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: 2368)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with the comparative unaudited figures for the corresponding period in 2007 and the relevant explanatory notes.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**611,243**	385,231
Cost of sales		**(455,086)**	(299,312)
Gross profit		**156,157**	85,919
Other income	*4*	**3,087**	3,548
Selling and distribution expenses		**(9,824)**	(5,515)
Administrative expenses		**(42,304)**	(26,589)
PROFIT BEFORE TAX	*5*	**107,116**	57,363
Tax	*6*	**(14,110)**	(7,350)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**93,006**	50,013
DIVIDENDS			
Interim dividend	*7*	**59,962**	34,978
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK18.61 cents**	HK11.39 cents
Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2008 (Unaudited) *HK$'000*	As at 31 March 2008 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**255,319**	268,353
Prepaid land lease payments		**71,827**	72,971
Prepayments and deposits for property, plant and equipment		**10,903**	6,237
Goodwill		**26,112**	26,112
		364,161	373,673
CURRENT ASSETS			
Inventories		**146,698**	123,508
Accounts and bills receivable	*9*	**199,022**	146,582
Prepayments, deposits and other receivables		**7,825**	8,469
Cash and cash equivalents		**287,960**	274,585
		641,505	553,144
CURRENT LIABILITIES			
Accounts and bills payable	*10*	**70,834**	55,599
Accrued liabilities and other payables		**60,895**	61,295
Tax payable		**27,419**	16,851
		159,148	133,745
NET CURRENT ASSETS		**482,357**	419,399
TOTAL ASSETS LESS CURRENT LIABILITIES		**846,518**	793,072
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**12,513**	12,903
		834,005	780,169
EQUITY			
Equity attributable to ordinary equity holders of the Company:			
Issued capital		**4,997**	4,997
Reserves		**769,046**	725,204
Proposed dividend		**59,962**	49,968
		834,005	780,169

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND IMPACT OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements of the Group for the year ended 31 March 2008, except in relation to the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above new/revised HKFRSs are mandatory for the first time for the financial year beginning on 1 April 2008. There was no material impact on the basis of preparation of the condensed consolidated interim financial statements arising from the adoption of the above-mentioned new or revised accounting standards.

2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new or revised HKFRSs, which have been issued but not yet effective, in these interim financial statements. The directors of the Company anticipate that the application of these new or revised HKFRSs may result in new or amended presentation and disclosures on the financial statements but will have no significant impact on the Group's results and financial position.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKFRS 2 Amendments	Share-based Payment - Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [1]

[1] Effective for annual periods beginning on 1 April 2009
[2] Effective for annual periods beginning on 1 April 2010

3. SEGMENT INFORMATION

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

	Revenue Six months ended 30 September (Unaudited)		**Contribution to profit before tax Six months ended 30 September (Unaudited)**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC")	**294,175**	210,571	**68,113**	42,304
Japan	**85,066**	74,449	**19,587**	19,456
South Korea	**37,749**	29,428	**10,744**	6,500
Hong Kong	**12,690**	12,946	**3,567**	3,110
Others	**181,563**	57,837	**54,146**	14,549
	611,243	385,231	**156,157**	85,919
Other income			**3,087**	3,548
Unallocated expenses			**(52,128)**	(32,104)
Profit before tax			**107,116**	57,363

No information was disclosed in respect of the Group's business segments as the Group is solely engaged in the manufacture and sale of sportswear and garments.

4. OTHER INCOME

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**2,374**	3,450
Rental income	**121**	10
Others	**592**	88
	3,087	3,548

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**17,152**	14,301
Amortisation of prepaid land lease payments	**1,069**	915

6. TAX

	Six months ended 30 September **2008** **(Unaudited)** ***HK$'000***	2007 (Unaudited) *HK$'000*
Current tax charge for the period:		
Hong Kong	**9,300**	4,600
Elsewhere	**5,200**	3,150
Withholding tax on repatriation of earnings from the subsidiaries in the PRC	**2,010**	–
Deferred tax credit	**(2,400)**	(400)
Total tax charge for the period	**14,110**	7,350

Hong Kong profits tax for the six months ended 30 September 2008 has been provided at the rate of 16.5% (six months ended 30 September 2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The Company's certain subsidiaries in the PRC were granted tax relief under which they are exempted from the PRC enterprise income tax for the first two profit-making years and a 50% reduction in the PRC enterprise income tax for the succeeding three years. Moreover, under the relevant tax laws and regulations in the PRC, the Company's subsidiaries in the PRC may set off loss incurred by them in a financial year against profits made by them in the succeeding financial year or years, subject to a maximum of five financial years.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "New PRC Tax Law") which took effect on 1 January 2008. The PRC income tax rate is unified to 25% for all enterprises. The State Council of the PRC passed an implementation guidance note (the "Implementation Guidance") on 26 December 2007, which sets out details of how existing preferential income tax rates will be adjusted to the standard rate of 25%.

For enterprises which were established before the publication of the New PRC Tax Law and were entitled to preferential treatments of a reduced corporate income tax rate ("CIT rate") granted by relevant tax authorities, the new CIT rate might be gradually increased from the preferential rate to 25% within 5 years after the effective date of the New PRC Tax Law on 1 January 2008. For the regions that enjoy a reduced CIT rate at 15%, the rate would gradually increase to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to the grandfathering rules stipulated in the Implementation Guidance and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

7. INTERIM DIVIDEND

	Six months ended 30 September **2008** **(Unaudited)** ***HK$'000***	2007 (Unaudited) *HK$'000*
Interim dividend declared of HK$0.12 per share (2007: HK$0.07 per share)	**59,962**	34,978

At the meeting on 18 November 2008, the Board resolved that an interim dividend of HK$0.12 per share for the six months ended 30 September 2008 to be paid to the shareholders whose names appear on the Company's register at the close of business on 16 December 2008.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company for the period of HK$93,006,000 (six months ended 30 September 2007: HK$50,013,000) and the weighted average of 499,680,000 (six months ended 30 September 2007: 438,914,754) ordinary shares in issue during the period.

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 April	**499,680,000**	427,000,000
Effect of issuance of new shares on 1 September 2007	**–**	11,914,754
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**499,680,000**	438,914,754

(b) Diluted earnings per share

Diluted earnings per share for both periods have not been disclosed as no diluting events existed during these periods.

9. ACCOUNTS AND BILLS RECEIVABLE

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 30 to 45 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are regularly reviewed by the management of the Group. The accounts and bills receivable are non-interest-bearing and their carrying amounts approximate to their fair values.

An aged analysis of the accounts and bills receivable as at the balance sheet date, based on the invoice date, is as follows:

	As at 30 September 2008 (Unaudited) *HK$'000*	As at 31 March 2008 (Audited) *HK$'000*
Within 30 days	**168,298**	102,361
31 to 60 days	**22,884**	29,351
61 to 90 days	**5,277**	8,412
Over 90 days	**2,563**	6,458
	199,022	146,582

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

10. ACCOUNTS AND BILLS PAYABLE

An aged analysis of the accounts and bills payable as at the balance sheet date, based on the invoice date, is as follows:

	As at 30 September 2008 (Unaudited)	As at 31 March 2008 (Audited)
	HK$'000	*HK$'000*
Within 90 days	**67,620**	52,577
91 to 180 days	**1,239**	1,331
181 to 365 days	**981**	1,312
Over 365 days	**994**	379
	70,834	55,599

The accounts and bills payable are non-interest-bearing and are normally settled on 45-day terms. The carrying amount of accounts and bills payable approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations and Overview

Following the success of the Group in the financial year of 2008, the Group continued to achieve a satisfactory growth in the first half of the financial year of 2009. During the period under review, the Group achieved 58.7% surge in sales from HK$385.2 million for the six months ended 30 September 2007 to HK$611.2 million for the six months ended 30 September 2008. The gross profit margin increased from 22.3% to 25.5% while the operating profit margin increased from 14.9% to 17.5% when compared to the corresponding period last year. The Group's selling and distribution expenses increased by 78.1% or HK$4.3 million and administrative expenses increased by 59.1% or HK$15.7 million over the same period in last year.

During the period under review, profit attributable to ordinary equity holders reached HK$93.0 million, representing 86.0% growth compared to HK$50.0 million for the six months ended 30 September 2007. Basic earnings per share amounted to HK18.61 cents compared to HK11.39 cents for the corresponding period in 2007. In light of the success of the Group, the Board proposed to declare an interim dividend of HK12 cents per share (2007: HK7 cents per share).

The outstanding performance of the Group during the reporting period was mainly attributable to the right business strategy consistently adopted by the Group, distinguished management team, and dedicated and hard working staff. The combination of these factors enabled the Group to achieve an increase in sales by opening up new markets and soliciting orders from new customers. In addition, to cater for our business development and customer need, the Group made use of internal resources to gradually expand its productivity by enhancing the capacities of existing factories to deal with the rise in orders from key sports brand customers.

Industry Review

Due to the global financial crisis resulting in an economic recession, the business environment has become difficult for every sector of the economy. For manufacturers with operation in the PRC, the new policies and regulation implemented by the PRC Government such as the corporate tax law and labour contract law have posed additional threats which saw a lot of manufacturers without solid business and financial foundations being knocked out of the industry. With the economic downturn of the US and Europe, manufacturers with heavy reliance on these markets have been and will undoubtedly be adversely affected. It is expected that the Group will face the same challenges in the coming few years.

As a well-prepared market player with solid foundation, we believe that the adverse effect brought about by such negative factors will affect the Group to a lesser extent. Our solid financial strength, evidenced by having over HK$280 million in cash without any bank borrowings as well as a steady cash flow, adequately equips the Group to overcoming the credit crunch and the global economic meltdown. On this basis, the management will continue to focus on achieving stable business development so as to accomplish healthy growth in long run.

Asian people generally realise the importance of money-saving. In addition, most Asian governments have put up efforts to stimulate domestic spending to alleviate the impacts of the financial crisis to their countries so that the Asian region is less affected by the global economic downturn compared with the US and Europe. Therefore, the Group will continue to focus on the development of Asian markets, in particular the PRC market. Moreover, the Group's devotion to diversify markets and customer base has further mitigated the adverse effects to the Group brought about by the financial crisis. During the period of economic downturn, consolidation of market players in the industry has become more often where weaker market players are forced out of the industry, leaving only stronger market players with solid foundation to stay. This provides a golden opportunity to the Group for expanding its market share by participating in the merger with and acquisition of other manufacturers at competitive prices with a view to strengthen the Group's capabilities and lay a foundation stone for the Group's future growth.

During the past year, most manufacturers had suffered from rising production costs as a result of rising oil price. Nevertheless, as there has been a substantial reduction in oil price following the financial crisis, we expect the Group to benefit from production costs becoming stable despite the seemingly deteriorating business environment.

Market Review

The PRC market continues to be our most important market. The PRC market accounted for 48.1% of the Group's total revenue for the six month ended 30 September 2008 compared to 54.7% for the corresponding period in 2007. The 29th Olympic Games held in Beijing has captured worldwide attention where the PRC's strong economy was splendidly demonstrated. With the rising domestic purchasing powers and consumer spending, the PRC has become one of the world's largest sportswear markets.

Despite the economic downturn of the US and European markets, it is expected that the PRC will continue to enjoy mild growth in the gross domestic product in the coming year. Therefore, the Group will continue to focus on the development of the PRC market. Owing to the Group's expertise in developing the PRC market, the Group has become one of the prominent players in the PRC sportswear market. It is expected that the Group would be able to benefit from the growth of the PRC market to maintain stable business.

Business Review

During the period under review, the Group focused on its core business and strengthened its competitive edge in order to provide our customers with the best services and quality products at competitive prices. To achieve that, we continuously expanded the scope of lean manufacturing which is a way of production management to accomplish efficient usage of resources and shortening of production cycle. With the support of advanced information technology system and supply chain management, lean manufacturing would generate greater benefit to the Group.

A new ERP III (Enterprise Resources Planning) System will be installed in the last quarter of 2008 so that sales, purchasing and production planning systems will be integrated to improve the production efficiency in respect of materials purchase scheduling, production flexibility and inventory control. In addition, we have strengthened our supply chain management by developing a new purchase system of EDI (Electronic Data Interchange) with our major vendors to improve the efficiency of materials sourcing and order placing. Because of improved production efficiency and shortened production time, our customers could now arrange the launch of new products in a more efficient and flexible way, and hence keep the products close to the market trend.

Future Plan and Prospects

Given the uncertainty of the global economy in the coming year, the Group has adopted prudent but proactive business strategy. Efforts will be made to consolidate and strengthen our existing business and operation with emphasis on cost management by imposing stricter control on inventory keeping, and materials purchase and usage. In addition, enhancing customer satisfaction is always our top priority and to achieve that, we would ensure timely delivery of the products to our customers at competitive prices with consistent quality. In terms of financial management, we will continue to maintain our financial strength by keeping adequate cash, and avoiding debt financing and investment of financial products. The Group also places emphasis on working capital management by closely monitoring the settlement of receivables and efficiently scheduling the materials purchases to ensure healthy cash flow. Proper management of human resources is another key to our success as employees are the most important assets of the Group. We offer safe and healthy working environment, wide range of training as well as performance-based incentive bonus to our employees to motivate them to grow with the Group.

Our prudent business strategy in short run aims at consolidating our foundation so as to pave the way for healthier and more solid development in long run. We believe prudence is the conscientious attitude we handle our shareholders' investments. It remains our long term goal to establish a multinational production base to serve our customers' need so that the Group would be able to be the top tier business partner of the international sportswear brands. The management understands the importance of making the right investment decision at the right time and therefore, capital and resources are reserved for excellent business opportunities in order to generate maximum return to our shareholders.

Liquidity and Financial Resources

During the period under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 30 September 2008, the Group had cash and cash equivalents amounted to approximately HK$288.0 million mainly denominated in Hong Kong dollars, Renminbi and US dollars (31 March 2008: HK$274.6 million). As at 30 September 2008, the Group had no outstanding borrowings (31 March 2008: nil) and had aggregate banking facilities of HK$106.0 million (31 March 2008: HK$106.0 million) which were secured by (i) corporate guarantees executed by the Company; and (ii) unlimited corporate guarantees executed by three subsidiaries of the Company. No banking facilities were utilised by the Group as at 30 September 2008 (31 March 2008: nil).

The management believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing on favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

As at 30 September 2008, the Group's gearing ratios represented by total liabilities as a percentage of the Group's total assets amounted to 17.1% (31 March 2008: approximately 15.8%).

For the six months ended 30 September 2008, the Group was not subject to any significant exposures to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

As at 30 September 2008, the Group did not have any significant contingent liabilities (31 March 2008: nil) and the Company had given corporate guarantee to banks to the extent of HK$106.0 million (31 March 2008: HK$106.0 million) for banking facilities granted to certain subsidiaries of the Company.

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi and US dollars, so that the Group is exposed to foreign exchange risk arising from the exposure of Renminbi and US dollars. As the foreign currencies risks generated from the sales and purchases can be set off with each other, the management 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 the need arise.

Employees and Remuneration Policies

As at 30 September 2008, the Group employed a total of approximately 6,400 employees including directors (31 March 2008: approximately 6,900).

The employees 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 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 six months ended 30 September 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

None of the directors of the Company are aware of any information that would reasonably indicate that the Company is not or was for any part of the six months ended 30 September 2008 in compliance with the Code Provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules except for the deviation in respect of the service term of the non-executive directors set out in Code Provision A.4.1 of the CG Code.

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealing in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2008.

INTERIM DIVIDEND

The Board has resolved on 18 November 2008 to declare an interim dividend of HK12 cents per share (2007: HK7 cents) for the six months ended 30 September 2008 to be payable to shareholders whose names appear on the register of members of the Company at 4:00 p.m. on 16 December 2008. The interim dividend will be payable on 19 December 2008.

AUDIT COMMITTEE REVIEW

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2008 have been reviewed by the Company's audit committee.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 December 2008 to 16 December 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement of the proposed interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 16 December 2008.

PUBLICATIONS OF DETAILED RESULTS

The interim report containing the Group's financial statements and notes to the financial statements for the six months ended 30 September 2008 will be published on both the websites of the Company (http://www.eaglenice.com.hk) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk).

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 18 November 2008

As at the date of this announcement, the Board comprised nine executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Ku Yu Sun, Edward, Ms. Chen Li Ying, Mr. Kuo Tai Yu, Mr. Chang Wen Hsiang, Ms. Tsang Sau Fan, Mr. Chen Zhen Hao and Mr. Tsai Nai Kun and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony.