

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liabilities whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED**

**鷹美(國際)控股有限公司\***

*(於開曼群島註冊成立之有限公司)*

**(股份代號: 02368)**

### **DISCLOSEABLE TRANSACTION**

Reference is made to the Announcements in relation to, among other things, the Revised Yifeng Project.

The Board wishes to announce that since January 2010, the Company, through its wholly-owned subsidiaries, has entered into (i) the Acquisition Agreement with the Management Committee and (ii) the Construction Agreements with the Contractor, both for the implementation of the Revised Yifeng Project. As at the date of this announcement, the total amounts paid or payable by the Group under the Acquisition Agreement and the Construction Agreements amounted to RMB122,596,400 (or approximately HK\$139,314,100), of which RMB10,646,400 relates to the acquisition of the Yifeng Site under the Acquisition Agreement and the remaining RMB111,950,000 relates to the construction of the Facilities by the Contractor on the Yifeng Site under the Construction Agreements.

Although the consideration payable by the Group under the Acquisition Agreement does not exceed 5% of the applicable percentage ratios, given that the Acquisition Agreement and the Construction Agreements relate to the same subject matter, they will be aggregated as if they were one single transaction. Since the consideration paid or payable by the Group under the Acquisition Agreement and the Construction Agreements, when aggregated with each other, exceeds 5% but less than 25% of the applicable percentage ratios, the transactions contemplated under the Acquisition Agreement and the Construction Agreements constitute a discloseable transaction for the Company under the Listing Rules.

*\* For identification purpose only*

## **INTRODUCTION**

Reference is made to the Announcements in relation to, among other things, the Revised Yifeng Project.

The Board wishes to announce that since January 2010, the Company, through its wholly-owned subsidiaries, has entered into (i) the Acquisition Agreement with the Management Committee and (ii) the Construction Agreements with the Contractor, both for the implementation of the Revised Yifeng Project. As at the date of this announcement, the total amounts paid or payable by the Group under the Acquisition Agreement and the Construction Agreements amounted to RMB122,596,400 (or approximately HK\$139,314,100), of which RMB10,646,400 relates to the acquisition of the Yifeng Site under the Acquisition Agreement and the remaining RMB111,950,000 relates to the construction of the Facilities by the Contractor on the Yifeng Site under the Construction Agreements.

## **THE ACQUISITION AGREEMENT**

### **Date**

22 January 2010

### **Parties involved**

- (i) EN (Jiangxi), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company; and
- (ii) The Management Committee which, to the best of the Directors' knowledge information and belief having made reasonable enquiries, is a local government authority in the PRC and an Independent Third Party

### **Brief description of the Yifeng Site**

The Yifeng Site is a parcel of land located at the Yifeng Industrial Park, Yifeng County, Jiangxi Province, the PRC with a site area of approximately 266.16 mu (畝) (or approximately 177,500 square metres). The Group is in the process of obtaining the land use right certificate in respect of the Yifeng Site, which will be granted for industrial use only and for a term of 50 years. The Directors do not expect any legal obstacles in obtaining the land use right certificate in respect of the Yifeng Site.

### **Consideration**

The consideration for the land use rights of the Yifeng Site in the amount of RMB10,646,400 was negotiated on an arm's length basis between EN (Jiangxi) and the Management Committee and calculated on the basis of RMB40,000 per mu (畝) in respect of as provided in the guidelines issued by the Land Resources Bureau of the Jiangxi Province, the PRC. The consideration was settled by way of cash on 4 March 2010. Upon obtaining the land use right certificate in respect of the Yifeng Site, the Group will be required to pay a land transaction levy of not exceeding RMB533,000, being approximately 5% of the consideration for the land use rights in respect of the Yifeng Site.

## **THE CONSTRUCTION AGREEMENTS**

### **Date**

26 May 2010

### **Parties involved**

- (i) EN (Yifeng), a wholly-foreign owned enterprise established in the PRC and indirectly wholly-owned by the Company; and
- (ii) The Contractor which, to the best of the Directors' knowledge information and belief having made reasonable enquiries, is principally engaged in the construction and building engineering businesses in the PRC and an Independent Third Party

### **Brief description of the Facilities**

Under the terms of the Construction Agreements, the Contractor agreed to construct the Facilities, which will comprise an administrative office, three factory buildings, a dormitory, a complex and a guardroom for the garment production business of EN (Yifeng) , on the Yifeng Site with a total gross floor area of approximately 132,000 square metres, subject to the final gross floor area as stated in the building ownership certificate.

### **Construction Consideration**

The Construction Consideration in the aggregate amount of RMB111,950,000 was negotiated on an arm's length basis between EN (Yifeng) and the Contractor and will be satisfied by way of cash in the following manner:

- (i) RMB16,792,500, being 15% of the Construction Consideration, will be paid within 3 days after signing of the Construction Agreements;
- (ii) the amount representing 65% of the Construction Consideration will be paid in stages by reference to the percentage of completion of the construction of the Facilities in each month. Each such monthly payment shall be made within 5 days after the inspection of the construction progress of the Facilities by an authorized person;

For illustrative purpose only, if one-fifth of the construction of the Facilities was completed one month after signing of the Construction Agreements, the amount payable by the Group for that month would be RMB14,553,500, being one-fifth of 65% of the Construction Consideration of RMB72,767,500, and will be paid within 5 days after the inspection of the construction progress of the Facilities;

- (iii) the amount representing 5% of the Construction Consideration will be paid within 14 days after the construction and the delivery of the Facilities has been completed;
- (iv) the amount representing 10% of the Construction Consideration will be paid within 14 days after the final construction account in respect of the Facilities has been agreed upon by the Group and the Contractor; and

- (v) the amount representing the remaining 5% of the Construction Consideration will be paid within 28 days after the expiry of the two years warranty period commencing from the completion of the construction of the Facilities, net of all maintenance fees paid and compensation costs incurred during the period.

The Construction Consideration, which was agreed at arm's length between the Group and the Contractor, was determined by the Group after soliciting and comparing competing bids from various PRC contractors and considering other factors such as experience, reputation and financial standing of the contractors concerned. The Directors consider the Construction Consideration and the payment method to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group intends to finance the construction of the Facilities from internal resources and/or bank borrowings.

### **Completion**

Subject to the occurrence of any force majeure events, construction of the Facilities is expected to be completed by the first half of 2011.

## **INFORMATION OF THE GROUP**

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.

## **REASONS FOR AND FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE ACQUISITION AGREEMENT AND THE CONSTRUCTION AGREEMENTS**

As disclosed in the Announcements, the Group has been in constant lookout for expansion opportunities to cope with the growing demand for sportswear and casual wear. To capture the business opportunities arising from the growing PRC sportswear and casual wear market and in line with the Group's business expansion plans, it is vital to the Group's future growth that the existing production capacity of the Group be expanded to cope with the possible increasing demand from the Group's customers. The Board considers that the acquisition of the Yifeng Site under the terms of the Acquisition Agreement and the construction of the Facilities under the terms of the Construction Agreements, both of which form part of the Revised Yifeng Project, represent a good opportunity to the Group to expand its production facilities. Accordingly, the Board considers it to be in the interests of the Company to acquire the Yifeng Site and to construct the Facilities for the implementation of the Revised Yifeng Project and that the terms of the Acquisition Agreement and the Construction Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Prior to obtaining of the land use right certificate in respect of the Yifeng Site and during the construction of the Facilities, the value of the Yifeng Site and the carrying amount of the Construction Agreements of RMB122,596,400 (or approximately HK\$139,314,100) in aggregate will be classified as prepayment, and construction in progress or other categories (as appropriate) under "Property, plant and equipment" in the consolidated balance sheet of the Group. Since the Facilities has not become operational, it will not have any immediate effect on the consolidated income statement of the Group.

Upon obtaining the land use right certificate in respect of the Yifeng Site and after the Facilities becomes operational, the value of the Yifeng Site and the carrying amount of the Construction Agreements will be transferred to the non-current assets account and classified as, inter alia, prepaid land lease payments, and buildings or other categories (as appropriate) under "Property, plant and equipment" in the consolidated balance sheet of the Group, and depreciation of the non-current assets therein calculated on a straight-line basis in accordance with their respective estimated useful lives will be charged to the consolidated income statement of the Group.

### **LISTING RULES IMPLICATION**

Although the consideration payable by the Group under the Acquisition Agreement does not exceed 5% of the applicable percentage ratios, given that the Acquisition Agreement and the Construction Agreements relate to the same subject matter, they will be aggregated as if they were one single transaction. Since the consideration paid or payable by the Group under the Acquisition Agreement and the Construction Agreements, when aggregated with each other, exceeds 5% but less than 25% of the applicable percentage ratios, the transactions contemplated under the Acquisition Agreement and the Construction Agreements constitute a discloseable transaction for the Company under the Listing Rules.

In the event that the consideration payable by the Group under the Revised Yifeng Project together exceed 25% of any of the applicable percentage ratios under Chapter 14 of the Listing Rules, the Company will comply with the relevant disclosure, notification and shareholders' approval requirements of the Listing Rules.

## DEFINITIONS

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

"Acquisition Agreement"	an acquisition agreement dated 22 January 2010 entered into between EN (Jiangxi) and the Management Committee in relation to the acquisition of the Yifeng Site for a consideration of RMB10,646,400 (or approximately HK\$12,098,200)
"Announcements"	two announcements of the Company dated 4 February 2010 and 14 May 2010 respectively in relation to, among other things, the Revised Yifeng Project
"associate(s)"	has the 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"	has the meaning ascribed to it under the Listing Rules
"Contractor"	汕頭市東楚建築工程有限公司 (Shantou Dongchu Construction and Engineering Company Limited), an Independent Third Party
"Construction Agreements"	two construction agreements both dated 26 May 2010 entered into between EN (Yifeng) and the Contractor in relation to the construction of the Facilities by the Contractor on the Yifeng Site for the Construction Consideration
"Construction Consideration"	the consideration in the aggregate amount of RMB111,950,000 (or approximately HK\$127,215,900) payable by EN (Yifeng) under the terms of the Construction Agreements
"Director(s)"	director(s) of the Company
"EN (Jiangxi)"	Eagle Nice (Jiangxi) Garment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"EN (Yifeng)"	鷹美(宜豐)製衣有限公司 (Eagle Nice (Yifeng) Apparel Corporation), a wholly-foreign owned enterprise established in the PRC and indirectly wholly-owned by the Company

"Facilities"	the production facilities comprising an administrative office, three factory buildings, a dormitory, a complex and a guardroom for the garment production business of EN (Yifeng) to be built on the Yifeng Site
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	a third party independent of and not connected with the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Committee"	宜豐縣工業園區管委會 (Yifeng Industrial Park Management Committee), a local government authority in the PRC
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Revised Yifeng Project"	the project involving the construction of the Facilities on the Yifeng Site and the operation of the garment production business involving the research and development, manufacture, subcontracting and sale of all categories of garment products at the Facilities, details of which are disclosed in the Announcements
"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
"Yifeng Industrial Park"	宜豐工業園區 (Yifeng Industrial Park), Yifeng County, Jiangxi Province, the PRC
"Yifeng Site"	a parcel of land located at the Yifeng Industrial Park with a site area of approximately 266.16 mu (畝) (or approximately 177,500 square metres)
"%"	per cent.

For reference purposes only and unless otherwise specified, Hong Kong dollar amounts have been translated into RMB using the rate of RMB0.88 : HK\$1.00.

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

*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.*

By Order of the Board

**Eagle Nice (International) Holdings Limited**

**Chung Yuk Sing**

*Chairman*

Hong Kong, 26 May 2010