

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Eagle Nice (International) Holdings Limited (the "Company"), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



# **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)**

## **CONTINUING CONNECTED TRANSACTIONS AND RE-ELECTION OF DIRECTOR**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**台新資本有限公司**  
**TSC Capital Limited**

A letter from the Independent Board Committee (as hereinafter defined) to the Independent Shareholders (as hereinafter defined) is set out on page 12 of this circular and a letter of advice from TSC Capital (as hereinafter defined) is set out on pages 13 to 20 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Unit 0906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong on Monday, 28th July 2008 at 11:00 a.m. (the "Extraordinary General Meeting") is set out on pages 28 to 29 of this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should you so wish.

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	5
Future Continuing Connected Transaction .....	6
Reasons and benefits of the Future Continuing Connected Transaction .....	8
Information on and relationship between the Group, the Yue Yuen Group and the parties to the Future Continuing Connected Transaction .....	9
Re-election of Director .....	10
Extraordinary General Meeting .....	10
Procedure for demanding a poll .....	10
Recommendation .....	11
Additional information .....	11
<b>Letter from the Independent Board Committee</b> .....	12
<b>Letter from TSC Capital</b> .....	13
<b>Appendix I – Particulars of retiring Director</b> .....	21
<b>Appendix II – General Information</b> .....	22
<b>Notice of Extraordinary General Meeting</b> .....	28

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Annual Cap”	a maximum aggregate annual value of the Future Continuing Connected Transaction, details of which are set out in the section headed “Future Continuing Connected Transaction” of this circular
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Eagle Nice (International) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EN (Shantou)”	汕頭市鷹美製衣有限公司 (Shantou Eagle Nice Garment Company Limited), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to be held on Monday, 28th July 2008 at 11:00 a.m. to consider and, if thought fit, approve the Future Continuing Connected Transaction and the Annual Cap, the notice of which is set out on pages 28 to 29 of this circular, or any adjournment thereof
“Future Continuing Connected Transaction”	the future continuing connected transaction between Pro Kingtex Industrial and Upmax International as described in the section headed “Future Continuing Connected Transaction” of this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely, Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony established by the Board to consider and advise the Independent Shareholders in respect of the Future Continuing Connected Transaction and the Annual Cap
“Independent Shareholder(s)”	Shareholder(s) other than Yue Yuen and its associates
“Latest Practicable Date”	27th June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maitex Group”	collectively, Maitex (EAG) Limited, a company incorporated in Hong Kong with limited liability and Maitex Co., Ltd., a wholly foreign-owned enterprise established in the PRC, both of which are wholly-owned subsidiaries of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pro Kingtex Industrial”	Pro Kingtex Industrial Company Limited, a company incorporated in the British Virgin Islands with limited liability and a non wholly-owned subsidiary of Yue Yuen
“Pro Kingtex VN”	Pro Kingtex Vietnam Company Limited, a wholly foreign-owned enterprise established in the Republic of Vietnam and a non wholly-owned subsidiary of Yue Yuen
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“Shantou Xianda”	汕頭市先達服裝輔料廠有限公司 (Shantou Xianda Clothing and Raw Materials Factory Co., Ltd.), an enterprise established in the PRC wholly and beneficially owned by Mr. Yao Xiong De prior to 8th May 2008. Mr. Yao Xiong De is an uncle of Mr. Chung Yuk Sing, an executive Director and the Chairman of the Board
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subcontracting Services Agreement”	the subcontracting services agreement dated 2nd June 2008 entered into between Upmax International and Pro Kingtex Industrial in relation to the Future Continuing Connected Transaction
“Subsidiaries”	collectively, YY (Shantou) and the Maitex Group, all of which are wholly-owned subsidiaries of the Company
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Time Easy”	Time Easy Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is held by Mr. Chung Yuk Sing, the Chairman of the Board
“TSC Capital”	TSC Capital Limited, a licenced corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap
“Upmax International”	Upmax International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States of America

## DEFINITIONS

“Yucheng (Kunshan)”	裕程 (昆山) 體育用品有限公司 (Yucheng (Kunshan) Sports Goods Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and a non wholly-owned subsidiary of Yue Yuen
“Yue Yuen”	Yue Yuen Industrial (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Yue Yuen Group”	Yue Yuen and its subsidiaries
“Yusheng (Kunshan)”	裕晟 (昆山) 體育用品有限公司 (Yusheng (Kunshan) Sports Goods Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and a non wholly-owned subsidiary of Yue Yuen
“YY (Shantou)”	裕鷹 (汕頭) 製衣有限公司 (Yuying (Shantou) Garment Co., Ltd.) a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Zhongshan Baoji”	中山寶吉製衣有限公司 (Zhongshan Baoji Garment Manufacturing Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and a non wholly-owned subsidiary of Yue Yuen
“%”	per cent.

*For reference purposes only and unless otherwise specified, RMB amounts have been translated into HK\$ using the rates of RMB0.96 and RMB0.93 to HK\$1.00 for the year ended 31st March 2008 and the year ending 31st March 2009 respectively and US\$ amount has been translated into HK\$ using the rate of US\$1.00 to HK\$7.80.*

*For reference purposes only, the Chinese names of the PRC entities have been translated into English in this circular. In the event of any discrepancies between the Chinese names of these PRC entities and their respective English translations, the Chinese version shall prevail.*



## 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)

*Executive Directors:*

Mr. Chung Yuk Sing (*Chairman*)  
Mr. Chen Hsiao Ying (*Chief Executive Officer*)  
Mr. Ku Yu Sun, Edward  
Ms. Chen Li Ying  
Mr. Kuo Tai Yu  
Mr. Chang Wen Hsiang  
Ms. Tsang Sau Fan  
Mr. Chen Zhen Hao  
Mr. Tsai Nai Kun

*Independent Non-executive Directors:*

Mr. Chan Cheuk Ho  
Mr. Li Chi Chung  
Mr. Cheng Yung Hui, Tony

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place of*

*Business in Hong Kong:*  
Units 0902-0903 and 0905-0906  
9/F, Tower B, Regent Centre  
70 Ta Chuen Ping Street  
Kwai Chung  
New Territories  
Hong Kong

2nd July 2008

*To the Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

On 12th June 2008, the Board announced that the Group had carried out business transactions with its connected persons which involved (i) the sales of sportswear products by YY (Shantou) to Yusheng (Kunshan) and Yucheng (Kunshan) during the four years ended 31st March 2008 and (ii) the purchase of raw materials by YY (Shantou) and EN (Shantou) from Shantou Xianda during the two years ended 31st March 2008, both of which constituted non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Group has also carried out business transaction involving the provision of subcontracting services by the Yue Yuen Group to the Subsidiaries since October 2007 which in the past constituted non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules and will continue in the form of the Future Continuing Connected Transaction.

\* For identification purposes only

## LETTER FROM THE BOARD

As the Directors expect that for the Future Continuing Connected Transaction, either the relevant percentage ratios will exceed 2.5% or the relevant considerations will be more than HK\$10,000,000, the Future Continuing Connected Transaction constitutes a non-exempt continuing connected transaction under Rule 14A.35 of the Listing Rules which is subject to Independent Shareholders' approval. In order to comply with Rule 14A.35 of the Listing Rules, the Company will convene the Extraordinary General Meeting to seek Independent Shareholders' approval for the Future Continuing Connected Transaction with the Yue Yuen Group and the Annual Cap.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap. TSC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap.

The purpose of this circular is to provide you with further details of the Future Continuing Connected Transaction and the Annual Cap.

### **FUTURE CONTINUING CONNECTED TRANSACTION**

Since October 2007, the Subsidiaries had engaged Zhongshan Baoji and Pro Kingtex VN, both non wholly-owned subsidiaries of Yue Yuen, for the provision of subcontracting services to the Subsidiaries on several occasions which in the past constituted non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules and will continue in the form of the Future Continuing Connected Transaction. The consideration, which is payable by the Group in cash on a credit term from 15 to 45 days after delivery, is calculated on the unit price of each type of garments multiplied by the quantity agreed to be processed which is determined after arm's length negotiation between the parties and on an order-by-order basis, having also taken into account factors such as labour efficiency, type and complexity of the products concerned.

During the period from October 2007 to March 2008, the consideration contracted and payable by the Group to Zhongshan Baoji and Pro Kingtex VN amounted to approximately RMB5,595,792 (or HK\$5,828,950) and approximately US\$114,180 (or HK\$890,604) respectively, which amounted to an aggregate consideration of HK\$6,719,554 and the Company should have complied with the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but failed to do so as and when such obligations arose.

In view that the above transaction between the Subsidiaries, Zhongshan Baoji and Pro Kingtex VN will continue as between themselves or the subsidiaries of their respective holding companies, the Company, through Upmax International, has entered into the Subcontracting Services Agreement in respect of the Future Continuing Connected Transaction, which is conditional upon Independent Shareholders' approval having been obtained at the Extraordinary General Meeting.



## LETTER FROM THE BOARD

Particulars of the Subcontracting Services Agreement are as follows:

- Date : 2nd June 2008
- Term : From 1st April 2008 to 31st March 2011
- Parties : Upmax International, a wholly-owned subsidiary of the Company; and  
Pro Kingtex Industrial, a non wholly-owned subsidiary of Yue Yuen
- Nature of transaction : Provision of subcontracting services by Pro Kingtex Industrial or its subsidiaries to Upmax International or the subsidiaries of its holding company in respect of the manufacture of sportswear. The exact terms of the subcontracting services are to be set out in individual written contracts to be entered into between the relevant parties
- Reasons for transaction : The management of the Company considers that the provision of subcontracting services by Pro Kingtex Industrial to Upmax International is on normal commercial terms and in the ordinary and usual course of business of the Group. Such subcontracting services from Pro Kingtex Industrial may provide additional production capacity supplementing the Group's existing facilities and hence beneficial to and in the interests of the Group
- Pricing basis : Both parties to the Subcontracting Services Agreement agreed that any and all the subcontracting services shall be provided on normal commercial terms (or on terms no less favourable than those offered by the Yue Yuen Group to independent third parties) and the total value of the subcontracting services rendered by the Yue Yuen Group (in terms of revenue recognition) to the Group for each of the three years ending 31st March 2011 shall not exceed the respective Annual Cap
- Annual Cap : The management of the Company considers that the Annual Cap for the provision of subcontracting services by Pro Kingtex Industrial to Upmax International will not exceed HK\$23 million, HK\$29 million and HK\$38 million for each of the three financial years ending 31st March 2011 respectively

## LETTER FROM THE BOARD

During the month of April 2008, the consideration contracted and payable by the Group to the Yue Yuen Group amounted to approximately RMB2,925,463 (or HK\$3,145,659)

The Annual Cap was determined with reference to the production capacity of the Group's manufacturing facilities, the historical information of the demand for sportswear products from the Group's customers, purchase orders and purchase forecasts received from the Group's customers and seasonal effects during the term covered by the agreement. Having considered the expanded customers base brought about by the acquisition of the Maitex Group as disclosed in the Company's announcement dated 17th April 2007 and the expected sales growth of the Group following the progressive shifting of the production capacity from Pro Kingtex Industrial to the Group over the next three years, the management of the Company considers that the increase of the Annual Cap over the three years ending 31st March 2011 to be justifiable

The Company will comply with the requirements of the annual review of the Future Continuing Connected Transaction as set out in Rules 14A.37 to 14A.40 of the Listing Rules and will re-comply with the relevant Listing Rules if the Annual Cap is exceeded or, when the relevant agreements are renewed or, when there is a material change to the terms of the Future Continuing Connected Transaction.

### **REASONS AND BENEFITS OF THE FUTURE CONTINUING CONNECTED TRANSACTION**

The Future Continuing Connected Transaction forms an integral part of the ordinary and usual course of business of the Group and is conducted on normal commercial terms determined on an arm's length basis. The Group's relationship with the Yue Yuen Group commenced in 2004 through the Company's issue of convertible securities to the Yue Yuen Group and the Group has since been involved in different forms of co-operation with the Yue Yuen Group to improve the efficiencies and to enhance the competitiveness of the Group.

The Directors believe that the Subcontracting Services Agreement not only lowers the overall production overheads of the Group but also offers the Group greater flexibility to adjust its production schedules and to meet unforeseen demand. In addition, the Directors believe that the quality of the products subcontracted to the Yue Yuen Group is assured since the Yue Yuen Group is an approved subcontractor of one of the Group's major customers. There is a possibility that the Group may to a certain extent become reliant on the Yue Yuen Group and any unexpected disruption in the Yue Yuen Group's

## LETTER FROM THE BOARD

production operations may in turn have an adverse impact on the Group. Notwithstanding that, due to their close business relationship, the Group and the Yue Yuen Group will share production and other information on a regular basis and any potential adverse impact on the Group arising from the occurrence of such disruption could be kept to a minimum.

In view of the production efficiency brought about by the Future Continuing Connected Transaction to the Group, the Board considers it to be in the interests of the Company to engage in the Future Continuing Connected Transaction and that the terms of the Future Continuing Connected Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On 2nd June 2008, the Board has resolved to approve the entering into of the Future Continuing Connected Transaction and the Annual Cap, with those Directors who have a material interests through their relationship with the Yue Yuen Group abstained from voting. The remaining Directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Ms. Chen Li Ying, Mr. Chang Wen Hsiang, Ms. Tsang Sau Fan and Mr. Chen Zhen Hao, being the executive Directors and Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony being the independent non-executive Directors, all voted in favour of the resolution approving the entering into of the Future Continuing Connected Transaction and the Annual Cap.

### **INFORMATION ON AND RELATIONSHIP BETWEEN THE GROUP, THE YUE YUEN GROUP AND THE PARTIES TO THE FUTURE CONTINUING CONNECTED TRANSACTION**

The Group is principally engaged in the manufacture of sportswear for men, women and children on an OEM (an acronym for “original equipment manufacturer” which produces or customizes products according to the design supplied by the customers) basis. The sportswear manufactured and sold by the Group can broadly be divided into tracksuits, sport pants, jackets, sweaters and T-shirts.

The principal activities of the Yue Yuen Group are the manufacture and marketing of athletic footwear, athletic style leisure footwear, casual and outdoor footwear. Pro Kingtex Industrial is a non wholly-owned subsidiary of Yue Yuen and is principally engaged in the manufacture of apparel.

Since Yue Yuen is a substantial shareholder of the Company, holding approximately 38.42% of the entire issued share capital of the Company and Pro Kingtex Industrial is a non wholly-owned subsidiary of Yue Yuen, Pro Kingtex Industrial is a connected person of the Company. Accordingly, the Future Continuing Connected Transaction between the Group and the Yue Yuen Group will constitute a non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

### RE-ELECTION OF DIRECTOR

Pursuant to the article 86(3) of the Company's articles of association, Mr. Chang Wen Hsiang ("Mr. Chang"), who was appointed as an executive Director with effect from 25th April 2008 to fill a casual vacancy, shall hold office only until the next following general meeting of the Company. Mr. Chang, being eligible, offers himself for re-election at the Extraordinary General Meeting.

Biographical details of Mr. Chang who is proposed to be re-elected at the Extraordinary General Meeting are set out in appendix I to this circular.

### EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at Unit 0906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong on Monday, 28th July 2008 at 11:00 a.m. is set out on pages 28 to 29 of this circular for the purpose of considering and, if thought fit, passing the resolution set out therein.

You will find enclosed a form of proxy for use at the Extraordinary General Meeting. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should you so wish.

Under the Listing Rules, the connected persons of the Company with a material interest in the transaction and any Shareholder with a material interest in the transaction and its associates, will be required to abstain from voting on the resolution approving the Future Continuing Connected Transaction and the Annual Cap at the Extraordinary General Meeting. As at the Latest Practicable Date, Yue Yuen, through its subsidiaries, was interested in approximately 38.42% of the entire issued share capital of the Company and accordingly, Yue Yuen and its associates will abstain from voting on the resolution approving the Future Continuing Connected Transaction and the Annual Cap at the Extraordinary General Meeting.

### PROCEDURE FOR DEMANDING A POLL

Pursuant to article 66 of the Company's articles of association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of the meeting; or

## LETTER FROM THE BOARD

- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (v) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, provided that if it is apparent from the total proxies held that a vote taken on a poll shall not reverse the vote taken on a show of hands, then the Director or Directors shall not be required to demand a poll.

### RECOMMENDATION

The Directors believe that the resolutions as set out in the notice of the Extraordinary General Meeting are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders to vote in favour of the resolution to approve the Future Continuing Connected Transaction and the Annual Cap and the Shareholders to vote in favour of the resolution to re-elect the retiring Director.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee and the letter from TSC Capital set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of TSC Capital to the Independent Board Committee and the Independent Shareholders respectively. Your attention is also drawn to the additional information set out in appendix II to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Chen Hsiao Ying**  
*Chief Executive Officer*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap for inclusion in this circular:*



### **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)**

2nd July 2008

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 2nd July 2008 (the "Circular") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Future Continuing Connected Transaction and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and whether the Future Continuing Connected Transaction and the Annual Cap are in the interests of the Company and the Shareholders as a whole. TSC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 13 to 20 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 11 of the Circular.

Having considered the advice of TSC Capital, we are of the opinion that the terms of the Future Continuing Connected Transaction and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting to approve the Future Continuing Connected Transaction and the Annual Cap.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee  
**Mr. Chan Cheuk Ho      Mr. Li Chi Chung      Mr. Cheng Yung Hui, Tony**  
*Independent Non-Executive Directors*

\* For identification purposes only

## LETTER FROM TSC CAPITAL

*The following is the text of the letter from TSC Capital to the Independent Board Committee and the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap for inclusion in this circular:*



Room 2803, 28/F., Tower I, Admiralty Centre,  
18 Harcourt Road, Hong Kong

2nd July 2008

*To the Independent Board Committee and the Independent Shareholders  
of Eagle Nice (International) Holdings Limited*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in respect of the Future Continuing Connected Transaction and the Annual Cap, particulars of which are set out in the circular (the "Circular") of the Company to the Shareholders dated 2nd July 2008, of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular.

We note from the letter from the Board contained in the Circular (the "Letter from the Board") that the Group had carried out business transactions with its connected persons which involved (i) the sales of sportswear products by YY (Shantou) to Yusheng (Kunshan) and Yucheng (Kunshan) during the four years ended 31st March 2008 and (ii) the purchase of raw materials by YY (Shantou) and EN (Shantou) from Shantou Xianda during the two years ended 31st March 2008, both of which constituted non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Group has also carried out business transaction involving the provision of subcontracting services by the Yue Yuen Group to the Subsidiaries since October 2007 which in the past constituted non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules and will continue in the form of the Future Continuing Connected Transaction.

As the Directors expect that for the Future Continuing Connected Transaction, either the relevant percentage ratios will exceed 2.5% or the relevant considerations will be more than HK\$10,000,000, the Future Continuing Connected Transaction constitutes a non-exempt continuing connected transaction under Rule 14A.35 of the Listing Rules which is subject to Independent Shareholders' approval. In order to comply with Rule 14A.35 of the Listing Rules, the Company will convene the Extraordinary General Meeting to seek Independent Shareholders' approval for the Future Continuing Connected Transaction with the Yue Yuen Group and the Annual Cap.

## LETTER FROM TSC CAPITAL

The Independent Board Committee comprising Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony, has been established to advise the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Future Continuing Connected Transaction and the Annual Cap as to whether the terms of the Future Continuing Connected Transaction and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and whether the Future Continuing Connected Transaction and the Annual Cap are in the interests of the Company and the Shareholders as a whole.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the information and facts supplied and the opinions expressed by the Directors and senior management of the Group. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were prepared or made and will continue to be so up to the date of the Extraordinary General Meeting. We have no reason to doubt the truth, accuracy and completeness of the information and representations made to us by the Directors and senior management of the Group. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular and the information provided to us.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In assessing the Future Continuing Connected Transaction and the Annual Cap and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

#### **Background for the Future Continuing Connected Transaction**

We noted from the Letter from the Board that since October 2007, the Subsidiaries had engaged Zhongshan Baoji and Pro Kingtex VN, both non wholly-owned subsidiaries of Yue Yuen, for the provision of subcontracting services to the Subsidiaries on several occasions which in the past constituted non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules and will continue in the form of the Future Continuing Connected Transaction. The consideration, which is payable by the Group in cash on a credit term from 15 to 45 days after delivery, is calculated on the unit price of each type of garments multiplied by the quantity agreed to be processed which is determined after arm's



## LETTER FROM TSC CAPITAL

length negotiation between the parties and on an order-by-order basis, having also taken into account factors such as labour efficiency, type and complexity of the products concerned.

During the period from October 2007 to March 2008, the consideration contracted and payable by the Group to Zhongshan Baoji and Pro Kingtex VN amounted to approximately RMB5,595,792 (or approximately HK\$5,828,950) and approximately US\$114,180 (or approximately HK\$890,604) respectively, which amounted to an aggregate consideration of approximately HK\$6,719,554.

In view that the above transaction between the Subsidiaries, Zhongshan Baoji and Pro Kingtex VN will continue as between themselves or the subsidiaries of their respective holding companies, the Company, through Upmax International, has entered into the Subcontracting Services Agreement, which is conditional upon Independent Shareholders' approval having been obtained at the Extraordinary General Meeting.

As set out in the Letter from the Board, pursuant to the Subcontracting Services Agreement, the prices and terms of the subcontracting services will be agreed between the connected groups on an order-by-order basis after arm's length negotiations, taking into account the value and volume of the order, the type and design of the products and any specific requirements under the order.

### **Terms of the Subcontracting Services Agreement**

The transaction contemplated under the Subcontracting Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules described below:

Date	:	2nd June 2008
Term	:	From 1st April 2008 to 31st March 2011
Parties	:	Upmax International, a wholly-owned subsidiary of the Company; and  Pro Kingtex Industrial, a non wholly-owned subsidiary of Yue Yuen
Nature of transaction	:	Provision of subcontracting services by Pro Kingtex Industrial or its subsidiaries to Upmax International or the subsidiaries of its holding company in respect of the manufacture of sportswear. The exact terms of the subcontracting services are to be set out in individual written contracts to be entered into between the relevant parties

## LETTER FROM TSC CAPITAL

Reasons for transaction : The management of the Company considers that the provision of subcontracting services by Pro Kingtex Industrial to Upmax International is on normal commercial terms and in the ordinary and usual course of business of the Group. Such subcontracting services from Pro Kingtex Industrial may provide additional production capacity supplementing the Group's existing facilities and hence beneficial to and in the interests of the Group

Pricing basis : Both parties to the Subcontracting Services Agreement agreed that any and all the subcontracting services shall be provided on normal commercial terms (or on terms no less favourable than those offered by the Yue Yuen Group to independent third parties) and the total value of the subcontracting services rendered by the Yue Yuen Group (in terms of revenue recognition) to the Group for each of the three years ending 31st March 2011 shall not exceed the respective Annual Cap

Annual Cap : The management of the Company considers that the Annual Cap for the provision of subcontracting services by Pro Kingtex Industrial to Upmax International will not exceed HK\$23 million, HK\$29 million and HK\$38 million for each of the three financial years ending 31st March 2011 respectively

During the month of April 2008, the consideration contracted and payable by the Group to the Yue Yuen Group amounted to approximately RMB2,925,463 (or approximately HK\$3,145,659)

The Annual Cap is determined with reference to the production capacity of the Group's manufacturing facilities, the historical information of the demand for sportswear products from the Group's customers, purchase orders and purchase forecasts received from the Group's customers and seasonal effects during the term covered by the Subcontracting Services Agreement. Having considered the expanded customers base brought about by the acquisition of the Maitex Group as disclosed in the Company's announcement dated 17th April 2007 and the expected sales growth of the Group following the progressive shifting of the production capacity from Pro Kingtex Industrial to the Group over the next three years, the management of the Company considers that the increase of the Annual Cap over the three years ending 31st March 2011 to be justifiable

## LETTER FROM TSC CAPITAL

### **Settlement Terms**

Pursuant to the Subcontracting Services Agreement, the subcontracting fee and the payment terms given by the Group in cash on a credit term from 15 to 45 days after delivery, is calculated on the unit price of each type of garments multiplied by the quantity agreed to be processed which is determined after arm's length negotiation between the parties and on an order-by-order basis, having also taken into account the factors such as labour efficiency, type and complexity of the products concerned. We have also reviewed and compared the subcontracting contracts, on a random sampling basis, the terms on delivery, payment and indemnification given by the Group to Pro Kingtex Industrial are no less unfavourable than those given by the Group to independent third parties. Accordingly, we are satisfied that the terms of the Subcontracting Services Agreement are on normal commercial terms and comparable to those given to independent third parties.

### **Nature of the Future Continuing Connected Transaction**

As stated in the Letter from the Board, the Group is principally engaged in the manufacture of sportswear for men, women and children on an OEM (an acronym for "original equipment manufacturer" which produces or customizes products according to the design supplied by the customers) basis. The sportswear manufactured and sold by the Group can broadly be divided into tracksuits, sports pants, jackets, sweaters and T-shirts.

As set out in the Letter from the Board, the principal activities of the Yue Yuen Group are the manufacture and marketing of athletic footwear, athletic style leisure footwear, casual and outdoor footwear. Pro Kingtex Industrial is a non wholly-owned subsidiary of Yue Yuen and is principally engaged in the manufacture of apparel. Since Yue Yuen is a substantial shareholder of the Company, holding approximately 38.42% of the entire issued share capital of the Company and Pro Kingtex Industrial is a non wholly-owned subsidiary of Yue Yuen, Pro Kingtex Industrial is a connected person of the Company. Accordingly, the Future Continuing Connected Transaction between the Group and the Yue Yuen Group will constitute a non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Having considered the nature of the Future Continuing Connected Transaction contemplated under the Subcontracting Services Agreement relates to the Group's principal business and operations, we concur with the view of the Directors that the entering into of the Subcontracting Services Agreement will be in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM TSC CAPITAL

### Reasons for the Future Continuing Connected Transaction

As advised by the senior management of the Group, Pro Kingtex Industrial is the designated subcontractor assigned by one of the major customers of the Group. In addition, as set out in the Letter from the Board, in view of (i) the fact that the Future Continuing Connected Transaction forms an integral part of the ordinary and usual course of business of the Group and is conducted on normal commercial terms determined on an arm's length basis; and (ii) the production efficiency brought about by the Future Continuing Connected Transaction to the Group, the Board considers it to be in the interests of the Company to engage in the Future Continuing Connected Transaction and that the terms of the Future Continuing Connected Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Pricing Basis

In addition to the above, according to the announcement of the Company dated 12th June 2008, during the month of April 2008, the consideration contracted and payable by the Group to the Yue Yuen Group amounted to approximately RMB2,925,463 (or approximately HK\$3,145,659). We have compared on a random sampling basis, the prices of the subcontracting services offered to Pro Kingtex Industrial by Upmax International, against those prices of the subcontracting services and terms offered by Upmax International to independent third parties of the Group for similar products. We note that the prices of the subcontracting services and terms offered to Pro Kingtex Industrial by Upmax International were materially in line with those prices of the subcontracting services and terms offered to independent third parties of the Group.

Having consider the above and the fact that both parties to the Subcontracting Services Agreement agreed that any and all the subcontracting services shall be provided on normal commercial terms (or on terms no less favourable than those offered by the Yue Yuen Group to independent third parties), we are of the view that the provision of subcontracting services to the Subsidiaries by Pro Kingtex Industrial is in the interests of the Company and the Shareholders as a whole.

### Annual Caps

As mentioned in the Letter from the Board, the proposed Annual Cap for the services rendered under the Subcontracting Services Agreement for each of the three years ending 31st March 2011 are set out as follows:

	<b>Annual Cap for the Future Continuing Connected Transaction</b>
For the year ending 31st March 2009	HK\$ 23,000,000
For the year ending 31st March 2010	HK\$ 29,000,000
For the year ending 31st March 2011	HK\$ 38,000,000

## LETTER FROM TSC CAPITAL

As set out in the Letter from the Board, the Annual Cap was determined with reference to (i) the production capacity of the Group's manufacturing facilities; (ii) the historical information of the demand for sportswear products from the Group's customers; (iii) purchase orders and purchase forecasts received from the Group's customers; and (iv) seasonal effects during the term covered by the Subcontracting Services Agreement. Having considered the expanded customers base brought about by the acquisition of the Maitex Group as disclosed in the Company's announcement dated 17th April 2007 and the expected sales growth of the Group following the progressive shifting of the production capacity from Pro Kingtex Industrial to the Group over the next three years, the Directors considered that the increase of the Annual Cap over the three years ending 31st March 2011 to be justifiable.

In determining the Annual Cap for the year ending 31st March 2009, we have discussed with the Directors on the existing production capacity of the Group. The Directors indicated that significant part of the sales growth attributable to the acquisition of the Maitex Group mentioned above will be subcontracted to Pro Kingtex Industrial given that the existing production capacity of the Group is not sufficient to cope with the additional sales order.

Besides, the senior management of the Group has provided with actual sales order derived from the Maitex Group for the period from 1st April 2008 to 30th October 2008 in addition to the customers' forecast data for the period from October 2008 to January 2009. Together with the forecast data provided by the Directors which is based on their experience and expectation and the seasonal effects during the term covered by the Subcontracting Services Agreement, we are of the view that the bases for determining the forecast sales relating to the Maitex Group are fair and reasonable.

We also discussed with the Directors on the subcontracting fee to be paid to Pro Kingtex Industrial. As noted from the announcement of the Company dated 12th June 2008, during the month of April 2008, the consideration contracted and payable by the Group to the Yue Yuen Group amounted to approximately RMB2,925,463 (or approximately HK\$3,145,659). We have compared on a random sampling basis, the prices of the subcontracting services offered to Pro Kingtex Industrial by Upmax International, against those prices of the subcontracting services and terms offered by Upmax International to independent third parties of the Group, we note that the prices of the subcontracting services and terms offered to Pro Kingtex Industrial by Upmax International were materially in line with those prices of the subcontracting services and terms offered to independent third parties of the Group.

Having discussed with the Directors and considered (i) the current production capacity of the Group; (ii) the actual sales order and forecast data done by customers and the Directors of the Group; (iii) seasonal effect of the business; and (iv) the basis of subcontracting fee to be calculated, we are of the view that the bases for determining the Annual Cap on the whole for the year ending 31st March 2009 are fair and reasonable.

## LETTER FROM TSC CAPITAL

As for the Annual Cap for each of the two years ending 31st March 2011, the expected growth of approximately 30% each year compared to 2009 is mainly based on the management experience and intensive discussion with the customers. In addition, we have taken into consideration the expected sales growth of the Group following the progressive shifting of production capacity from Pro Kingtex Industrial to the Group brought about by the acquisition of Maitex Group. We are advised by one of the major customers of the Group that the future sales order flow will mainly depend on the available production capacity of the Group. We also noted that the Annual Cap for each of the two years ending 31st March 2011 is in line with the projections of sales order made by the major customer. In addition, we are also advised by Pro Kingtex Industrial that Pro Kingtex Industrial has sufficient production capacity to handle an increase of subcontracting orders from the Group for each of the two years ending 31st March 2011.

In view of the above, we are of the view that the bases for determining the Annual Cap on the whole, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we consider that the terms of the Subcontracting Services Agreement and the Annual Cap are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) fair and reasonable so far as the Company and the Independent Shareholders are concerned; and the entering into the Subcontracting Services Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and also recommend the Independent Shareholders to vote in the favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Subcontracting Services Agreement and the Annual Cap.

Yours faithfully,  
For and on behalf of  
**TSC Capital Limited**

**Francis Yeung**  
*Managing Director*

**Franco Su**  
*Director*

*The biographical and other details of the retiring Director standing for re-election at the Extraordinary General Meeting are set out below:*

**CHANG WEN HSIANG (“MR. CHANG”)**

Mr. Chang, aged 57, joined the Company as the Chief Financial Officer in February 2008. He holds a bachelor’s and master’s degree in Accounting from the National Chen Chi University in Taiwan and was accredited Certified Public Accountant from the United States of America (“US”). Mr. Chang was the financial controller and general manager of a US-based multinational corporation in US’s headquarter and Taiwan’s subsidiary before he joined Yue Yuen in 1993. Mr. Chang was responsible for certain PRC, Taiwan and Vietnam business development projects at Yue Yuen before he left as a Senior Executive Manager after 10 years’ of service there. Mr. Chang has over 30 years of experience in the manufacturing of shoes, apparel, optical and luggage and was an independent financial and operational consultant to pre-listing companies before he joined the Group in February 2008. Other than being an executive Director of the Company, Mr. Chang does not hold any directorship in other members of the Group and had not held any directorship in any listed companies in the three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chang did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Chang does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. Mr. Chang has not entered into any service agreement with the Company but he is subject to renewal and retirement by rotation and re-election pursuant to the articles of association of the Company. The emoluments of Mr. Chang will be determined by the Remuneration Committee of the Company with reference to his duties and responsibilities in the Company.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters concerning the re-election of Mr. Chang as an executive Director that need to be brought to the attention of the Shareholders.

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

**DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES****(i) Interests in Shares**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive of the Company are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules ("Model Code") were as follows:

Name of Director	Number of Shares held (Note 1)		Approximate percentage of shareholding
	Personal Interests	Corporate Interests	
Mr. Chung Yuk Sing	–	72,650,000 (Note 2)	14.54%
Mr. Chen Hsiao Ying	26,164,800	–	5.24%
Ms. Chen Li Ying	23,257,600	–	4.65%
Ms. Tsang Sau Fan	4,500,000	–	0.90%
Mr. Kuo Tai Yu	1,680,000	–	0.34%
Mr. Chen Zhen Hao	1,350,000	–	0.27%
Mr. Tsai Nai Kun	777,000	–	0.16%

*Notes:*

- All interests in Shares stated above represent long positions.
- These Shares are held by Time Easy. The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing, the Chairman of the Company.



Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which the Directors or chief executive of the Company are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

#### PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding
Time Easy	Beneficial owner/ Personal	72,650,000 (Note 1)	14.54%
Pou Chen Corporation ("PCC")	Interest in a controlled corporation/Corporate	192,000,000 (Note 2)	38.42%
Wealthplus Holdings Limited ("Wealthplus")	Interest in a controlled corporation/Corporate	192,000,000 (Note 2)	38.42%
Yue Yuen	Interest in a controlled corporation/Corporate	192,000,000 (Note 2)	38.42%
Pou Hing Industrial Co. Ltd. ("Pou Hing")	Interest in a controlled corporation/Corporate	192,000,000 (Note 2)	38.42%
Great Pacific Investments Limited ("Great Pacific")	Beneficial owner/ Personal	192,000,000 (Note 2)	38.42%

*Notes:*

1. The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing, the Chairman of the Company.
2. PCC owns the entire interest in Wealthplus, which in turn owns an interest of approximately 46.15% in Yue Yuen. Yue Yuen owns the entire interest in Pou Hing, which in turn owns the entire interest in Great Pacific.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the persons or companies (not being a Director or chief executive of the Company) had or was deemed to have any interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

**SERVICE CONTRACT**

None of the Directors has any service contract with any member of the Group (excluding contract expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

**DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, the following Director had interest in the following business (apart from the Company's business) conducted through the entity named below, which is considered to compete or be likely to compete, either directly or indirectly, with the principal business of the Company required to be disclosed pursuant to Rule 8.10 of the Listing Rules:

<b>Name of Director</b>	<b>Name of entity</b>	<b>Nature of competing business</b>	<b>Nature of interest</b>
Mr. Ku Yu Sun, Edward ("Mr. Ku")	Yuen Thai Industrial Company Limited ("Yuen Thai") ( <i>Note</i> )	Garment manufacturing	As a director

*Note:* Yuen Thai is a company incorporated in Hong Kong on 24th September 2003 and is held as to 50% by the Yue Yuen Group and 50% by a subsidiary of Luen Thai Holdings Limited, a company listed on the Stock Exchange since 2004. Mr. Ku has been nominated by the Yue Yuen Group to represent its interest on the board of directors of Yuen Thai.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group.

**DIRECTORS' INTERESTS IN CONTRACTS**

On 16th April 2007, Mr. Chen Hsiao Ying and Ms. Chen Li Ying, both executive Directors appointed with effect from 2nd October 2007, and Mr. Chen Hsin Yin, the brother of Mr. Chen Hsiao Ying and Ms. Chen Li Ying (collectively, the "Vendors") entered into a sale and purchase agreement with Jespar Age Limited ("Jespar Age"), a wholly-owned subsidiary of the Company, whereby Jespar Age acquired all the Vendors' equity interest in the holding company of the Maitex Group and in consideration and in exchange for which, Jespar Age procured the Company to issue an aggregate of 72,680,000 Shares to the Vendors, credited as fully paid at HK\$1.56 per Share, particulars of which have been disclosed in the Company's circular dated 7th May 2007. The aforesaid sale and purchase agreement was completed in September 2007.

Save as disclosed herein, as at the Latest Practicable Date, (i) none of the Directors had any interest, direct or indirect, in any assets which has been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31st March 2007, being the date to which the latest published audited accounts of the Company were made up and (ii) none of the Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

**LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

**QUALIFICATION OF EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice, which is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
TSC Capital	a licenced corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

TSC Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, which has been prepared for inclusion in this circular, and references to its name in the form and context in which it was included.

As at the Latest Practicable Date, TSC Capital did not have any shareholding interest in any member of the Group or the right (where legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, TSC Capital did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31st March 2007, being the date to which the latest published audited accounts of the Company were made up.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st March 2007, being the date to which the latest published audited accounts of the Company were made up.

**MISCELLANEOUS**

- (a) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Units 0902-0903 and 0905-0906, 9/F, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.
- (d) The company secretary and the qualified accountant of the Company are Ms. Woo Man Chi, CPA (Practising) and ACCA.
- (e) The English texts of this circular shall prevail over their Chinese texts.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's head office and principal place of business in Hong Kong at Unit 0906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong, from the date of this circular up to and including 28th July 2008, being the date of the Extraordinary General Meeting:

- (a) the Subcontracting Services Agreement;
- (b) the letter from the Independent Board Committee as set out in this circular;
- (c) the letter from TSC Capital as set out in this circular;
- (d) the written consent from TSC Capital referred to in this appendix;

- (e) the memorandum and articles of association of the Company;
- (f) the annual reports of the Company for the three years ended 31st March 2007;  
and
- (g) this circular.

**NOTICE OF EXTRAORDINARY GENERAL MEETING**



**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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Eagle Nice (International) Holdings Limited (the “Company”) will be held at Unit 0906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong on Monday, 28th July 2008 at 11:00 a.m. to consider, and if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

**ORDINARY RESOLUTIONS**

1. **“THAT:**

- (a) the Subcontracting Services Agreement and the Future Continuing Connected Transaction (both as defined in the circular of the Company dated 2nd July 2008 (the “Circular”), a copy of which marked “A” is produced to the meeting and signed by the chairman of the meeting for the purpose of identification) contemplated thereunder be and are hereby approved, confirmed and ratified subject to the Annual Cap (as defined in the Circular) for the three years ending 31st March 2011 respectively and the Annual Cap of HK\$23 million, HK\$29 million and HK\$38 million for each of the three financial years ending 31st March 2011 respectively be and are hereby approved; and
- (b) the directors of the Company be and are hereby authorized to take all steps necessary or expedient in their opinion to implement and/or to give effect of the Subcontracting Services Agreement and the Future Continuing Connected Transaction.”

2. **“THAT** Mr. Chang Wen Hsiang be re-elected as a director of the Company.”

By Order of the Board  
**Eagle Nice (International) Holdings Limited**  
**Woo Man Chi**  
*Company Secretary*

Hong Kong, 2nd July 2008

\* *For identification purposes only*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Registered Office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place  
of Business in Hong Kong:*  
Units 0902-0903 and 0905-0906  
9th Floor, Tower B  
Regent Centre  
70 Ta Chuen Ping Street  
Kwai Chung  
New Territories  
Hong Kong

*Notes:*

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the branch share registrar and transfer office of the Company, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register. Several executors or administrators of a deceased member in whose name any share stands shall for such purpose be deemed joint holders thereof.

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