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 2007

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 2007 together with the comparative unaudited figures for the corresponding period in 2006 and the relevant explanatory notes.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
REVENUE	2	**385,231**	247,576
Cost of sales		**(299,312)**	(186,943)
Gross profit		**85,919**	60,633
Other income	3	**3,548**	3,765
Selling and distribution expenses		**(5,515)**	(2,259)
Administrative expenses		**(26,589)**	(21,833)
PROFIT BEFORE TAX	4	**57,363**	40,306
Tax	5	**(7,350)**	(7,352)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**50,013**	32,954
DIVIDENDS			
Interim dividend	6	**34,978**	25,620
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK11.39 cents**	HK7.72 cents
Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**As at 30 September 2007 (Unaudited) HK$'000**	As at 31 March 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**258,034**	202,895
Prepaid land lease payments		**69,839**	66,056
Prepayments and deposits for property, plant and equipment		**854**	854
Goodwill	8	**28,440**	–
		357,167	269,805
CURRENT ASSETS			
Inventories		**118,257**	52,002
Accounts and bills receivable	9	**139,817**	58,593
Prepayments, deposits and other receivables		**20,065**	5,886
Pledged deposits		**5,518**	5,518
Cash and cash equivalents		**255,899**	252,648
		539,556	374,647
CURRENT LIABILITIES			
Accounts and bills payable	10	**62,980**	29,662
Accrued liabilities and other payables		**106,101**	25,798
Tax payable		**15,135**	13,922
		184,216	69,382
NET CURRENT ASSETS		**355,340**	305,265
TOTAL ASSETS LESS CURRENT LIABILITIES		**712,507**	575,070
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**852**	1,252
		711,655	573,818
EQUITY			
Equity attributable to ordinary equity holders of the Company:			
Issued capital		**4,997**	4,270
Reserves		**671,680**	543,928
Proposed dividend		**34,978**	25,620
		711,655	573,818

NOTES

1. BASIS OF PREPARATION AND IMPACT OF NEW AND 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 2007, except in relation to the following new and 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:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairments
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

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 and revised accounting standards.

2. 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)	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
The People's Republic of China (the "PRC")	**210,571**	123,785	**42,304**	26,950
Japan	**74,449**	69,874	**19,456**	20,499
South Korea	**29,428**	13,090	**6,500**	3,289
Hong Kong	**12,946**	7,664	**3,110**	2,240
Others	**57,837**	33,163	**14,549**	7,655
	385,231	247,576	**85,919**	60,633
Other income			**3,548**	3,765
Unallocated expenses			**(32,104)**	(24,092)
Profit before tax			**57,363**	40,306

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

3. OTHER INCOME

	Six months ended 30 September 2007 (Unaudited) HK$'000	2006 (Unaudited) HK$'000
Interest income	**3,450**	3,619
Rental income	**10**	134
Others	**88**	12
	3,548	3,765

4. PROFIT BEFORE TAX

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

	Six months ended 30 September 2007 (Unaudited) HK$'000	2006 (Unaudited) HK$'000
Depreciation	**14,301**	12,634
Amortisation of prepaid land lease payments	**915**	776

5. TAX

	Six months ended 30 September 2007 (Unaudited) HK$'000	2006 (Unaudited) HK$'000
Current tax charge for the period:		
Hong Kong	**4,600**	3,750
Elsewhere	**3,150**	79
Underprovision of current tax in respect of a prior year	**–**	5,500
Deferred tax credit	**(400)**	(1,977)
Total tax charge for the period	**7,350**	7,352

Hong Kong profits tax for the six months ended 30 September 2007 has been provided at the rate of 17.5% (six months ended 30 September 2006: 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.

6. INTERIM DIVIDEND

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend declared of HK$0.07 per share (2006: HK$0.06 per share)	**34,978**	25,620

At the meeting on 30 November 2007, the Board resolved that an interim dividend of HK$0.07 per share for the six months ended 30 September 2007 to be paid to the shareholders whose names appear on the Company's register at the close of business on 14 December 2007.

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 ordinary equity holders of the Company for the period of approximately HK$50,013,000 (six months ended 30 September 2006: approximately HK$32,954,000) and the weighted average of 438,914,754 (six months ended 30 September 2006: 427,000,000) ordinary shares in issue during the period, calculated as follows:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 April	**427,000,000**	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	**438,914,754**	427,000,000

(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. GOODWILL

As explained in note 11 below, goodwill arose from acquisition of 100% equity interest in Wayable International Inc. and its wholly-owned subsidiaries (the "Acquired Group") at an aggregate consideration of approximately HK$118,959,000. The goodwill of approximately HK$28,440,000 is wholly attributable to the Acquired Group.

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 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. Trade receivables 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 2007 (Unaudited) HK$'000	As at 31 March 2007 (Audited) HK$'000
Within 30 days	**118,907**	57,845
31 to 60 days	**12,604**	608
61 to 90 days	**7,405**	102
Over 90 days	**901**	38
	139,817	58,593

10. ACCOUNTS AND BILLS PAYABLE

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

	As at 30 September 2007 (Unaudited) HK$'000	As at 31 March 2007 (Audited) HK$'000
Within 90 days	**60,944**	28,788
91 to 180 days	**1,341**	302
181 to 365 days	**526**	553
Over 365 days	**169**	19
	62,980	29,662

11. BUSINESS COMBINATION

On 1 September 2007, the Group completed the acquisition of a 100% interest in the Acquired Group ("the Acquisition"). The Acquired Group is principally engaged in the trading and manufacturing of sportswear. The consideration for the Acquisition amounted to approximately HK$118,959,000, which was satisfied by the issue of an aggregate of 72,680,000 ordinary shares of HK$0.01 each in the share capital of the Company (the "Share") at an issue price of HK$1.56 per Share (the "Consideration Share(s)") by the Company (equivalent to HK$113,380,800) and cash consideration of approximately HK$4,322,000. The remaining balance of HK$1,256,200 was costs and expenses directly attributable to the Acquisition. This transaction has been accounted for using the acquisition method of accounting.

The market price of the Consideration Shares at the date of their issuance was HK$2.40 per Share (equivalent to HK$174,432,000), which gave rise to a difference of HK$61,051,200 between the issue price and the market price of the Consideration Shares. The issue price of HK$1.56 per Share is considered to be fair value for the purpose of calculating the consideration for the Acquisition as the issue price was determined after arm's length negotiations between the Group and the vendors of the Acquired Group with reference to the closing price of HK$1.56 per Consideration Share as quoted on The Stock Exchange of Hong Kong Limited on the date of the signing of the non-legally binding memorandum of understanding in respect of the Acquisition on 14 March 2007 (the "MOU"). Given that the basic structure of the Acquisition has been essentially agreed on the date of the signing of the MOU, the Board believes that the fair value of the Consideration Shares should be fixed by reference to the closing price of the Shares on that day and any subsequent increase in the price of the Shares, which is not within the contemplation of the parties, should be disregarded. As such, the Board believes that the discount of the issue price of the Consideration Shares is justifiable in the circumstances and considers the same to be fair and reasonable.

The fair values of the identifiable assets and liabilities of the Acquired Group as at the completion date of the Acquisition and the corresponding carrying amounts immediately before the completion date of the Acquisition were as follows:

	Note	**Carrying amount before acquisition** HK$'000	**Fair value adjustment** HK$'000	**Fair value** HK$'000
Net assets acquired				
Property, plant and equipment		40,269	21,258	61,527
Prepaid land lease payments		3,811	–	3,811
Inventories		5,144	–	5,144
Accounts and bills receivable		27,208	–	27,208
Prepayments, deposits and other receivables		4,062	–	4,062
Cash and bank balances		23,406	–	23,406
Accounts and bills payable		(3,992)	–	(3,992)
Accrued liabilities and other payables		(27,439)	–	(27,439)
Tax payable		(3,208)	–	(3,208)
		69,261	21,258	90,519
Goodwill on Acquisition	8			28,440
Total consideration				118,959
Satisfied by:				
Consideration Share				113,381
Cash consideration				4,322
Direct costs relating to the Acquisition				1,256
				118,959

An analysis of the net inflow of cash and cash equivalents in respect of the Acquisition is as follows:

	HK$'000
Cash consideration paid	(5,578)
Cash and bank balances acquired	23,406
Net inflow of cash and cash equivalents in respect of the Acquisition	17,828

The goodwill on Acquisition represents value obtainable from synergies with the Group and opportunities for the Group to benefit from the Acquired Group's expertise in lean manufacturing, and new markets and customers provided by the Acquired Group.

The Acquired Group during the period contributed HK$4,719,000 to the Group's revenue and a loss of HK$1,495,000 to the Group's results for the period between the completion date of the Acquisition and the balance sheet date.

Had the combination taken place at the beginning of the period, the revenue and the net profit of the Group for the six month ended 30 September 2007 would have been HK$444,068,000 and HK$62,049,000 respectively.

12. **POST BALANCE SHEET EVENTS**

On 19 November 2007, a wholly-owned subsidiary of the Company entered into a provisional agreement for sale and purchase with the purchaser, an independent third party, for the disposal (the "Disposal") of the property situated at Flat B on the 8th Floor of Tower 1 of Harbourfront Landmark, No.11 Wan Hoi Street, Kowloon, Hong Kong. The consideration for the Disposal is HK$26 million. All the normal conveyancing procedure will be completed on or before 15 February 2008. Upon completion of the Disposal, the Company is expected to record a gain on disposal of approximately HK$11 million. Details of which have been disclosed in the Company's announcement dated 19 November 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of the Group Results and Operation

For the six months ended 30 September 2007, the Group's sales rose by approximately 56% to approximately HK$385 million against approximately HK$248 million for the corresponding period in 2006. The rise in sales was mainly attributable to an increase in orders from existing customers, diversification of customer base and successful production of high-valued products. During the period under review, the gross profit margin decreased from approximately 24% to approximately 22% while the net profit margin remained at approximately 13% when compared to the corresponding period last year. The Group's selling and distribution expenses increased by approximately 144% or approximately HK$3 million during the period, which was in line with the increase in sales during the period under review. Administrative expenses also increased by approximately 22% or approximately HK$5 million over the corresponding period last year mainly due to employment of additional staff to cater for the expansion of business of the Group.

The increase in sales was accompanied by a decrease in gross profit margin, which reflects the challenging operating environment of the Group of rising production cost and keen competition in traditional manufacturing industry. During the period under review, the business environment remained tough with the constant appreciation of Renminbi, resulting in rising labour and overhead costs. In addition, to keep the competitiveness of our products in the market, we have to maintain the price at competitive level. As a result, the inflated cost could not be passed to customers easily. The Group has tried to mitigate these effects by enhancing our productivity in order to achieve the benefit of economies of scale in production and engagement in production of high-end products to improve the diminishing profit margin.

Business Review

Acquisition

To enhance the Group's productivity and achieve diversification of target markets and customers, during the period under review, the Group completed the acquisition of the entire equity interests in a group of companies which comprises, among other things, a Taiwan company and a PRC company (the "Acquired Group") whose principal businesses are manufacturing and trading of sportswear. The acquisition of the Acquired Group not only allows the Group to diversify its customer base but also enable the Group to enter into the markets especially the US and Europe where the Group did not historically have a strong footprint. Besides, provision of additional production lines and approximately 80,000 square meters of land available for further expansion of production plant by the Acquired Group have enabled the Group to expand its existing and potential productivity.

Market review

In terms of geographical markets, the PRC has become a dominant market of the Group as the proportion of the Group's sales to the PRC amounted to over half of the total sales of the Group during the period under review. With the continuous surge of the PRC's economy and the increasing purchasing power and rising popularity of sports activities in the PRC, such trend of rising sales growth in the PRC sector is expected to continue in the coming years. We believe that the PRC's economy and consumer market will continue to prosper following the 2008 Beijing Olympic Games and the coming mega-events such as the 2010 Shanghai Expo, the 2010 Guangzhou Asian Games and the 2011 Shenzhen University Games, which will continue to support the Group 's business growth in the PRC market.

Lean Manufacturing

With effect from 2 October 2007, Mr. Chen Hsiao Ying and Ms. Chen Li Ying were appointed as Executive Director of the Company. Mr. Chen Hsiao Ying was also appointed as the Chief Executive Officer of the Group. Both Mr. Chen and Ms. Chen are experts in lean manufacturing, which is a generic process management leading to production of goods using less of everything: less human effort, less manufacturing space, less investment in tools in the whole production process. With their expertise in lean manufacturing, it is expected that the existing production management can be greatly improved by steady elimination of wastage, cost reduction and improvement of quality and production time.

Future Plan and Prospects

With the keen competition and price pressure from the customers, production of high-end products with better pricing and profit margin is the best way for the Group to improve the diminishing profit margin. The Group will continue to put more and more focus and resources on research and development in order to provide quick response to rapidly changing markets and customers' request.

At present, most of our sales are confined mainly to the Asian markets and therefore, opening up new markets is our main task in the coming year in order to provide room for the Group's business expansion. US and European markets will be our next target markets. In addition, to establish the Group as one of the top-tier business partners of international sportswear brands, the Group intends to develop production bases in various countries in order to diversify the political risks of changes in government policies. To achieve that, the Group will keep looking for investment opportunities in territories other than the PRC with supply of cheap labour and production facilities and provision of tax incentives such as Vietnam.

Liquidity and Financial Resources

During the period under review, the Group continued to maintain a strong liquidity position. The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 30 September 2007, the Group had cash and cash equivalents amounted to approximately HK$256 million mainly denominated in Hong Kong dollars, US dollars and Renminbi (31 March 2007: approximately HK$253 million). As at 30 September 2007, the Group had no outstanding borrowings (31 March 2007: nil), and an aggregate banking facilities of approximately HK$137 million (31 March 2007: approximately HK$137 million) secured by (i) a pledged deposit of the Group; (ii) corporate guarantees executed by the Company and (iii) unlimited corporate guarantees executed by three subsidiaries of the Company.

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 with favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

As at 30 September 2007, the Group's gearing ratio represented by total liabilities as a percentage of the Group's total assets amounted to approximately 21% (31 March 2007: approximately 11%).

For the six months ended 30 September 2007, 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 2007, the Group did not have any significant contingent liabilities (31 March 2007: nil). As at 30 September 2007, the Company had given corporate guarantee to banks to the extent of approximately HK$137 million (31 March 2007: approximately HK$137 million) for banking facilities granted to certain subsidiaries of the Company.

Material Acquisition or Disposal of Subsidiaries and Associated Companies

There was no material disposal of subsidiaries and associated companies during the six months ended 30 September 2007. Details of the acquisition of a subsidiary of the Company during the period are set out in note 11 above.

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 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the Board, the Company has complied with the Code Provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2007 except for the deviations as mentioned below.

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.

AUDIT COMMITTEE REVIEW

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2007 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 17 December 2007 to 18 December 2007, 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 14 December 2007.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 30 November 2007

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