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**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)

**DISCLOSEABLE TRANSACTION**

Reference is made to the Announcement in relation to, among other things, the investment project in Indonesia. The Board wishes to announce that since February 2010, the Company, through EN Indonesia, has entered into the Existing Agreements with various Independent Third Parties for the acquisition of the Sites, the Factory Buildings, the Machinery and other assets. As at the date of this announcement, the total amounts paid or payable by the Group under the Existing Agreements amounted to approximately HK\$55.2 million, comprising Rp.61,357,750,000 (or approximately HK\$52.3 million) being consideration for the acquisition of the Sites and the Factory Buildings, US\$286,764 (or approximately HK\$2.2 million) being acquisition costs of the Machinery and Rp.775,011,430 (or approximately HK\$0.7 million) being consideration for the acquisition of other assets.

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

*\* For identification purpose only*

## **INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the investment project in Indonesia. The Board wishes to announce that since February 2010, the Company, through EN Indonesia, has entered into the Existing Agreements with various Independent Third Parties for the acquisition of the Sites, the Factory Buildings, the Machinery and other assets. As at the date of this announcement, the total amounts paid or payable by the Group under the Existing Agreements amounted to approximately HK\$55.2 million, comprising Rp.61,357,750,000 (or approximately HK\$52.3 million) being consideration for the acquisition of the Sites and the Factory Buildings, US\$286,764 (or approximately HK\$2.2 million) being acquisition costs of the Machinery and Rp. 775,011,430 (or approximately HK\$0.7 million) being consideration for the acquisition of other assets.

## **THE EXISTING AGREEMENTS**

### **I. First Agreement relating to the acquisition of the Sites**

#### **Date**

10 February 2010

#### **Parties involved**

- (i) EN Indonesia; and
- (ii) PT. Moon Lion Industries Indonesia which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, is a company incorporated in Indonesia and an Independent Third Party

#### **Brief description of the site**

A piece of land located in the Banten Province, Serang Regency, District Cikande, Sub-district Kibin with a total land area of 122,236 square metres.

#### **Consideration**

The consideration in the amount of Rp.30,559,000,000 (or approximately HK\$25.7 million) which was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. As at the date of this announcement, the consideration has been fully paid by EN Indonesia in cash from the internal resources of the Group.

### **II. Second Agreement relating to the acquisition of the Sites**

#### **Date**

10 February 2010

#### **Parties involved**

- (i) EN Indonesia; and
- (ii) PT. Moon Lion Industries Indonesia which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, is a company incorporated in Indonesia and an Independent Third Party

**Brief description of the site**

A piece of land located in the Banten Province, Serang Regency, District Cikande, Sub-district Kibin with a total land area of 3,195 square metres.

**Consideration**

The consideration in the amount of Rp.798,750,000 (or approximately HK\$0.7 million) which was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. As at the date of this announcement, the consideration has been fully paid by EN Indonesia in cash from the internal resources of the Group.

**III. Third Agreement relating to the acquisition of the Sites****Date**

18 August 2010

**Parties involved**

- (i) EN Indonesia; and
- (ii) Mr. Muslim Musa and Mrs. Survivi Yusman who, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, are Indonesian citizens and Independent Third Parties

**Brief description of the site**

Thirteen (13) plots of land located in the Banten Province, Serang Regency, District Kibin, Kibin Village with an aggregate land area of 20,267 square metres.

**Consideration**

The consideration in the amount of Rp.7,000,000,000 (or approximately HK\$5.9 million) which was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. As at the date of this announcement, Rp.6,550,000,000 (or approximately HK\$5.5 million) has been paid by EN Indonesia and the remaining of the consideration shall be paid upon obtaining the title certificates in respect of the relevant plots of land, which is expected to be completed in or around the first quarter of 2011. The consideration has been paid or will be paid in cash from the internal resources of the Group.

**IV. Fourth Agreement relating to the acquisition of the Sites****Date**

29 November 2010

**Parties involved**

- (i) EN Indonesia; and
- (ii) Mrs. Yvonne Adelia who, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, is an Indonesian citizen and an Independent Third Party

**Brief description of the site**

Six (6) plots of land located in the Banten Province, Serang Regency, District Kibin, Kibin Village with an aggregate land area of 28,654 square metres.

**Consideration**

The consideration in the amount of Rp.17,000,000,000 (or approximately HK\$14.8 million) which was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. As at the date of this announcement, the consideration has been fully paid by EN Indonesia in cash from the internal resources of the Group.

**V. Five agreements relating to the acquisition of the Machinery****Date**

From 7 October 2010 to 3 January 2011

**Parties involved**

- (i) EN Indonesia; and
- (ii) Candor Machine Incorporation and Toboyo Sewing Machine Co. Ltd. which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, all are Independent Third Parties

**Brief description of the Machinery**

The Machinery includes various types of machine all to be used for manufacturing garment products and installed on the Factory Buildings and/or the premises to be erected on the Sites.

**Consideration**

The acquisition costs of the Machinery in the amount of US\$286,764 (or approximately HK\$2.2 million) was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. The consideration shall be paid after inspection of the Machinery and the Group intends to settle the consideration in cash from the internal resources of the Group.

**VI. Agreement relating to the acquisition of the Factory Buildings****Date**

29 November 2010

**Parties involved**

- (i) EN Indonesia; and
- (ii) PT. Usaha Ganda Makmur (of which Mrs. Yvonne Adelia, the counterparty to the fourth agreement as described above, is a shareholder) which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, is a company incorporated in Indonesia and an Independent Third Party

**Brief description of the Factory Buildings**

Factory buildings with an aggregate gross floor area of 22,572 square metres constructed on the land acquired under the third and fourth agreements as described above.

**Consideration**

The consideration in the amount of Rp.6,000,000,000 (or approximately HK\$5.2 million) which was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. As at the date of this announcement, Rp.5,700,000,000 (or approximately HK\$5.0 million) has been paid by EN Indonesia and the remaining of the

consideration shall be paid upon delivery of vacant possession in respect of the Factory Buildings, which is expected to be completed in or around the first quarter of 2011. The consideration has been paid or will be paid in cash from the internal resources of the Group.

## **VII. Agreements relating to acquisition of other assets**

### **Date**

28 April 2010 to 23 November 2010

### **Parties involved**

- (i) EN Indonesia; and
- (ii) an aggregate of seven suppliers which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, are all Independent Third Parties

### **Brief description of other assets**

The other assets include a motor vehicle and various types of office equipment relating to the investment project in Indonesia.

### **Consideration**

The acquisition costs of the other assets in the amount of Rp.775,011,430 (or approximately HK\$0.7 million) was negotiated on an arm's length basis between the parties concerned with reference to the prevailing market rate. As at the date of this announcement, Rp.348,663,000 (or approximately HK\$0.3 million) has been paid by EN Indonesia and the remaining of the consideration shall be paid upon delivery of the relevant assets, which is expected to be completed in or around the first quarter of 2011. The consideration has been paid or will be paid in cash from the internal resources of the Group.

## **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 EXISTING AGREEMENTS**

As disclosed in the Announcement, 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 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 Sites, the Factory Buildings, the Machinery and other assets have been an integral part of the Group's expansion plan and the acquisition of the Sites, the Factory Buildings, the Machinery and other assets as contemplated under the Existing Agreements represents a good opportunity to further expand the Group's production facilities.

The Sites, which are contiguous to each other and permitted for industrial use, are located in the Banten Province Region, District Kibin which is approximately 79.6 km from Jakarta, the capital and the largest city of Indonesia, approximately 66.3 km from Soekarno-Hatta International Airport, which is the main airport serving the greater Jakarta area on the island of Java, Indonesia and approximately 41.9 km from Pelabuhan Merak Seaport. The area of Banten Province Region is covered by 305.9 km of single track railway network and serving districts in the area such as Tanah-Abang, Tangerang-Duri, Cilegon-Cigading, Labuan-Rangkasbitung, Saketi-Bayah and Cigading-Anyer South which provide supply of sufficient and inexpensive manpower. As at the date of this announcement, no work has been done on those of the Sites already acquired by the Group and the Group does not have any definite planning regarding the Sites save for the construction of the Group's manufacturing facilities as part of the Group's expansion plans. The Group intends to utilise the Factory Buildings as one of its manufacturing facilities in Indonesia.

Accordingly, the Board considers it to be in the interests of the Company to acquire the Sites, the Factory Buildings, the Machinery and other assets and that the terms of the Existing Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Prior to obtaining the land use right in respect of the Sites, the value of the Sites will be classified as deposits and other categories (as appropriate) under "Non-Current Assets" in the consolidated statement of financial position of the Group. Upon obtaining the land use right in respect of the Sites, the value of the Sites will be transferred to the "Non-Current Assets" and classified as, inter alia, prepaid land lease payments and other categories (as appropriate) in the consolidated statement of financial position of the Group, whereas the value of the Factory Buildings, the Machinery and other assets will be classified under property, plant and equipment in the consolidated statement of financial position of the Group. Prepaid land lease payments is amortised on the straight-line basis over the lease terms and depreciation of the property, plant and equipment therein is calculated on a straight-line basis in accordance with their respective estimated useful lives and both will be charged to the consolidated income statement of the Group.

## **LISTING RULES IMPLICATION**

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

In the event that the consideration payable by the Group under the same subject matter 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:

"Announcement"	the announcement of the Company dated 4 February 2010 in relation to, among other things, the investment project in Indonesia
"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
"Director(s)"	director(s) of the Company
"EN Indonesia"	PT. Eagle Nice Indonesia, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company
"Existing Agreements"	existing agreements entered into by the Company through EN Indonesia between February 2010 and the date of this announcement in relation to the acquisition of the Sites, the Factory Buildings, the Machinery and other assets
"Factory Buildings"	six (6) blocks of factory building with an aggregate gross floor area of 22,572 square metres constructed on the land acquired under the third and fourth agreements
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
"Indonesia"	Republic of Indonesia
"km"	kilometres
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Machinery"	various types of machine all to be used for manufacturing garment products and installed on the Factory Buildings and/or the premises to be erected on the Sites

"Rp."	Indonesian Rupiah, the lawful currency of Indonesia
"Share(s)"	ordinary shares of HK\$0.01 each of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sites"	an aggregate of twenty one (21) plots of land located at Banten Province, Indonesia
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US\$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

For reference purposes only and unless otherwise specified, Rp. amounts have been translated into HK\$ using the rates of (i) throughout the period up to 30 September 2010, Rp. 1,191 : HK\$1.00 and (ii) for the period commencing from 1 October 2010 to the date of this announcement, Rp.1,145 : HK\$1.00. US\$ amounts have been translated into HK\$ using the rate of US\$1.00 : HK\$7.80.

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, 3 January 2011