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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)

MAJOR TRANSACTION

Reference is made to the Announcement in relation to, among other things, the transactions contemplated under the Acquisition Agreement and the Construction Agreements which constitute a discloseable transaction for the Company under the Listing Rules.

The Board wishes to announce that since the date of the Announcement, the Company, through its wholly-owned subsidiaries, has entered into the Further Contracts with various independent third parties for the implementation of the Yifeng Project. As at the date of this announcement, the Further Contracts totalled sixty four in number and amounted to HK\$134,939,100, comprising (i) the total amounts paid or payable of RMB113,348,000 (or HK\$129,569,100) being consideration for the supplemental agreements to the Construction Agreements, the renovation of the Facilities, acquisition of Machinery and other assets; and (ii) HK\$5,370,000 being consideration for the acquisition of Machinery.

Although the consideration payable by the Group under each of the Further Contracts does not exceed 5% of the applicable percentage ratios, given that the Further Contracts relate to the same subject matter as the Acquisition Agreement and the Construction Agreements, they will be aggregated as if they were one single transaction. Since the consideration payable by the Group under the Acquisition Agreement, the Construction Agreements and the Further Contracts, when aggregated with each other amounts to HK\$274,253,200 which exceeds 25% of the applicable percentage ratios, the transactions contemplated under the Acquisition Agreement, the Construction Agreements and the Further Contracts constitute a major transaction for the Company under the Listing Rules.

** For identification purpose only*

Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) no Shareholder is required to abstain from voting should the Company convene a general meeting and (ii) a written Shareholders' approval has been obtained from a closely allied group of Shareholders who together hold more than 50% in the issued share capital of the Company, the written Shareholders' approval can be accepted in lieu of holding a general meeting of the Company for the Shareholders to approve the transactions contemplated under the Further Contracts.

As at the date of this announcement, Time Easy and Great Pacific together held 264,650,000 Shares, representing approximately 52.96% of the issued share capital of the Company giving the right to attend and vote at general meetings of the Company and they will provide a written approval in respect of the transactions contemplated under the Further Contracts.

A circular containing, inter alia, further details of the Further Contracts together with other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 19 April 2011 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the transactions contemplated under the Acquisition Agreement and the Construction Agreements which constitute a discloseable transaction for the Company under the Listing Rules.

The Board wishes to announce that since the date of the Announcement, the Company, through its wholly-owned subsidiaries, has entered into the Further Contracts with various independent third parties for the implementation of the Yifeng Project. As at the date of this announcement, the Further Contracts totalled sixty four in number and amounted to HK\$134,939,100, comprising (i) the total amounts paid or payable of RMB113,348,000 (or HK\$129,569,100) being consideration for the supplemental agreements to the Construction Agreements, the renovation of the Facilities, acquisition of Machinery and other assets; and (ii) HK\$5,370,000 being consideration for the acquisition of Machinery.

The consideration payable under the Further Contracts have been arrived at after negotiations between the relevant parties on an arm's length basis and was or will be satisfied by way of cash, on a one-off or instalment basis. The Group undertakes a price comparison process for some contracts with competing suppliers and/or contractors in the proximity of the Yifeng Site.

FURTHER CONTRACTS

I. Two supplemental agreements to the Construction Agreements

Date

8 November 2010

Parties involved

- (i) EN (Yifeng); and
- (ii) The Contractor which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, is principally engaged in the construction and building engineering businesses in the PRC and, save as being a party to the Construction Agreements, is and its ultimate beneficial owners are Independent Third Parties

Subject matter of the supplemental agreements to the Construction Agreements

Under the terms of the supplemental agreements to the Construction Agreements, the Contractor and EN (Yifeng) agreed to revise (1) the scope of 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 143,000 square metres, subject to the final gross floor area as stated in the building ownership certificate and (2) the Construction Consideration under the Construction Agreements from RMB111,950,000 (or HK\$127,215,900) to RMB177,034,000 (or HK\$201,175,000) representing an increase of RMB65,084,000 (or HK\$73,959,100), which 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) RMB140,792,500 (or HK\$159,991,000) has been paid by EN (Yifeng) as at the date of this announcement;
- (ii) the amount representing 80% of the Construction Consideration less the amount already paid by EN (Yifeng) in paragraph (i) above, which will be apportioned by reference to the percentage of completion of the construction of the Facilities, will be paid within 5 days after the inspection of the construction progress of the Facilities each month; and
- (iii) the remaining amount of the Construction Consideration will be paid in accordance with the terms of the Construction Agreements.

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 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 of the Group and/or bank borrowings.

II. Contracts relating to the renovation of the Facilities

Date

5 July 2010 to 18 March 2011

Parties involved

- (i) EN (Yifeng); and
- (ii) an aggregate of thirteen contractors which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, are principally engaged in fitting-out works or sale of decorative materials and they and their respective ultimate beneficial owners are all Independent Third Parties

Brief description of the renovation works

The renovation works involve the installation of the electricity equipment, the decoration works and materials in respect of the Facilities.

Consideration

The consideration in respect of the renovation works in the amount of RMB32,881,000 (or HK\$38,088,000) 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, RMB16,694,000 (or HK\$19,307,000) has been paid by EN (Yifeng) and the remaining of the consideration shall be paid after the inspection of renovation works, which is expected to be completed in or around the first half of 2011. The consideration has been paid in cash or will be paid in cash from the internal resources of the Group and/or bank borrowings.

III. Contracts relating to the purchase of Machinery

Date

From 1 August 2010 to 9 March 2011

Parties involved

- (i) EN (Yifeng) or EN (Jiangxi); and
- (ii) an aggregate of six suppliers which, to the best of the Directors' knowledge information and belief having made all reasonable enquiries, are principally engaged in the sale of garment-manufacturing machinery and they and their respective ultimate beneficial owners are all 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 at the Facilities.

Consideration

The acquisition costs of the Machinery in the amount of HK\$19,266,000 (comprising RMB12,218,000 (or HK\$13,896,000) and HK\$5,370,000) 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, RMB2,489,000 (or HK\$2,835,000) has been paid by EN (Yifeng) and the remaining of the consideration shall be paid upon delivery of the Machinery, which is expected to be completed in or around the first half of 2011. The consideration has been paid in cash or will be paid in cash from the internal resources of the Group and/or bank borrowings.

IV. Contracts relating to purchase of other assets**Date**

3 August 2010 to 28 March 2011

Parties involved

- (i) EN (Yifeng); and
- (ii) an aggregate of seventeen suppliers which, to the best of the Directors' knowledge and belief having made all reasonable enquiries, are principally engaged in the supply of motor vehicles or various types of office equipment and they and their ultimate beneficial owners are all Independent Third Parties

Brief description of other assets

The other assets purchased include motor vehicles and various types of office equipment relating to the Yifeng Project.

Consideration

The costs for acquiring the other assets in the amount of RMB3,165,000 (or HK\$3,626,000) 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, RMB1,250,000 (or HK\$1,420,000) has been paid by EN (Yifeng) and the remaining of the consideration shall be paid upon delivery of the relevant assets or completion of the construction of the Facilities, which is expected to be completed in or around the first half of 2011. The consideration has been paid or will be paid in cash from the internal resources of the Group.

INFORMATION ON 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 ON THE TRANSACTIONS CONTEMPLATED UNDER THE FURTHER CONTRACTS

As disclosed in the Announcement, the Group has acquired the Yifeng Site under the terms of the Acquisition Agreement and has commenced the construction of the Facilities under the terms of the Construction Agreements in connection with the implementation of the Yifeng Project with an aim to expand its production facilities and to capture the business opportunities arising from the growing sportswear and casual wear market. As the Further Contracts relate to construction of the Facilities, installation of utilities, purchase of machinery, office equipment and other assets for the implementation of or ancillary to the Yifeng Project, the Board considers it to be in the interests of the Company to enter into the Further Contracts and that the terms of the Further Contracts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The value of renovation of Facilities, the Machinery and other assets acquired under the Further Contracts 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.

As mentioned in this announcement, the aggregate value of contracts relating to Yifeng Project is HK\$274,253,200 which will be funded by internal resources of the Group and/or bank borrowings. With substantial capital expenditures of Yifeng Project, annual depreciation amount of the Group will increase in coming years. It is also expected that the Group will incur additional finance costs as a result of new bank borrowings for Yifeng Project. Due to redeployment of cash resources for Yifeng Project, the Board may adjust the Group's dividend policy to meet its funding need. Nevertheless, the Board still believes that it is in the interests of the Company and the Shareholders as a whole to proceed with Yifeng Project in order to achieve production expansion and growth of the Group in the future.

LISTING RULES IMPLICATION

Although the consideration payable by the Group under each of the Further Contracts does not exceed 5% of the applicable percentage ratios, given that the Further Contracts relate to the same subject matter as the Acquisition Agreement and the Construction Agreements, they will be aggregated as if they were one single transaction. Since the consideration payable by the Group under the Acquisition Agreement, the Construction Agreements and the Further Contracts, when aggregated with each other, amounts to HK\$274,253,200 which exceeds 25% of the applicable percentage ratios, the transactions contemplated under the Acquisition Agreement, the Construction Agreements and the Further Contracts constitute a major transaction for the Company under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) no Shareholder is required to abstain from voting should the Company convene a general meeting and (ii) a written Shareholders' approval has been obtained from a closely allied group of Shareholders who together hold more than 50% in the issued share capital of the Company, the written Shareholders' approval can be accepted in lieu of holding a general meeting of the Company for the Shareholders to approve the transactions contemplated under the Further Contracts.

As disclosed in the Great Pacific Subscription Circular, on the basis that each of Time Easy and Great Pacific would hold more than 20% of the issued share capital of the Company immediately following completion of the Great Pacific Subscription, then for the purposes of the Takeovers Code, each of Time Easy and Great Pacific would be regarded as an associated company of the Company and Time Easy and Great Pacific would be presumed to be acting in concert with each other with respect to the control of the Company. Immediately following completion of the Great Pacific Subscription on 16 April 2004, the respective percentage shareholding interests of Time Easy and Great Pacific in the Company were approximately 34.78% and 44.96% and thereafter and up to April 2007, Time Easy had maintained a percentage shareholding interest in the Company of not less than 20%. Since May 2007 and up to the date of this announcement, Time Easy's percentage shareholding interest in the Company has been maintained at below 20% and Time Easy has ceased to be an associated company of the Company and in turn, an associated company of Great Pacific for the purposes of the Takeovers Code. To the best of the knowledge of the Directors having made all reasonable enquiries, neither Time Easy nor Great Pacific has sought any ruling or confirmation from the Executive that Time Easy and Great Pacific have ceased to be parties acting in concert with each other for the purposes of the Takeovers Code as a result of the reduction in Time Easy's percentage shareholding interest in the Company to below 20% or otherwise. Until such ruling or confirmation has been sought from the Executive, the Company will continue to treat Time Easy and Great Pacific as parties acting in concert with each other for the purposes of the Takeovers Code.

As at the date of this announcement, Time Easy and Great Pacific together held 264,650,000 Shares, representing approximately 52.96% of the issued share capital of the Company, giving the right to attend and vote at general meetings of the Company and they will provide a written approval in respect of the transactions contemplated under the Further Contracts.

A circular containing, inter alia, further details of the Further Contracts together with other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 19 April 2011 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

"Acquisition Agreement"	an acquisition agreement dated 22 January 2010 entered into between EN (Jiangxi) and 宜豐縣工業園區管委會 (Yifeng Industrial Park Management Committee), a local government authority in the PRC in relation to the acquisition of the Yifeng Site for a consideration of RMB10,646,400 (or HK\$12,098,200), details of which have been disclosed in the Announcement
"Announcement"	the announcement of the Company dated 26 May 2010 in respect of, among other things, the transactions contemplated under the Acquisition Agreement and the Construction Agreements which constitute a discloseable transaction for the Company under the Listing Rules
"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
"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 consideration in the aggregate amount of RMB111,950,000 (or HK\$127,215,900) payable by EN (Yifeng), details of which have been disclosed in the Announcement
"Construction Consideration"	the consideration payable by EN (Yifeng) under the terms of the Construction Agreements (as supplemented by two supplemental agreements both dated 8 November 2010)
"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
"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
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"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
"Further Contracts"	contracts totalled sixty four in number entered into by the Company through its wholly-owned subsidiaries between 5 July 2010 and the date of this announcement in relation to the Yifeng Project
"Great Pacific"	Great Pacific Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Yue Yuen Industrial (Holdings) Limited (stock code : 00551), a company whose shares are listed on the Stock Exchange
"Great Pacific Subscription"	the subscription of 105,000,000 new Shares and a convertible note in the principal amount of HK\$207,060,000 by Great Pacific
"Great Pacific Subscription Circular"	the circular dated 24 March 2004 issued by the Company to the Shareholders in respect of the Great Pacific Subscription
"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"	a third party (and where the third party is a corporation, such corporation and its ultimate beneficial owners) who is/are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
"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 at the Facilities
"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
"Share(s)"	ordinary shares 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
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Time Easy"	Time Easy Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Chung Yuk Sing, the chairman of the Board and an executive Director
"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 Announcement
"Yifeng Site"	a parcel of land located at 宜豐工業園區 (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)
"%"	per cent.

For reference purposes only and unless otherwise specified, RMB amounts have been translated into HK\$ using the rate of (i) throughout the year during 2010, RMB0.88 to HK\$1.00 and (ii) for the period commencing from 1 January 2011 to the date of this announcement, RMB0.86 to 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 comprised 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, 28 March 2011