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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

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 2006 together with the comparative unaudited figures for the corresponding period in 2005 and the relevant explanatory notes. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**247,576**	300,790
Cost of sales		**(186,943)**	(227,945)
Gross profit		**60,633**	72,845
Other income	*3*	**3,765**	3,100
Selling and distribution expenses		**(2,259)**	(2,636)
Administrative expenses		**(21,833)**	(15,709)
PROFIT BEFORE TAX	*4*	**40,306**	57,600
Tax	*5*	**(7,352)**	(6,144)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**32,954**	51,456
DIVIDENDS			
Interim dividend	*6*	**25,620**	25,620
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK7.72 cents**	HK12.05 cents
Diluted		**N/A**	N/A

* *For identification purposes only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2006 (Unaudited) HK$'000	As at 31 March 2006 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**198,109**	197,010
Prepaid land lease payments		**65,907**	58,093
Prepayments and deposits for property, plant and equipment		**–**	12,141
Deferred tax assets		**359**	–
		264,375	267,244
CURRENT ASSETS			
Inventories		**69,721**	31,445
Accounts and bills receivable	*8*	**67,962**	51,845
Prepayments, deposits and other receivables		**10,442**	3,293
Pledged deposits		**–**	10,105
Cash and cash equivalents		**203,864**	215,117
		351,989	311,805
CURRENT LIABILITIES			
Accounts and bills payable	*9*	**28,814**	13,285
Accrued liabilities and other payables		**20,801**	16,422
Tax payable		**25,884**	17,202
		75,499	46,909
NET CURRENT ASSETS		**276,490**	264,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**540,865**	532,140
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**185**	1,802
		540,680	530,338
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company:			
Issued capital		**4,270**	4,270
Reserves		**510,790**	500,448
Proposed dividend		**25,620**	25,620
		540,680	530,338

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 2006, 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 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a lease

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)	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC")	**123,785**	143,498	**26,950**	38,616
Japan	**69,874**	90,484	**20,499**	19,846
South Korea	**13,090**	24,509	**3,289**	6,129
Hong Kong	**7,664**	9,134	**2,240**	1,480
Others	**33,163**	33,165	**7,655**	6,774
	247,576	300,790	**60,633**	72,845
Other income			**3,765**	3,100
Unallocated expenses			**(24,092)**	(18,345)
Profit before tax			**40,306**	57,600

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.

3. OTHER INCOME

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**3,619**	2,768
Rental income	**134**	237
Others	**12**	95
	3,765	3,100

4. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**12,634**	6,922
Amortisation of prepaid land lease payments	**776**	320

5. TAX

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax charge for the period:		
Hong Kong	**3,750**	3,299
Elsewhere	**79**	2,845
Underprovision of current tax in respect of a prior year	**5,500**	–
Deferred tax credit	**(1,977)**	–
Total tax charge for the period	**7,352**	6,144

Hong Kong profits tax for the six months ended 30 September 2006 has been provided at the rate of 17.5% (six months ended 30 September 2005: 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 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	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend declared of HK$0.06 per share (2005: HK$0.06 per share)	**25,620**	25,620

At the meeting on 17 November 2006, the Board resolved that an interim dividend of HK$0.06 per share for the six months ended 30 September 2006 to be paid to the shareholders whose names appear on the Company's register at the close of business on 5 December 2006.

7. **EARNINGS PER SHARE**

(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 approximately HK$32,954,000 (six months ended 30 September 2005: approximately HK$51,456,000) and the weighted average of 427,000,000 (six months ended 30 September 2005: 427,000,000) 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 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 2006	As at 31 March 2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**53,584**	45,075
31 to 60 days	**14,256**	6,100
61 to 90 days	**22**	14
Over 90 days	**100**	656
	67,962	51,845

9. **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 2006	As at 31 March 2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 90 days	**26,693**	12,533
91 to 180 days	**1,776**	524
181 to 365 days	**263**	50
Over 365 days	**82**	178
	28,814	13,285

MANAGEMENT DISCUSSION AND ANALYSIS

Review of the Group Results and Operation

For the six months ended 30 September 2006, revenue of the Group dropped approximately 18% to approximately HK$248 million. Gross profit decreased to approximately HK$61 million, corresponding to a decrease of approximately 17%, but with the management's best devotion of industrial expertise and cost control, the Group was able to maintain the gross profit margin at approximately 24%. Net profit of the Group dropped by approximately 36% to approximately HK$33 million for the period ended 30 September 2006. The retrograde performance of the Group reflects the ever challenging operating environment that the Group operates in.

On one hand, the management has taken a proactive view in preparing the Group to take up new opportunities with a broader customer base. While the new production plant (the "New Production Plant") in Shantou, the People's Republic of China (the "PRC") will enable the Group to take up new orders and product categories that are more technically demanding, it does present an upward cost structure in the meantime. On the other hand, such continuously tough business environmental factors as appreciation of Renminbi and higher labour cost are having a further negative impact on the Group's profitability.

Value Creation
To enhance its competitive power, the Group shall continue its focus on the core values of design and development of innovative products, product diversification, widening of the customer base, and penetration into new markets. The management takes this "Value Creation" strategy with the best effort and resources available.

With more and more emphasis and resources put in designing and research and development, the Group aims to improve the profitability by extending the business into an ODM business (an acronym for "original design manufacturer", which owns and/or designs in-house products that are branded by the customers). The management believes that the provision of value-added services to our customers is the best way to improve the diminishing profit margin of the Group. To facilitate that, the Group has established a research and development centre known as "Commercialisation Centre" in the New Production Plant which is well-equipped with advanced computer and production equipment like 3D Pattern Design System, Tensile Test Machine and Laser Cutting Machine. In addition, a research and development team has been formed with expertise in the apparel industry so as to advance the Group's production technology, expand the product range and develop innovative designs and high-valued products using innovative materials and advanced technology for our customers. The Commercialisation Centre has commenced operation since July 06. With the advancement of our production technology, the Group is now more capable in engaging in the production of high-valued products such as seam-seal and multi dress and expanding our product range (in particular the knitted products which at present only constitutes a small proportion of our sales). As a matter of fact, during the period under review, the Group has successfully developed the production of down jackets with trial orders received. The management expects the Commercialisation Centre to give rise to steady sales growth and contribute to a better profitability of the Group in the near future.

At the same time, in order to diversify the Group's sources of income, it has devoted great effort in broadening our customer base and opening up new markets. At present, most of our sales are derived from a few branded sportswear customers and are confined mainly to the Asian markets. To reduce the risks of a narrow customer base, a new sales team has been set up during the period under review. The new sales team has extensive experience and expertise in sales and marketing and the apparel manufacturing industry. It will focus on expanding our customer base, exploring new markets with particular emphasis on the United States ("US") and Europe and diversifying the existing product lines to new categories such as tape sealed garment, welded garment and outer wear. In addition to the commencement of operation of the Commercialisation Centre, advanced production technology as well as unique product design shall greatly enhance the capability of the Group in penetrating into the US and European markets. It is expected that the new sales team will contribute to the sales of the Group in the coming years.

Future Plan and Prospects
After rapid growth in the past few years, the Group has entered into a consolidation and transformation stage. Although the commencement of operation of the New Production Plant increases the productivity of the Group, the Group has to tackle problems arising from rising labour costs, quota, appreciation of Renminbi and increasing material costs.

In essence, the management is aiming at equipping the Group to engage in ODM business and hence producing more innovative and high-valued products with better pricing and profit margin. To achieve such goal, the Group shall continue to commit its resources and effort in labour training, advancement of production technology, and research and development. The management shall continue to take this proactive role in planning and to ensure the process is carried out as diligently planned, so that the investment would bring growth to the Group's business in the long run.

Liquidity and Financial Resources
During the period under review, the Group continued to maintain a strong liquidity position. As at 30 September 2006, the Group had cash and cash equivalents amounted to approximately HK$204 million mainly denominated in Hong Kong dollars and US dollars (31 March 2006: approximately HK$215 million). As at 30 September 2006, the Group had no outstanding borrowings (31 March 2006: nil).

As at 30 September 2006, the Group's gearing ratio represented by total liabilities as a percentage of the Group's total assets amounted to approximately 12.3% (31 March 2006: approximately 8.4%).

For the six months ended 30 September 2006, the Group was not subject to any significant exposures to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

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 2006.

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 2006 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 deviations in respect of the service term and rotation of directors under Code Provisions A.4.1 and A.4.2 of the CG Code.

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.

A.4.2 of the CG Code also stipulates every director should be subject to retirement by rotation at least once every three years. In order to comply with Code Provision A.4.2 of the CG Code, relevant amendments to the Articles of Association of the Company were proposed and approved by the shareholders at the Annual General Meeting of the Company held on 22 August 2006. Accordingly, Code Provision A.4.2 of the CG Code has been complied with thereafter.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 December 2006 to 7 December 2006, 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, 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 5 December 2006.

CHANGE OF REGISTERED ADDRESS IN THE CAYMAN ISLANDS

Following the change in the address system in the Cayman Islands and the adoption of new postal code as a result of mandated change of postal policy by the government of the Cayman Islands, the Board also announces that the address of the registered office of the Company in the Cayman Islands has been changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands with immediate effect.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 17 November 2006

As at the date hereof, the board of directors of the Company comprises eight executive directors, namely, Mr. Chung Yuk Sing, Mr. Tsai Nai Kun, Mr. Chung Tung Sau, Mr. Kuo Tai Yu, Mr. Lin Pin Huang Otto, 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.

"Please also refer to the published version of this announcement in The Standard."