2014 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, 27 June 2014

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.