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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 September 2009 increased by 9.7% to HK$670.7 million compared with HK$611.2 million for the corresponding period in 2008.
- Gross profit margin increased from 25.5% to 28.8% and the operating profit margin increased from 17.5% to 21.8% for the six months ended 30 September 2009 when compared with corresponding period in 2008.
- Profit attributable to equity holders of the Company reached HK$127.1 million for the six months ended 30 September 2009, representing 36.6% growth compared to HK$93.0 million in previous corresponding period.
- The Board proposes to declare an interim dividend of HK13 cents per share for the six months ended 30 September 2009 (2008: HK12 cents per share).

* *For identification purpose only*

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 2009 together with the comparative unaudited figures for the corresponding period in 2008 and the relevant explanatory notes.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

		Six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**670,737**	611,243
Cost of sales		**(477,698)**	(455,086)
Gross profit		**193,039**	156,157
Other income	*3*	**934**	3,087
Selling and distribution expenses		**(6,600)**	(9,824)
Administrative expenses		**(41,036)**	(42,304)
PROFIT BEFORE TAX	*4*	**146,337**	107,116
Tax	*5*	**(19,265)**	(14,110)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**127,072**	93,006
DIVIDENDS			
Interim dividend	*6*	**64,958**	59,962
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK25.43 cents**	HK18.61 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**127,072**	93,006
Other comprehensive income :		
Exchange differences arising on translation of foreign operations	**(5,785)**	11,222
Loss on deregistration of a subsidiary	**-**	(424)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**121,287**	103,804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2009

	Notes	As at 30 September 2009 (Unaudited) HK$'000	As at 31 March 2009 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**286,934**	293,268
Prepaid land lease payments		**73,301**	75,080
Prepayments and deposits for property, plant and equipment		**891**	2,177
Goodwill		**26,112**	26,112
		387,238	396,637
CURRENT ASSETS			
Inventories		**106,586**	133,916
Accounts and bills receivable	*8*	**275,691**	190,978
Prepayments, deposits and other receivables		**14,756**	10,370
Cash and cash equivalents		**346,062**	297,423
		743,095	632,687
CURRENT LIABILITIES			
Accounts and bills payable	*9*	**75,949**	55,071
Accrued liabilities and other payables		**63,917**	59,667
Tax payable		**37,558**	25,168
		177,424	139,906
NET CURRENT ASSETS		**565,671**	492,781
TOTAL ASSETS LESS CURRENT LIABILITIES		**952,909**	889,418
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**19,094**	16,928
		933,815	872,490
EQUITY			
Equity attributable to ordinary equity holders of the Company:			
Issued capital		**4,997**	4,997
Reserves		**863,860**	807,531
Proposed dividend		**64,958**	59,962
		933,815	872,490

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 2009, 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.

HKFRSs (Amendments)	Improvement to HKFRSs 2008
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

The above new/revised HKFRSs are mandatory for the first time for the financial year beginning on 1 April 2009. The adoption of the new/revised HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognized.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expenses recognized in profit or loss, together with all other items of recognized income and expenses recognized directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 replaces HKAS 14 "Segment Reporting", and specifies how an entity should report information about its operating segments, bases on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. Due to the adoption of HKFRS 8 during the current period, certain comparative amounts have been restated to confirm with the current period's presentation.

2. SEGMENT INFORMATION

The Group is solely engaged in manufacture and trading of sportswear and garments. In accordance with HKFRS 8 "Operating Segments" adopted by the Group during the period, the Group determines that there are five operating segments, based on location of customers (the destination of sales), including Mainland China, Europe, USA, Japan and others. These segments are managed separately as each segment is subject to risks and returns that are different from each other.

The revenue and the result of each operating segment for the six month ended 30 September 2009 are as follows:

	Revenue Six months ended 30 September (Unaudited)		**Segment result Six months ended 30 September (Unaudited)**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**270,919**	294,175	**60,251**	59,366
Europe	**134,903**	74,743	**37,431**	16,410
USA	**97,053**	70,251	**29,562**	15,843
Japan	**74,957**	85,066	**17,803**	16,843
Others	**92,905**	87,008	**25,856**	23,781
	670,737	611,243	**170,903**	132,243
Other income			**934**	3,087
Unallocated corporate expenses			**(25,500)**	(28,214)
Profit before tax			**146,337**	107,116
Tax			**(19,265)**	(14,110)
Profit for the period			**127,072**	93,006

3. OTHER INCOME

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**752**	2,374
Rental income	**102**	121
Others	**80**	592
	934	3,087

4. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**17,388**	17,152
Amortisation of prepaid land lease payments	**1,059**	1,069

5. TAX

Hong Kong profits tax for the six months ended 30 September 2009 has been provided at the rate of 16.5% (2008: 16.5%) 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.

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax charge for the period:		
Hong Kong	**11,800**	9,300
Elsewhere	**5,151**	5,200
Withholding tax on repatriation of earnings from the subsidiaries in the PRC	**2,314**	2,010
Deferred tax credit	**-**	(2,400)
Total tax charge for the period	**19,265**	14,110

6. INTERIM DIVIDEND

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend declared of HK$0.13 per share (2008: HK$0.12 per share)	**64,958**	59,962

At the meeting on 12 November 2009, the Board resolved that an interim dividend of HK$0.13 per share for the six months ended 30 September 2009 to be paid to the shareholders whose names appear on the Company's register at the close of business on 10 December 2009.

7. 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 equity holders of the Company for the period of HK$127,072,000 (2008: HK$93,006,000) and the weighted average of 499,680,000 (2008: 499,680,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

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

8. 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.

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 2009 (Unaudited) ***HK$'000***	As at 31 March 2009 (Audited) *HK$'000*
Within 30 days	**209,077**	80,076
31 to 60 days	**57,115**	53,758
61 to 90 days	**8,490**	28,237
Over 90 days	**1,009**	28,907
	275,691	190,978

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.

9. 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 2009 (Unaudited) *HK$'000*	As at 31 March 2009 (Audited) *HK$'000*
Within 90 days	**71,464**	51,796
91 to 180 days	**1,975**	1,033
181 to 365 days	**299**	481
Over 365 days	**2,211**	1,761
	75,949	55,071

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

Review of Financial Performance

During the period under review, the revenue of the Group grew by 9.7% to HK$670.7 million for the six month ended 30 September 2009 (2008: HK$611.2 million). The Group was able to maintain a steady growth in revenue as a result of the success in diversification of the customers and markets, and engagement in production of functional products with higher prices.

Gross profit increased by 23.6% to HK$193.0 million for the six month ended 30 September 2009 (2008: HK$156.2 million). Gross profit margin improved by 3.3% from 25.5% to 28.8% during the period. The rise in sales was one of the reasons for the increase in gross profit. Besides, with implementation of lean manufacturing, the Group benefited from efficient use of materials, minimal wastage and enhanced production efficiency, resulting in lower raw materials costs and labour costs. This led to an improvement in gross profit margin and hence raised the gross profit.

Operating profit increased by 36.6% to HK$146.3 million for the six month ended 30 September 2009 (2008: HK$107.1 million). Operating profit margin increased by 4.3% from 17.5% to 21.8% during the period. The increase in operating profit was mainly owing to the rise in gross profit as mentioned above. Besides, selling and distribution expenses diminished by HK$ 3.2 million (or 32.8%) and administrative expenses reduced by HK$1.3 million (or 3.0%), accounting for the increase in operating profit. The reduction in selling and distribution expenses mainly resulted from decrease in promotion expenses after establishing a stable relationship with new customers. Improved logistic management of goods delivery also brought about a drop in export transportation costs. Regarding administrative expenses, with no material change in administrative operation, there was no significant change in administrative costs during the period. The reduction in administrative expenses was due to additional donation for the earthquake in Sichuan Province, the PRC made in prior period.

Profit attributable to equity holders of the Company reached HK$127.1 million for the six months ended 30 September 2009, representing 36.6% growth compared to HK$93.0 million for the same period in 2008. Basic earnings per share amounted to HK25.43 cents for the six months ended 30 September 2009 compared to HK18.61 cents for the corresponding period in 2008. In order to reward our shareholders for their support, the Board proposed to declare an interim dividend of HK13 cents per share for the six months ended 30 September 2009, representing an increase of 8.3% compared to HK12 cents per share for the corresponding period in last year.

Review of Economy and Industry

Global economy seems to bottom out in the second quarter of 2009. Following the global financial tsunami last year, the global economy has shown positive signs of improvement in 2009 and positive economic data has continuously been released by different governments in the world.

Nevertheless, the uncertainty of the world economy, in particular the persistently high unemployment rate of the US continues to depress the job market and hence weaken consumer confidence. We believe that the world economy including that of the PRC would take a long time to fully recover from the global financial tsunami so that the consumer confidence would still be weak and volatile in the coming year. The sportswear market would not be an exception and would probably follow the similar trend. Therefore, being a manufacturer of consumer products, we maintain a conservative view on the sportswear market in the second half of the year.

Nowadays, amid the challenging business environment especially after the economic downturn, the sportswear manufacturing industry has entered into the stage in which only the fittest could remain in the market. Without solid financial strength, expertise in production management, strong R&D team, advanced production technology and personnel of high caliber, the market players can only be engaged in production of low-end products with thin profit margin.

Our management has long been aware of the difficulties in maintaining the competitiveness of the Group and the keys to maintain sustainable business. To move ahead of our competitors, the Group, since 2005, has focused resources and efforts in consolidating its foundation by participating in environmental protection, optimizing the internal operational management, strengthening R&D, and retaining sufficient fund to capture opportunities to foster its growth.

Environmental Protection and Energy Saving

The Group has long realized that environmental protection and energy saving are not only beneficial to enterprises but also their social responsibilities. Therefore, the Group has put emphasis on these areas. Technical Support Team and Design Team have collaborated with major fabric vendors to launch R&D projects in assessing the feasibility of the use of eco-materials (such as recycled and biodegradable materials) in sportswear, examples of which include organic cotton materials, soybean fiber fabric and corn fiber fabric. Moreover, in order to maximize the use of resources, we are actively searching for energy-saving lighting system and continue to use spare materials to manufacture eco-shopping bags.

On the operational side, the Group has adhered to the principle of environmental protection by implementing resources saving measures. In relation to production, lean manufacturing implemented by the Group, which focuses on "using minimal resources to create maximal value", embodies the element of environmental protection. This has brought about the benefits from environmental protection angle as efficient use of resources and minimal wastage, and hence increases the profit of the Group. As a result, the Group could put more resources on environmental protection. In the production process, the Group strictly follows the standard of the State Environmental Protection Administration of the PRC by properly handling pollutants. In respect of administration, the Group imposes energy saving measures such as recycling of papers, elimination of unnecessary lighting and adoption of air-conditioning policy.

We believe establishing a sustainable environment is essential to maintain the Group's sustainable business. To achieve that, participation in environmental protection is one of the best solutions. Being a socially responsible enterprise, the Group regards environmental protection as an important part of our business development and daily operation.

Optimisation of Internal Operational Management

In the competitive business environment, in order to fulfill customers' needs and to outperform the competitors, we continuously advance our internal operational management to a sophisticated level. In the dynamic consumer market, speedy and correct responses to the changing market trend and consumers' taste are keys to the success of our customers as retailers. Therefore, we believe the only way to better serve the customers is to vary our operation mode in accordance with customers' need. In view of that, a series of programs have been or will be launched. Each individual program is integrated and complementary to each other to generate the greatest benefit to the Group.

Lean Manufacturing
Lean manufacturing is a process management and a production system integrating all manufacturing units, lining up different working processes, and standardizing operation process to raise efficiency. It aims at using minimal resources to make products with maximal value.

During the period under review, the Group continued to raise the level of lean manufacturing by extending the coverage such as further enhancement of existing lean production lines and expansion of the number of lean production lines.

Supply Chain Management
In order to implement lean manufacturing successfully, supply chain management is an indispensable element. To improve our supply chain management, we use a more advanced purchase system of EDI (Electronic Data Interchange) for placing orders to vendors. EDI provides a common language and platform, which allows the data between the Group and the vendors to be interchanged to further reduce purchase lead time, eliminate human typing error and enhance the transparency of delivery status. We have planned to implement EDI to cover most of our major vendors by 2012. Besides, regular meetings are held with major vendors at least twice a year to strengthen mutual understanding and collaboration.

Certified Quality Management System ("CQM")

CQM has been adopted by the Group to enhance our quality control standard. The underlying principles of CQM include building a culture of quality and collaboration, supplier responsible for the quality, and continuous improvement and learning. We have set up a special team to implement CQM so as to ensure the Group can consistently adhere to market standard. Regular assessment is conducted by the major customers so that the Group can continuously improve its standard of quality control.

Human Resources

Another critical factor in achieving successful implementation of the above programs is human resources. We have put in place staff development plans at different stages which are subject to modification from time to time to facilitate the operation need. We consistently offer training and organize factory visits to ensure our staff are well-trained to understand the new concept and workflow in view of the launch of the above programs. Key staff are sent to training programs of our major customers and vendors to advance their knowledge and to provide exposure to new technology so that they are well-prepared for the future development of the Group.

In addition to the function of ERP III (Enterprise Resources Planning) System which comprehensively integrates the operation of the whole production process, the Group has obtained great achievements on shortening purchase lead time, lowering inventory level, and improving production efficiency and flexibility. As a result, we are able to shorten production cycle and flexibly adjust production schedules to cater for customers' changing needs.

Market Review and Prospect

Sales Analysis by Regions

	Six months ended 30 September			
	2009 HK$ million	**% of sales**	2008 HK$ million	% of sales
Mainland China	**270.9**	**40.4%**	294.2	48.1%
Europe	**134.9**	**20.1%**	74.7	12.2%
USA	**97.0**	**14.5%**	70.2	11.5%
Japan	**75.0**	**11.2%**	85.1	13.9%
Others	**92.9**	**13.8%**	87.0	14.3%
	670.7	**100.0%**	611.2	100.0%

In respect of the market structure, 2009 is a significant year for showing the Group's attainment in diversifying its customer and market bases. Although Mainland China is still the largest market of the Group, the proportion of the Group's sales to Mainland China during the period dropped by 7.7% compared to the same period in last year. Besides, the Europe and the US have replaced other Asian countries to be the second and third largest markets of the Group respectively.

Before 2007, the customer and market bases of the Group were relatively narrow. Sales were mainly derived from a few branded sportswear customers and mainly confined to the Asian markets in particular Mainland China. To minimise the risk of narrow customer and market bases, the Group has put a lot of effort and resources on exploration of new customers and markets. In 2007, the Group acquired Wayable Group to broaden customers base and open up new markets. Wayable Group has expertise in production of high-end and functional products and possess considerable experience in the US and European markets where the Group did not historically have a strong footprint. The Group's successful integration with Wayable Group allows the Group to enjoy the synergy and make use of Wayable Group's expertise in new customers and markets. Most of the sales to the US and European markets during the period were contributed by Wayable Group. New customers brought about by Wayable Group included The North Face, Reebok and Kappa.

According to the statistics released by The Hong Kong General Chamber of Textiles, the European Union is the largest importer of woven garments, accounting for nearly half of the worldwide imported woven garments. Besides, the cancellation of textile quotas by the European Union and the US since 2008 and 2009 respectively has further strengthened the competitive power of the PRC apparel manufacturers in expanding their market shares in the US and Europe. Thus, the Group would continue to seize such opportunities to develop its business in the US and Europe.

Nevertheless, given that the US is the centre of the global financial tsunami and both the US and European countries are still having relatively high unemployment rate, our main focus of market development in the coming year would still be placed on Mainland China. Since 2009, the Chinese economy has been able to grow steadily at a healthy pace because of RMB4 trillion stimulus measures implemented by the Chinese government. To mitigate the negative impact of dwindling export, the Chinese government has introduced a series of stimulus measures to boost domestic demand. Thus, it is expected that the growth of the PRC's GDP in 2009 can reach the target of 8% set by the Chinese government. Although the world economy is beset by the problems arising from the financial crisis, the urban residents in the PRC enjoy increasing per capita disposable income (9.8% year-on-year increase according to National Bureau of Statistics of the PRC as at 30 Jun 2009). Mainland China, therefore, is a relatively stable market to enable the Group to maintain stable business in the coming year.

Business Development

Facing keen competition, we no longer vie with the competitors solely in price. In addition to price, the Group competes with other market players in terms of quality, variety, technology and service. Having established a long and close relationship with customers, we fully understand their needs. The main concerns of the market players in the retail industry are continuous provision of new, trendy and stylish products in fast and flexible way so as to capture the market share of the ever-changing consumer market. Therefore, constant and swift provision of products with wide variety, innovative design and reliable quality to the customers is the solution to their requirements and hence the direction for formulating our business strategy.

Since 2006, the Group has directed resources to establish Technical Support Team, Design Team and R&D centre. At present, we still continue investing in procurement of advanced production machinery such as Ultrasonic Overlap Machine, Hot Air Seam Sealing Machine, and Heating and Cooling Seam Sealing Press Machine to enhance the production technology and efficiency. We aim at simplifying the production process by using sophisticated technology and hence shortening the production cycle. The team members closely follow the trend of the latest development in garment industry to provide creative design. They also regularly collaborate with major vendors to get the first hand market information and explore innovative materials like Abletex and Hi-sett which are fabric with multi-function of being highly waterproof, breathable, soft and durable. Being capable of mastering the latest market information, we can promptly and accurately respond to customers' changing needs. With the support of advanced technology and effort of Technical Support Team and Design Team, the Group is able to widen the product range and produce high-valued and functional products such as Fully Ultrasonic Line Bonding Outerwear Jackets, Adhesive Film Fusing and Welding Trimming Jackets and Fully Seam Sealing Outerwear Jackets so as to not only satisfy customers' needs but also better the selling price and profit margin of the Group.

Instead of just being a factory to provide manufacturing function, we position ourselves as an active business partner by taking proactive attitude and providing value-added service to enhance customers' satisfaction. By optimizing internal operational management and strengthening product design and production technology, we are well-equipped and well-prepared to manage customers' requirement in all aspects.

Future Plan and Prospects

In respect of demand for sportswear in the coming year, with diminishing purchasing power of consumers as a result of persistently high unemployment rate, we expect the demand for high-end products would contract. The sales in next year would mainly consist of basic products and product portfolio in the mid-range price. Nevertheless, we will not reduce the expenditure on the R&D on high-end products. Production of high-end products not only furnishes the Group with higher profit margin but also secures the Group's position in sportswear manufacturing industry because of its higher barrier to entry.

Regarding production capacity, as disclosed in the announcement of the Company dated 2 March 2009, existing production facilities have been expanded by construction of a new 3-storeyed production plant near to existing production facilities in our own land in Huilai County, Jieyang, Guangdong Province, the PRC. The expansion plan totally provides an additional gross floor area of approximately 24,000 square meters where over 45 production lines can be set up. The new production facilities have commenced operation since the last quarter of 2009. With increased productivity, the Group is more capable to capture the business opportunities to expand our market share.

As mentioned above, we believe that the consumer market would take a long way to attain a full recovery. Thus, we would adopt a prudent but proactive strategy in near future. However, in view of rising awareness of health issue and growing popularity of sports, we hold optimistic view on sportswear market in the long run, in particular Mainland China. In the short run, emphasis will be put on further optimization of internal operational management, implementation of environmental protection measures, and strengthening of product design and R&D with a view to laying a solid foundation for future growth and development in the long run. Our long-term goal remains to establish multinational production base to strengthen our position in the sportswear manufacturing industry. We have set aside sufficient capital and resources to seize opportunities to expand our production capacity and market share through merger and acquisition at reasonable price with a view to generate fruitful returns 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. As at 30 September 2009, the Group had cash and cash equivalents amounting to HK$346.1 million mainly denominated in Hong Kong dollars, Renminbi and US dollars. (31 March 2009: HK$297.4 million). As at 30 September 2009, the Group had aggregate banking facilities of HK$106.0 million (31 March 2009: HK$106.0 million) which were secured by (i) corporate guarantees executed by the Company; and (ii) unlimited corporate guarantees executed by subsidiaries of the Company. No banking facilities were utilised by the Group as at 30 September 2009 and 31 March 2009.

The management believes that the existing financial resources will be sufficient to meet existing and 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 2009, the Group's gearing ratios represented by total liabilities as a percentage of the Group's total assets amounted to 17.4% (31 March 2009: 15.2%).

For the six months ended 30 September 2009, 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 2009, the Group did not have any significant contingent liabilities (31 March 2009: nil) and the Company had given corporate guarantee to banks to the extent of HK$106.0 million (31 March 2009: HK$106.0 million) for banking facilities granted to certain subsidiaries of the Company.

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 RMB and US dollars. 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 the need arise.

Employees and Remuneration Policies

As at 30 September 2009, the Group employed a total of approximately 6,400 employees including directors (31 March 2009: approximately 6,400).

The employees including directors are remunerated based on their working 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 2009.

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 2009 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") set out in Appendix 10 to the Listing Rules 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 2009.

INTERIM DIVIDEND

The Board has resolved on 12 November 2009 to declare an interim dividend of HK13 cents per share for the six months ended 30 September 2009 (2008: HK12 cents) to be payable to shareholders whose names appear on the register of members of the Company on 10 December 2009. The interim dividend will be payable on 17 December 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 December 2009 to 10 December 2009, 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 4:30 p.m. on 4 December 2009.

AUDIT COMMITTEE REVIEW

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2009 have been reviewed by the Company's audit committee.

PUBLICATIONS OF DETAILED RESULTS

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 interim report containing the Group's financial statements and notes to the financial statements for the six months ended 30 September 2009 will be despatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 12 November 2009

As at the date of this announcement, the Board comprised four executive directors, namely, Mr. Chung Yuk Sing (Chairman), Mr. Chen Hsiao Ying (Chief Executive Officer), Mr. Kuo Tai Yu and Ms. Chen Fang Mei, Christina and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony.