EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED
鷹美（國際）控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02368)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

FINANCIAL HIGHLIGHTS

- Revenue in 2010 decreased by 0.9% to HK$1,061.2 million compared with HK$1,071.0 million in 2009.
- Gross profit margin in 2010 was 26.3% which is comparable to that of 2009 while the operating profit margin decreased from 17.3% to 16.9% when compared with last year.
- Profit for the year attributable to owners of the Company was HK$149.6 million, representing 8.7% decrease compared to HK$163.8 million in previous year.
- The Board proposes to declare a final dividend of HK7 cents per share for the year ended 31 March 2010 so that total dividend per share for the whole year is HK20 cents (2009: HK24 cents per share).

* *For identification purposes only*

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures for the corresponding year in 2009 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	*3*	**1,061,179**	1,070,975
Cost of sales		**(782,118)**	(787,974)
Gross profit		**279,061**	283,001
Other income and gains		**4,172**	5,437
Selling and distribution costs		**(12,079)**	(15,303)
Administrative expenses		**(92,158)**	(88,072)
PROFIT BEFORE TAX	*4*	**178,996**	185,063
Income tax expense	*5*	**(29,349)**	(21,237)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**149,647**	163,826
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*6*		
Basic		**29.9**	32.8
Diluted		**N/A**	N/A

Details of the dividends are disclosed in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**149,647**	163,826
OTHER COMPREHENSIVE INCOME		
Gain on property revaluation	**6,355**	10,694
Income tax effect	**(1,569)**	(2,602)
	4,786	8,092
Exchange differences on translation of foreign operations	**(6,387)**	30,333
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**(1,601)**	38,425
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**148,046**	202,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**290,549**	293,268
Prepaid land lease payments		**72,241**	75,080
Deposits		**43,939**	2,177
Goodwill		**26,112**	26,112
Total non-current assets		**432,841**	396,637
CURRENT ASSETS			
Inventories		**136,254**	133,916
Accounts and bills receivable	*8*	**156,567**	190,978
Prepayments, deposits and other receivables		**17,281**	10,370
Cash and cash equivalents		**328,135**	297,423
Total current assets		**638,237**	632,687
CURRENT LIABILITIES			
Accounts and bills payable	*9*	**66,272**	55,071
Accrued liabilities and other payables		**58,435**	59,667
Tax payable		**26,548**	25,168
Total current liabilities		**151,255**	139,906
NET CURRENT ASSETS		**486,982**	492,781
TOTAL ASSETS LESS CURRENT LIABILITIES		**919,823**	889,418
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**24,207**	16,928
Net assets		**895,616**	872,490
EQUITY			
Issued capital		**4,997**	4,997
Reserves		**890,619**	867,493
Total equity		**895,616**	872,490

NOTES

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand, except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and revised HKFRSs effective during the year

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	First-time Adoption of HKFRSs and Consolidated and Separate Financial Statements – 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
HKFRS 8 Amendment*	Operating Segments – Disclosure of information about segment assets (early adopted)
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendment*	Revenue – Determining whether an entity is acting as a principal or as an agent
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Financial Instruments: Presentation and Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement – 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
HK(IFRIC)-Int 18	Transfers of Assets from Customers (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009)

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

(a) HKFRS 8 – Operating Segments

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based 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. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3.

(b) HKAS 1 (Revised) – Presentation of Financial Statements

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 introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) New and revised HKFRSs not yet effective for the year ended 31 March 2010

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 Amendments	First-time Adoption of HKFRSs – Additional Exemptions for First-time Adopters
HKFRS 1 Amendments	First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adoption
HKFRS 2 Amendments	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 Amendment	Financial Instruments: Presentation – Classification of Rights Issues
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HK(IFRIC)-Int 14 Amendments	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary
HK Interpretation 4 (Revised in December 2009)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group determines that there are five reportable operating segments, based on location of customers (the destination of sales), including Mainland China, Europe, the United States of America (the "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 management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest and other unallocated income, and unallocated expenses are excluded from such measurement.

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

	Segment revenue		**Segment results**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**429,056**	579,357	**82,025**	138,723
Europe	**190,793**	108,332	**50,085**	20,990
USA	**139,743**	99,960	**27,757**	15,564
Japan	**122,537**	136,748	**25,386**	34,133
Others	**179,050**	146,578	**44,362**	32,016
	1,061,179	1,070,975	**229,615**	241,426
Interest and other unallocated income			**4,172**	5,437
Unallocated expenses			**(54,791)**	(61,800)
Profit before tax			**178,996**	185,063
Income tax expense			**(29,349)**	(21,237)
Profit for the year attributable to owners of the Company			**149,647**	163,826

Geographical information – non current assets

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**28,323**	27,795
Mainland China	**376,869**	368,842
Indonesia	**27,649**	-
	432,841	396,637

Information about major customers

Revenue of HK$533,946,000 (2009: HK$648,550,000) and HK$263,270,000 (2009: HK$104,617,000) were derived from sales to two customers of the Group. The above amounts include sales to group of entities which are known to be under common control with these customers.

4. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**782,118**	787,974
Auditors' remuneration	**1,320**	1,500
Depreciation*	**35,437**	33,818
Amortisation of prepaid land lease payments*	**2,118**	2,138
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**185,709**	177,615
Pension scheme contributions (defined contribution schemes)	**11,474**	10,183
Less: Forfeited contributions	**(102)**	(47)
Net pension scheme contributions	**11,372**	10,136
Total employee benefits expenses*	**197,081**	187,751
Minimum lease payments under operating leases in respect of land and buildings*	**2,636**	2,937
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	**-**	(159)
Loss on revaluation of items of property, plant and equipment	**-**	470
Foreign exchange differences, net	**1,722**	2,327
Write-off of items of property, plant and equipment	**-**	182

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

	2010	2009
	HK$'000	*HK$'000*
Depreciation	**24,320**	23,707
Amortisation of prepaid land lease payments	**1,384**	1,400
Employee benefits expenses	**143,615**	136,082
Minimum lease payments under operating leases in respect of land and buildings	**2,544**	2,573

In the prior year, certain of the Group's employee benefits expenses for administrative staff and the depreciation of the leasehold improvements of factory buildings for production use are included as "cost of sales" and "administrative expenses" respectively. During the year, the Group has changed the presentation, as in the opinion of the directors, it is more appropriate to include these employee benefits expenses as "administrative expenses" while the depreciation as "cost of sales". To conform with the current year's presentation, the amounts of cost of sales and administrative expenses in prior year decreased by HK$9,925,000 and increased by HK$9,925,000, respectively.

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Current tax charge for the year:		
Hong Kong	**14,545**	8,591
Elsewhere	**8,556**	13,290
Under / (Over)provision of current tax in respect of prior years	**391**	(1,384)
Deferred	**5,857**	740
Total tax charge for the year	**29,349**	21,237

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company for the year of HK$149,647,000 (2009: HK$163,826,000), and the weighted average number of 499,680,000 (2009: 499,680,000) ordinary shares in issue during the year.

No diluted earnings per share is presented for both current and last years as there are no dilutive potential ordinary shares in existence during these years.

7. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2009 – HK12 cents per ordinary share (2009: final dividend of HK10 cents per ordinary share, in respect of the financial year ended 31 March 2008)	**59,962**	49,968
Interim – HK13 cents (2009: HK12 cents) per ordinary share	**64,958**	59,962
	124,920	109,930
Proposed final – HK7 cents (2009: HK12 cents) per ordinary share	**34,978**	59,962

The proposed final dividend for the year is based on the number of shares in issue as at the reporting date, and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

8. ACCOUNTS AND BILLS RECEIVABLE

The Group's accounts and bills 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 end of reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**109,414**	80,076
31 to 60 days	**40,101**	53,758
61 to 90 days	**6,480**	28,237
Over 90 days	**572**	28,907
	156,567	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 end of reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**62,400**	51,796
91 to 180 days	**1,396**	1,033
181 to 365 days	**189**	481
Over 365 days	**2,287**	1,761
	66,272	55,071

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review on financial performance

Amid the economic downturn, the Group was able to achieve a stable performance during the year ended 31 March 2010. The global financial crisis had been adversely affecting the consumer market during the year. Besides, with more sportswear brands entering into the sportswear industry, keen competition among sportswear brands including our customers has resulted in dynamic changes in the market shares occupied by major sportswear brands. Because of our successful diversification policy, we were able to maintain a stable business by broadening the customer base and penetrating into new markets. Moreover, engagement in production of functional products with higher prices enabled the Group to mitigate the adverse effect of reduction in sales orders. As a result, the Group's revenue in 2010 slightly decreased by 0.9% from HK$1,071.0 million in 2009 to HK$1,061.2 million in 2010.

The Group's gross profit for 2010 was HK$279.1 million, representing a slight decrease of 1.4% over 2009. The gross profit margin in 2010 was 26.3% which is comparable to that of 2009. The Group's selling and distribution costs diminished by HK$3.2 million (or 21.1%) mainly owing to a 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. The increase of HK$4.1 million (or 4.6%) in administrative expenses was largely due to an increase in staff costs resulting from recruitment of additional managerial staff for the Group's expansion plans. Consequently, the operating profit margin slightly decreased by 0.4% from 17.3% to 16.9%. Despite drop of HK$6.1 million in profit before tax, overall tax expenses rose by HK$8.1 million (or 38.2%), which was mostly attributable to an increase in provision for Hong Kong profits tax since both profit and profit margin which derived from overseas sales and were subject to Hong Kong profits tax grew during the year. Besides, in spite of decrease in the profit derived from the PRC sales during the year, the Hong Kong profits tax rate is higher than the preferential profits tax rate applicable to the PRC subsidiaries of the Group, which was mainly responsible for the increase of 4.9% in the overall effective tax rate of the Group during the year. As a result, the net profit diminished by HK$14.2 million (or 8.7%) and the net profit margin reduced by 1.2% from 15.3% to 14.1% during the year.

Profit attributable to owners of the Company for 2010 was HK$149.6 million compared to HK$163.8 million for 2009. Basic earnings per share for the year amounted to HK29.9 cents compared to HK32.8 cents for last year. The Board proposes to recommend a final dividend of HK7 cents per share for the year ended 31 March 2010 compared to HK12 cents for last year.

Business Outlook

Stable expansion to tap enormous potential

To achieve its long-term objective of becoming a top tier business partner of the international sportswear brands, the Group must resolve its bottleneck in production capacity by establishing a multinational production base in order to balance its overall political and production risk exposures, exercise more effective and flexible cost controls, and optimise its global sales arrangements.

Given the long-term goal as aforesaid, the management has always persisted in the principle of reasonable pricing and avoidance of high-risk investments in its merger-and-acquisition endeavours. Over the years, we have spent time identifying and waiting for the right acquisition opportunities, seeking to generate maximum shareholders' return while ensuring stable business development. The acquisition of Wayable Group in 2008, for instance, has been a huge success. The management is of the view that asset prices have been corrected to a reasonable level following the financial tsunami. Therefore, the management has started to locate suitable acquisitions in various regions to facilitate expansion of production capacity in preparation for the future growth of the Group, so that the Group will be well-positioned to enlarge its market share when the economy stabilises and market demand increases.

The PRC Government made strong efforts in 2009 to encourage consumption as a means to drive domestic demand, while launching a range of policy incentives in favour of the textile and garment industry, such as successive increases of export rebates, inclusion of the textile and garment industry in the planning of business revivals for the top 10 sectors and incentives for the relocation of labour-intensive enterprises to the inland. These measures, which indicate the strong resolve of the PRC Government to offer full support to the textile and garment industry, have boosted the confidence of players in the textile industry, including the Group, and provided them with the drive to realise sustainable development. Such government initiatives have powerfully justified and assured the faith of the Group to expand its production capacity in Mainland China.

In the coming year, the Group will be actively engaged in productivity expansion and production technology enhancements to institute solid foundations for its sustainable development in future. In early 2010, the management confirmed two new investment projects involving land acquisition and plant construction for new production bases in the Jiangxi Province, the PRC and Indonesia. The two projects are expected to more than double the Group's production capacity upon completion and full commissioning, providing more flexible production resources and reliable support for the Group's future competitiveness.

Production base in Yifeng County, the Jiangxi Province, the PRC (the "Yifeng Project")

With thriving industrial development in Northwestern China absorbing local labour supply, industrial zones in the Guangdong Province are facing labour shortage and manufacturers find it difficult to recruit workers in large numbers to support capacity expansion. Coupled with the various policy incentives announced by the PRC Government to encourage relocation of labour-intensive enterprises in the textile and garment industry to the inland regions, manufacturers are set for massive migration to the inland.

Leveraging ample supply of skilled workers, relatively low-cost land and labour, as well as favourable policies offered by local governments in the inland to attract investments, the Group decided to establish a production base in Yifeng County, Yichun City, the Jiangxi Province, the PRC. This venture represents an important step in the Group's business development beyond the Guangdong Province, which will facilitate further economies of scale for the Group and enhance its profitability.

Production base in West Java, Indonesia (the "Indonesia Project")
The China-ASEAN Free Trade Area (CAFTA), which came into full force on 1 January 2010 to signify a new milestone in China-ASEAN economic ties, is set to provide new driving force for trade development and economic cooperation between China and the ASEAN nations, and facilitate global trade development and economic recovery. This trade setup provides a precious opportunity for the Group's overseas business expansion and reliable support for its strategic move to establish overseas factories.

Given that Indonesia has recently become an ASEAN member and is able to provide massive supply of workers, and low-cost land and labour, with an international vision, the management is able to capture the development opportunities to build the Group's first overseas production base outside the PRC in West Java, Indonesia as a preparatory step for the Group's internationalization. The Group has acquired a site in Indonesia, which is an ideal location for labour-intensive garment businesses. The Indonesia Project represents a significant first step in the Group's development of a multinational production base. The Group believes that ongoing expansion of production capacity and production technology enhancement on a solid foundation will fuel the Group's sustainable development in future and generate more benefits for its shareholders, employees and customers.

The aforesaid two new investment projects are expected to substantially increase the Group's production capacity, while providing a solution to the issues of rising production costs and undersupply of labour faced by the Group in developed industrial regions. In view of tighter cash flow in the coming years owing to significant capital outlay required for plant construction and increased manufacturing costs attributable to depreciation of plant and machinery accruable after commencement of production, the Group is anticipating pressure on profitability.

Market Review and Outlook

During the year under review, textile and garment businesses were variously affected as economies around the world continued to suffer from the aftermath effect of the financial turmoil that broke out in 2008.

Overshadowed by the financial crisis, Europe and the USA continued to report high unemployment rates, with consumers' confidence being severely undermined by the indebtedness crisis in Europe. The impact was inevitably felt even in the PRC, who boasted relatively stable economic fundamentals. The Group's sales in Mainland China reported a year-on-year decrease of 26%, reflecting limited ability of sportswear brands to negotiate price hikes as a host of international brands were flocking into the PRC market while numerous new domestic sportswear brands were also emerging. Nevertheless, the Group was able to maintain overall stability in turnover as the setback in Mainland China was offset by the 59% increase in sales to Europe and the USA, thanks to the Group's persistent efforts over the years to expand its customer base and market coverage. While Mainland China remained the largest geographical market of the Group during the year under review, Europe and the USA also became its principal markets following our successful efforts to diversify the market beyond Asia. The Group has accomplished a challenging task of sustaining stable development because of its long-term vision and business philosophy.

Looking to the future, the consumption powers of the PRC, an enormous market representing the principal sales region of the Group, are expected to grow continuously, while the leading sportswear brands will spare no efforts to enhance their coverage of different consumer segments. In addition, the PRC Government is also committed to the promotion of the sporting industry, as evidenced by the promulgation of the "Guiding Opinion on Expediting the Development of the Sporting Industry" (《關於加快發展體育產業的指導意見》) on 24 March 2010, in which 6 major approaches for development have been identified. The government is set to aid the sporting industry in numerous ways to expand their financing source, seeking not only to broaden the scope of development for the industry and enrich the sporting aspect of the public life, but also to strengthen primary sporting services for urban and rural residents and actively cultivate the market for the sporting and fitness business. As such, we believe that the sportswear business will have enormous potential for future development in the PRC. With signs of initial economic recovery in Europe and the USA, the Group is fully confident of the medium-to long-term prospects of the consumer markets of garment in Europe, the USA and the PRC.

Social Responsibility and Corporate Governance

In terms of social responsibility, the Group has been a keen advocate for the low-carbon economy and environmental protection that implements relevant measures on all fronts including the business, operation, administration and research and development functions, as we are well aware that "low-carbon economy" embodies realistic responsibilities instead of being a mere terminology. Our lean production, focused on "delivering maximum value with minimum resources" and aiming to assure proper use of resources and reduce wastage, represents one of the effective measures for developing low-carbon economy as well as a contributor to cost reductions and profit enhancements.

The Group also rewards the society by assuring the well-being of its staff. Recent developments of social issues relating to the workload, compensation and emotional disturbance of workers have given rise to wide concerns in the community, and the alarm bell has been rung for the way in which foreign-invested factories in the PRC are managed. In this connection, our management has always regarded human resources as an invaluable asset of the Group and the community. Staff welfare represents a key consideration in the formulation of any business plans or staff training programmes. For example, space is reserved for staff recreation in plant construction, employees with outstanding performance are rewarded with bonuses, seniority-based benefits are provided to senior staff, and the quality of staff catering is reviewed and improved from time to time.

As an enterprise fully committed to its social responsibilities, the Group is always mindful of its duty to serve and reward the society while vying for business success. We operate our business with a strong commitment to support the community. To encourage the value of compassion, we, in addition to charitable contributions of RMB200,000 made to Longhu Charity in Shantou, the PRC, donate RMB200,000 to the charitable association through the People's Government of Yifeng County, the Jiangxi Province, the PRC (the "Yifeng Government") for flooding in the Jiangxi Province, the PRC this year.

In terms of corporate governance, the Group has made incessant efforts in improving its operational management and governance structure, with a view to increasing corporate transparency, making accurate and timely disclosure of its financial and operating conditions, and enhancing communications with its shareholders and investors. In recognition of its achievements in corporate governance and investors' relations, the Group was named among the "Hong Kong Outstanding Enterprises" for the second year in a row in the 6th "Hong Kong Outstanding Enterprise Parade" hosted by Economic Digest during the year under review.

Outlook for the Future

We believe that it will take some time before full recovery of the global consumer market, given ongoing uncertainties in the current economic landscape. The long-term prospects for the sportswear market, particularly in Mainland China, remain positive nevertheless, as sporting activities continue to gain popularity on the back of growing public concern for health and fitness. The global financial crisis has presented opportunities as well as challenges, but such opportunities would only be available to those who are well-prepared. In this connection, the Group is well-positioned to enlarge its market share when economic recovery looms, as it has capitalised on opportunities available during economic downturn to expand its production capacity and strengthen its research and development.

In an intensely competitive market, it takes nothing less than a far-sighted management, stable and sufficient production capacity, sound financial conditions, production management expertise, a high-calibre research and development team and advanced production technologies and equipment, in order for a player to break away and stay atop of the industry. The management has been well aware that an enterprise must fulfill all of the above conditions to become a market leader. To consolidate its resources and strengths, the Group has drawn up a 5-year plan for business development, which aims to reinforce its business foundations by expanding its production capacity, advancing the low-carbon economy, optimising internal operations management and strengthening research and development, as well as setting aside sufficient funds to capture business opportunities to facilitate growth of the Group.

In recent years, PRC manufacturers have been suffering from increasing production costs caused by undersupply of labour, rapid increase in salary expenses and increased tax expenses. The Group is developing low-cost production bases as a strategy in response to rising costs. Given that substantial fund is needed for Yifeng Project and Indonesia Project, the Group's cash flow in the coming years will inevitably be under pressure. When the two new production bases commence operation, the management will face the challenge of dealing with the impact of increased depreciation on cost and profit. Against this grim business environment, the management envisages a difficult period for the Group until the operations of the new production bases are ready to yield profit. Accordingly, we hold a cautiously conservative outlook towards business and profit return in the foreseeable future. Nevertheless, we are convinced that investments made today will translate into firm foundations for future development and prepare the Group for further growth and therefore represent the best way to generate lucrative returns for shareholders.

Liquidity and Financial Resources

During the year under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 31 March 2010, the Group had cash and cash equivalents amounted to HK$328.1 million mainly denominated in Hong Kong dollars, Renminbi ("RMB") and US dollars. (31 March 2009: HK$297.4 million). As at 31 March 2010, the Group had aggregate banking facilities of HK$46.0 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 31 March 2010 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 with favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

As at 31 March 2010, the Group's gearing ratios represented by total liabilities as a percentage of the Group's total assets amounted to 16.4% (31 March 2009: 15.2%).

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.

Significant Investments

As at 31 March 2010, there was no significant investment held by the Group (31 March 2009: Nil).

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2010 (year ended 31 March 2009: Nil).

Contingent Liabilities and Capital Commitments

As at 31 March 2010, the Group did not have any significant contingent liabilities (31 March 2009: Nil).

The Group had the following capital commitments at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Construction of a factory	**-**	7,279
Renovation of factories	**1,956**	-
Purchases of computer equipment	**55**	799
Purchases of machineries	**1,954**	77
	3,965	8,155
Authorised, but not contracted for:		
Investment in the Indonesia Project	**65,951**	-
Investment in the Yifeng Project	**81,502**	-
	147,453	-

As at 31 March 2010, the Company has given corporate guarantees to banks to the extent of HK$46.0 million (31 March 2009: HK$106.0 million) for banking facilities granted to certain subsidiaries of the Company.

Events after the Reporting Period

(a) Pursuant to an investment agreement dated 22 January 2010 entered between the Group and the Yifeng Government, Eagle Nice (Yifeng) Apparel Corporation ("EN (Yifeng)") was established in January 2010. The principal business of EN (Yifeng) is the manufacture, sub-contracting and sale of sportswear and casual wear. The registered capital and the total investment of EN (Yifeng) were US$6,000,000 (HK$46,800,000) and US$12,000,000 (HK$93,600,000), respectively.

Subsequent to year end date, on 26 May 2010, a new investment agreement was signed between the Group and the Yifeng Government, and the following terms were revised:

i) the principal business of EN (Yifeng) to include the research and development, manufacture, subcontracting and sale of all categories of garment products; and

ii) the registered capital and total investment of EN (Yifeng) to increase to US$12,000,000 (HK$93,600,000) and US$25,000,000 (HK$195,000,000), respectively.

(b) On 26 May 2010, two construction agreements were entered into between the Group and an independent third party for the construction of facilities for the Yifeng Project at an aggregate amount of HK$127,216,000.

Details of the above events refer to the announcements of the Company dated 14 May 2010 and 26 May 2010 respectively.

Employees and Remuneration Policies

As at 31 March 2010, the Group employed a total of approximately 6,700 employees including directors (31 March 2009: approximately 6,400). Total employee benefits expenses including directors' emoluments were HK$197.1 million for the year under review (year ended 31 March 2009: HK$187.8 million).

The employees including directors are remunerated based on their work performance, professional experiences and the prevailing industry practice. The Group also makes contributions to the statutory mandatory provident fund scheme and defined contribution retirement benefits scheme for the employees of the Group in Hong Kong and to the central pension scheme for the employees of the Group in the PRC.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK7 cents per share (2009: HK12 cents) payable on 23 August 2010 to persons who are registered shareholders of the Company on 16 August 2010 subject to the approval of shareholders at the forthcoming annual general meeting. Together with the interim dividend of HK13 cents per share (2009: HK12 cents), the total dividend for the financial year is HK20 cents per share (2009: HK24 cents).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 August 2010 to 16 August 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 9 August 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2010, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for A.4.1 of the CG Code which stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the independent non-executive directors of the Company 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of the Company's directors, the directors confirmed that they had complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2010, including the accounting principles adopted by the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.eaglenice.com.hk). The annual report for the year ended 31 March 2010 will be despatched to the shareholders and will be available on the aforesaid websites in due course.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 28 June 2010

As at the date of this announcement, the Board comprises 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.