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.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to Eagle Nice (International) Holdings Limited

OPTIMA CAPITAL

Optima Capital Limited

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

CRESCENDO

Crescendo Capital Limited

A letter from the Independent Board Committee (as hereinafter defined) to the Independent Shareholders (as hereinafter defined) is set out on page 20 of this circular and a letter of advice from Crescendo Capital (as hereinafter defined) is set out on pages 22 to 37 of this circular.

A notice convening an extraordinary general meeting of the Company (the "Extraordinary General Meeting") to be held at Unit 906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong on Monday, 21 May 2018 at 11:00 a.m. is set out on pages N-1 to N-3 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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 or any adjournment thereof. 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.

* *For identification purposes only*

30 April 2018

CONTENTS

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

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the Sale and Purchase Agreement
"applicable percentage ratios"	has the same meaning as defined in Rule 14.07 of the Listing Rules
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day(s) (other than Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
"BVI"	British Virgin Islands
"BVI 1 Company"	Year Fortune Group Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Vendor prior to Completion
"BVI 2 Company"	Faith Year Investments Limited (信年投資有限公司), a company incorporated in the BVI with limited liability and is wholly owned by the Vendor prior to Completion
"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 (Stock Code: 2368)
"Completion"	completion of the Acquisition pursuant to the terms of the Sale and Purchase Agreement
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Consideration Debt"	has the meaning as it is defined in the paragraph headed "Deed of Novation and Set Off" in the letter from the Board contained in this circular
"Crescendo Capital"	Crescendo Capital Limited, a licensed corporation permitted to conduct type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement

"Deed of Novation and Set Off"	the deed of novation and set off in respect of the Outstanding Receivables to be executed among the Vendor, the Purchaser, BVI 1 Company and BVI 2 Company upon Completion
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Target Group upon Completion
"Extraordinary General Meeting"	an extraordinary general meeting of the Company to be held on Monday, 21 May 2018 at 11:00 a.m. to consider and, if thought fit, approve the terms of the Sale and Purchase Agreement, the notice of which is set out on pages N-1 to N-3 of this circular, or any adjournment thereof
"GAAP"	generally accepted accounting principles
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Company"	Pro Kingtex Industrial Co. (HK) Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by BVI 2 Company
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan, appointed by the Board to consider and advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement
"Independent Shareholder(s)"	Shareholder(s) other than Great Pacific Investments Ltd. and its associates
"Industrial Park"	an industrial park in Vietnam owned and operated by Yue Yuen Group
"Latest Practicable Date"	26 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Leased Properties"	the factory premises leased by Vietnam Company and located at Section Y4 in the precinct of Pouyuen Vietnam within the Industrial Park as at the Latest Practicable Date
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Master Services Agreement"	the master services agreement to be entered into between Pouyuen Vietnam and Vietnam Company in relation to the provision of the Services by Pouyuen Vietnam to the Target Group
"Outstanding Receivables"	the outstanding amounts owing by the Vendor to BVI 1 Company and BVI 2 Company
"Overheads"	relevant costs incurred by Pouyuen Vietnam within the Industrial Park in relation to the Services
"Pouyuen Vietnam"	Pouyuen Vietnam Company Limited, a company established in Vietnam and an indirect wholly-owned subsidiary of Yue Yuen
"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
"Purchaser"	Jespar Age Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
"Remaining Consideration"	has the meaning as it is defined in the paragraph headed "Consideration" in the letter from the Board contained in this circular
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 29 March 2018 entered into between the Vendor and the Purchaser in relation to the Acquisition
"Sale Shares"	collectively, (i) 8,000,000 shares of US$1.00 each in the share capital of BVI 1 Company, representing its entire issued share capital and (ii) 8,000,000 shares of US$1.00 each in the share capital of BVI 2 Company, representing its entire issued share capital
"Services"	certain administration and staff messing services provided by Pouyuen Vietnam to the Target Group, including but not limited to laboratory analysis services for drinking water, transportation services, provision of electricity and water, satellite services, property security services, catering services, provision of staff quarters, medical services and provision of car parking spaces
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each of the Company

"Shareholder(s)"	holder(s) of the Share(s)
"Staff"	the staff employed by the Target Group within the Industrial Park
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiwan Branch"	Year Fortune Group Limited Taiwan Branch (英屬維京群島商億而富有限公司台灣分公司), a branch of BVI 1 Company incorporated under the laws of Taiwan
"Target Group"	collectively, BVI 1 Company, BVI 2 Company, Hong Kong Company, Vietnam Company and Taiwan Branch
"Tenancy Agreement"	the tenancy agreement to be entered into between Pouyuen Vietnam and Vietnam Company in relation to the Leased Properties
"VAT"	value-added tax
"Vendor"	Pro Kingtex Industrial Company Limited, an indirect non-wholly owned subsidiary of Yue Yuen
"Vietnam"	Socialist Republic of Vietnam
"Vietnam Company"	Pro Kingtex Vietnam Co., Ltd, a wholly foreign-owned enterprise established in Vietnam and is wholly owned by Hong Kong Company
"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 (Stock Code: 551)
"Yue Yuen Group"	Yue Yuen and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

For reference purposes only and unless otherwise specified, US$ amount has been translated into HK$ using the rate of US$1.00 to HK$7.80. No representation is made that any amounts in US$ were or could have been converted at such rate or at other rates or at all.

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 and Chief Executive Officer)*
Mr. Chen Hsiao Ying *(Vice Chairman)*
Ms. Chen Fang Mei, Christina
Mr. Lee Cheng Chuan

Independent Non-Executive Directors:
Mr. Chan Cheuk Ho
Mr. Lu Chi Chant
Ms. Tham Kit Wan

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 902–903 and 905–906
9/F, Tower B, Regent Centre
70 Ta Chuen Ping Street
Kwai Chung
New Territories
Hong Kong

30 April 2018

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

On 29 March 2018, the Board announced that the Vendor (an indirect non-wholly owned subsidiary of Yue Yuen) and the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which and subject to the satisfaction of the conditions set out below, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares for a consideration of US$31,617,998 (equivalent to approximately HK$246.6 million).

* *For identification purposes only*

Prior to Completion, Pouyuen Vietnam and Vietnam Company shall enter into the Tenancy Agreement, pursuant to which Vietnam Company shall lease the Leased Properties from Pouyuen Vietnam at a monthly rental of not more than US$71,184 (equivalent to approximately HK$0.6 million) for a term of three years commencing on 1 June 2018. Pouyuen Vietnam and Vietnam Company shall also enter into the Master Services Agreement pursuant to which Pouyuen Vietnam shall provide the Services to the Target Group within the Industrial Park.

As one or more of the applicable percentage ratios of the Acquisition contemplated under the Sale and Purchase Agreement exceeds 5% but are all less than 25%, the Acquisition contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Yue Yuen is the controlling shareholder of the Company holding indirectly, through its wholly-owned subsidiary Great Pacific Investments Ltd., 192,000,000 Shares representing approximately 38.42% of the issued share capital of the Company and is therefore a connected person of the Company. The Vendor, being an indirect non-wholly owned subsidiary of Yue Yuen, is an associate of a connected person of the Company. Accordingly, the Acquisition contemplated under the Sale and Purchase Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and independent shareholders' approval requirements.

By virtue of Pouyuen Vietnam being an indirect wholly-owned subsidiary of Yue Yuen, the transactions contemplated under the Tenancy Agreement and the Master Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules after Completion. As all the relevant percentage ratios (other than the profits ratio) for the transactions contemplated under the Tenancy Agreement and the Master Services Agreement are less than 5%, the transactions contemplated under the Tenancy Agreement and the Master Services Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established for the purpose of making a recommendation to the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are on normal commercial terms or better and fair and reasonable and whether the Acquisition is in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and as to voting at the Extraordinary General Meeting. Crescendo Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement, the Tenancy Agreement and the Master Services Agreement, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from Crescendo

Capital to the Independent Board Committee and the Independent Shareholders, and (iv) a notice convening the Extraordinary General Meeting to consider and, if thought fit, to approve, among other matters, the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

29 March 2018 (after trading hours)

Parties

(i) Vendor: Pro Kingtex Industrial Company Limited, an indirect non-wholly owned subsidiary of Yue Yuen; and

(ii) Purchaser: Jespar Age Limited, a direct wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the Vendor is beneficially owned as to approximately 95.25% by Yue Yuen and approximately 4.75% by third parties independent of the Company and its connected persons. As at the Latest Practicable Date, Yue Yuen is the controlling shareholder of the Company holding indirectly, through its wholly-owned subsidiary Great Pacific Investments Ltd., 192,000,000 Shares representing approximately 38.42% of the issued share capital of the Company. As such, Yue Yuen is a connected person of the Company; and (ii) the Vendor is an investment holding company and, through its subsidiaries, is principally engaged in manufacture of apparel. The principal activities of Yue Yuen Group are the manufacturing, marketing and retailing of athletic footwear, athletic style leisure footwear, casual and outdoor footwear. Yue Yuen Group is also engaged in retail and distribution of sportswear products.

Assets to be acquired

The Purchaser has conditionally agreed to acquire the Sale Shares comprising:

(i) 8,000,000 shares of US$1.00 each in the share capital of BVI 1 Company, representing its entire issued share capital; and

(ii) 8,000,000 shares of US$1.00 each in the share capital of BVI 2 Company, representing its entire issued share capital.

The Sale Shares shall be acquired free from all mortgage, charge, pledge, lien, hypothecation and other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement, and together with all rights attached thereto at Completion.

Consideration

The total consideration for the sale and purchase of the Sale Shares shall be US$31,617,998 (equivalent to approximately HK$246.6 million) which shall be payable or satisfied by the Purchaser upon Completion in the following manner:

(i) as to US$21,072,493 (equivalent to approximately HK$164.4 million) to be payable completely in cash; and

(ii) as to the remaining US$10,545,505 (equivalent to approximately HK$82.3 million) (the "**Remaining Consideration**") by setting it off against the Consideration Debt pursuant to the terms of the Deed of Novation and Set Off.

The consideration was determined after arm's length negotiations between the parties with reference to the unaudited combined net asset value of the Target Group as at 28 February 2018 and having taken into consideration the production capability and skilled labour force of the Target Group which may be made immediately available to the Group after Completion to expand the Group's production capacity.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional upon, among other things, the satisfaction or waiver of the following conditions precedent:

(i) the passing of the necessary resolution(s) by the Shareholders (or, where so required by the Listing Rules or the Stock Exchange, Independent Shareholders) at the Extraordinary General Meeting approving the Sale and Purchase Agreement and the transactions contemplated hereunder;

(ii) the existing tenancy agreement in relation to the Leased Properties having been terminated and the Tenancy Agreement having been entered into;

(iii) the necessary agreement(s) in compliance with the Listing Rules covering the Services to be provided by Pouyuen Vietnam to the Target Group after Completion having been entered into;

(iv) the receipt of legal opinions to be issued by law firms appointed by the Purchaser on each of the members of the Target Group and the transactions contemplated under the Sale and Purchase Agreement;

(v) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any of the transactions contemplated under the Sale and Purchase Agreement; and

(vi) the Vendor having complied fully with its obligations in the warranties provisions of the Sale and Purchase Agreement.

The Purchaser may waive the conditions precedent set out in paragraphs (ii), (iii), (iv), (v) and (vi) above. If any of the above conditions is not fulfilled (or waived as the case may be) on or before 30 June 2018 (or such other date as the parties may agree in writing), the Sale and Purchase Agreement shall be terminated. All obligations of the parties to the Sale and Purchase Agreement shall cease, provided that rights and liabilities which have been accrued prior to termination shall subsist.

As at the Latest Practicable Date, none of the conditions precedent set out above had been fulfilled (or waived as the case may be).

Deed of Novation and Set Off

As at 28 February 2018, the Outstanding Receivables owing by the Vendor to BVI 1 Company and BVI 2 Company amounted to US$8,000,000 (equivalent to approximately HK$62.4 million) and US$2,545,505 (equivalent to approximately HK$19.9 million), respectively. The balance of the Outstanding Receivables shall remain the same as at Completion.

In accordance with the terms of the Sale and Purchase Agreement, the parties shall execute the Deed of Novation and Set Off at Completion, pursuant to which the Purchaser will assume the obligation to pay the Outstanding Receivables for the account of the Vendor in consideration of the Vendor acknowledging to the Purchaser a debt in the sum equivalent to the Outstanding Receivables (the "**Consideration Debt**"). Thereafter, the Consideration Debt shall be set-off completely against the Remaining Consideration.

Completion

Completion shall take place on the 7th Business Day after the satisfaction or waiver (as the case may be) of all the conditions precedent under the Sale and Purchase Agreement. The parties agreed to use their best endeavours to proceed to Completion on or around 1 June 2018.

THE TENANCY AGREEMENT

It is a condition precedent under the Sale and Purchase Agreement that the Vendor and the Purchaser shall procure execution of the Tenancy Agreement prior to Completion. The principal terms of the Tenancy Agreement as specified in the Sale and Purchase Agreement are as follows:

Parties

(i) Landlord: Pouyuen Vietnam (an indirect wholly-owned subsidiary of Yue Yuen which is principally engaged in manufacture and sales of footwear); and

(ii) Tenant: Vietnam Company.

Subject matter

Vietnam Company shall lease the Leased Properties, being the factory premises located at Section Y4 in the precinct of Pouyuen Vietnam within the Industrial Park with gross floor area of 23,728 square metres, from Pouyuen Vietnam.

Term

Three (3) years from 1 June 2018 to 31 May 2021 (both days inclusive).

Rental

The monthly rental shall be not more than US$71,184 per month (inclusive of management fees and exclusive of VAT), payable in advance on a monthly basis.

Option to renew

The Tenancy Agreement shall be renewed for a further term of three (3) years commencing from the expiry of the initial three-year term at the option of Vietnam Company.

Use

The Leased Properties is being used and will continue to be used by Vietnam Company for industrial use as its production base.

The terms of the Tenancy Agreement have been arrived at after arm's length negotiations between the parties and having taken into account of the market rent for similar properties in the nearby area indicated by an independent professional valuer.

Based on the aforesaid principal terms of the Tenancy Agreement, the maximum rental payable by Vietnam Company to Pouyuen Vietnam during the term of the Tenancy Agreement shall be as follows:

	For the financial year ending 31 March			
	2019	**2020**	**2021**	**2022**
US$ (exclusive of VAT)	711,840	854,208	854,208	142,368
Equivalent to approximately HK$	5,552,000	6,663,000	6,663,000	1,110,000

THE MASTER SERVICES AGREEMENT

It is a condition precedent under the Sale and Purchase Agreement that the Vendor and the Purchaser shall procure execution of the Master Services Agreement prior to Completion. The principal terms of the Master Services Agreement are as follows:

Parties

(i) Pouyuen Vietnam; and

(ii) Vietnam Company.

Term

Three (3) years commencing on 1 June 2018.

Scope of Services and basis of fee calculation

Scope of Services	*Basis of fee calculation*
Laboratory analysis services for drinking water	Fees to be determined at cost based on actual usage
Transportation services	Fees to be determined at cost based on the Overheads and actual usage
Provision of electricity and water	Fees to be determined at cost based on the Overheads and actual usage
Satellite services	Fees to be determined at cost based on the Overheads and allocated based on the number of Staff using the staff quarters (as described below) divided by total number of staff using the staff quarters within the Industrial Park
Property security services	Fees to be determined at cost based on the Overheads and allocated based on the number of Staff working in the section of the Industrial Park in which the production facilities of the Target Group are located divided by total number of staff working in the abovementioned section
Catering services	Fees to be determined at cost based on the Overheads and allocated based on the number of Staff divided by total number of staff working within the Industrial Park

Scope of Services	*Basis of fee calculation*
Provision of staff quarters	Fees to be determined at cost based on the Overheads and allocated based on the number of Staff using the staff quarters divided by total number of staff using the staff quarters within the Industrial Park
Medical services	Fees to be determined at cost based on actual usage
Provision of car parking spaces	Fees to be determined at costs based on the Overheads and allocated based on the number of Staff divided by total number of staff working within the Industrial Park
Any other services to be provided to the Target Group from time to time pertaining to its operation in the Industrial Park	Fees to be determined at cost or at market rate or better to the Target Group

Payment terms

Vietnam Company shall pay fees for the Services in cash to Pouyuen Vietnam on a monthly basis within 30 days after the receipt of the monthly fee note from Pouyuen Vietnam.

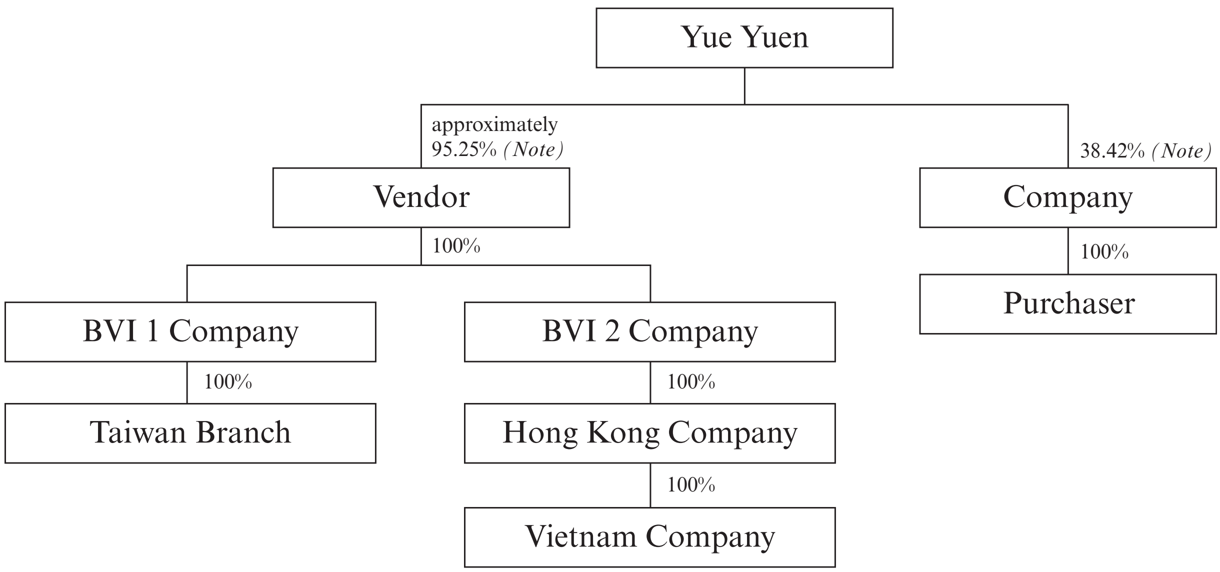
The terms of the Master Services Agreement have been arrived at after arm's length negotiations between the parties and having taken into account of the nature of Services to be provided and the costs to be incurred by Pouyuen Vietnam for provision of the Services and the availability of other providers of the Services in the market.

Based on the aforesaid principal terms of the Master Services Agreement, the historical amount of service fees paid by Vietnam Company to Pouyuen Vietnam (which amounted to approximately US$1.1 million to US$1.2 million (exclusive of VAT) for each of the three years ended 31 March 2016, 2017 and 2018) and the potential growth in production, the maximum service fees payable by Vietnam Company to Pouyuen Vietnam during the term of the Master Services Agreement are estimated to be:

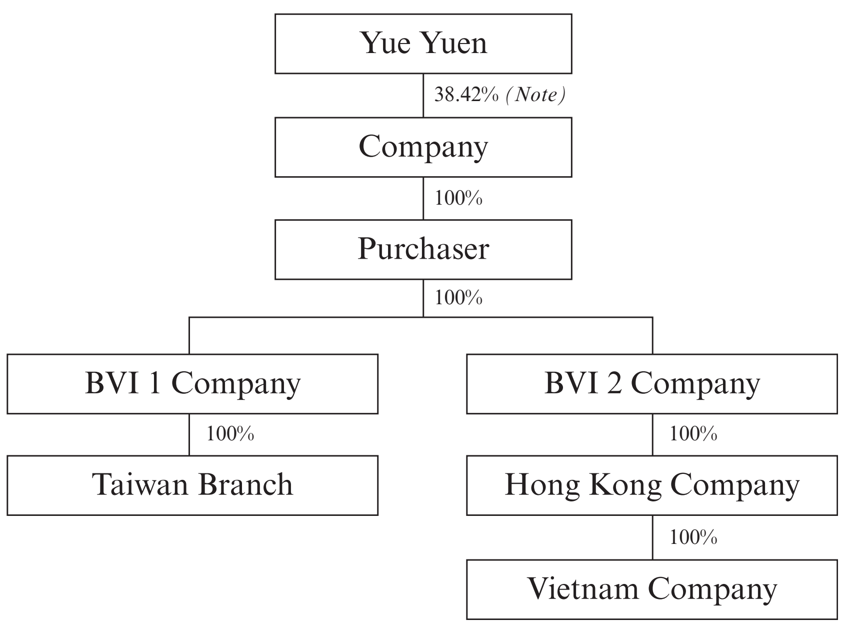
	For the financial year ending 31 March			
	2019	**2020**	**2021**	**2022**
US$ (exclusive of VAT)	1,500,000	1,800,000	1,800,000	300,000
Equivalent to approximately HK$	11,700,000	14,040,000	14,040,000	2,340,000

CORPORATE STRUCTURE BEFORE AND AFTER COMPLETION

Before Completion



After Completion



Note: Certain intermediate holding companies are not included in the above charts.

INFORMATION ON AND SUMMARY OF FINANCIAL INFORMATION OF THE TARGET GROUP

The Target Group comprises BVI 1 Company, BVI 2 Company, Hong Kong Company, Vietnam Company and Taiwan Branch. Both BVI 1 Company and BVI 2 Company are companies incorporated in the BVI with limited liability, whereas Hong Kong Company and Vietnam Company are companies incorporated or otherwise established in Hong Kong and in Vietnam, respectively. Taiwan Branch is a branch of BVI 1 Company incorporated under the laws of Taiwan.

Based on the information provided by the Vendor, the total investment costs of the Target Group were US$26,433,633 (equivalent to approximately HK$206.2 million).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hong Kong Company is an investment holding company, BVI 1 Company is the sales arm of the Target Group, BVI 2 Company is the procurement arm of the Target Group and Vietnam Company is the manufacturing arm for production of sportswear of the Target Group in Vietnam. Taiwan Branch is newly established in 2018 as a new sales arm of the Target Group. At present, sales orders of the Target Group are mainly from a customer which is also a major customer of the Group and a third party independent of the Company and its connected persons, and the production is handled by Vietnam Company.

A summary of the unaudited combined financial information of the Target Group based on the unaudited management accounts of BVI 1 Company, BVI 2 Company, Hong Kong Company and Vietnam Company for the year ended 31 December 2016 and 31 December 2017 provided by the Vendor (prepared in accordance with GAAP) are as follows:

	Year ended 31 December			
	2017		**2016**	
	US$'000	*Equivalent to HK$'000*	*US$'000*	*Equivalent to HK$'000*
Turnover	55,884	435,895	69,781	544,292
Net profit before tax	679	5,296	2,689	20,974
Net profit after tax	679	5,296	2,431	18,962

During the year ended 31 December 2017, turnover of the Target Group dropped by approximately 19.9% as compared to that for the preceding year. The drop was mainly due to the change in shareholders of the Target Group and the change in senior management in consequence thereof, which resulted in certain disruption to the operations of the Target Group. The profitability of the Target Group was also affected along with the drop in turnover, recording a reduced net profit of approximately US$0.7 million for the year ended 31 December 2017 versus a net profit of US$2.4 million for the year ended 31 December 2016. Excluding the other income relating to reversal of provision for bonus accrued in prior years of approximately US$2.0 million which is considered to be non-recurring in nature, the Target Group would have recorded a loss of approximately US$1.3 million for the year ended 31 December 2017.

As at 28 February 2018, the unaudited combined net assets of the Target Group amounted to approximately US$28.1 million (equivalent to approximately HK$219.2 million) which comprised mainly cash and bank balances of US$13.7 million (equivalent to approximately HK$106.9 million), the Outstanding Receivables of US$10.5 million (equivalent to approximately HK$82.3 million), accounts receivables of US$3.8 million (equivalent to approximately HK$29.6 million), inventories of US$4.9 million (equivalent to approximately HK$38.2 million), accounts payables of US$2.6 million (equivalent to approximately HK$20.3 million) and other payables of US$2.4 million (equivalent to approximately HK$18.7 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION, THE TENANCY AGREEMENT AND THE MASTER SERVICES AGREEMENT

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.

At present, the Group's production bases are in the PRC and Indonesia and such production facilities are operating nearly at their maximum production capacity. As disclosed in the Company's 2017 annual report, the Directors believed on a global basis, the sportswear market is holding out further potential for growth and an increase in production capacity is necessary to enable the Group to seize the opportunities presented by this global market trend. The Acquisition is in line with the strategy to further expand the Group's production capacity outside of the PRC, with a view to addressing the challenges posed by the rapidly rising labour costs and shortage of labour supply in the PRC, as well as to build up production capacity to cater for market growth.

The production facilities of the Target Group are located at the Leased Properties which are within the Industrial Park owned and operated by Yue Yuen Group, and Yue Yuen Group has from time to time provided the Services to the Target Group pertaining to its operation in the Industrial Park since around 2003. As at the Latest Practicable Date, there are around 3,000 workers of the Target Group who were trained to manufacture products which is largely similar to those being produced by the Group for a major customer which is also a major customer of the Group. The Target Group shall continue to occupy the Leased Properties under the terms of the Tenancy Agreement after Completion. In addition, Pouyuen Vietnam will continue to provide the Services under the Master Services Agreement to the Target Group to facilitie the continuous operations of the Target Group at the Leased Properties. It is expected that the Tenancy Agreement and the Master Services Agreement will be entered into after the passing of the resolution approving the entering into of the Sale and Purchase Agreement in the Extraordinary General Meeting and on/or before Completion. For the avoidance of doubt, the Tenancy Agreement and the

Master Services Agreement will not be executed if the Sale and Purchase Agreement is not approved by the Independent Shareholders. Further announcement(s) will be made by the Company in the event any of these agreements has been signed.

Having considered the above, the Directors are of the view that the Target Group represents a set up well suited to the needs of the Group and had not considered other acquisition targets from independent third parties. The Directors are also of the view that the Acquisition (together with the Tenancy Agreement and the Master Services Agreement) enables the Group to immediately expand its production capacity after Completion and save time and costs which may otherwise be incurred if the Group were to set up a new production base, recruit workers and provide necessary training to achieve the production capability of the Target Group.

The Directors noted that the worsening of financial performance of the Target Group for the year ended 31 December 2017 was mainly due to the disruption of operation as a result of the change in shareholders of the Target Group and the change in senior management in consequence thereof. It is the intention of the Group and the Vendor that the Target Group will retain the existing senior management of the Target Group after Completion to ensure a smooth transition of management as a result of the change in shareholders. In addition, as the major customer of the Target Group is also a major customer of the Group with which the Group has established relationship, the Directors do not expect the change in shareholders following Completion would cause any adverse impact to the business of the Target Group.

Following Completion, the Target Group shall become wholly-owned subsidiaries of the Group and their accounts will be consolidated into the financial statements of the Group. The Group intends to fund the consideration for the Acquisition by internal resources and/or banking facilities as appropriate.

Taking into account the above, the Directors (including the independent non-executive Directors whose view has been formed after considering the advice of Crescendo Capital) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Tenancy Agreement and the Master Services Agreement are on normal commercial terms and fair and reasonable, and the entering into of the Tenancy Agreement and the Master Services Agreement are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Acquisition contemplated under the Sale and Purchase Agreement exceeds 5% but are all less than 25%, the Acquisition contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Yue Yuen is the controlling shareholder of the Company holding indirectly, through its wholly-owned subsidiary Great Pacific Investments Ltd., 192,000,000 Shares representing approximately 38.42% of the issued share capital of the Company and is therefore a connected person of the Company. The Vendor, being an indirect non-wholly owned subsidiary of Yue Yuen, is an associate of a connected person of the Company. Accordingly, the Acquisition contemplated under the Sale and Purchase Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and independent shareholders' approval requirements.

By virtue of Pouyuen Vietnam being an indirect wholly-owned subsidiary of Yue Yuen, the transactions contemplated under the Tenancy Agreement and the Master Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon completion of the Acquisition. As all the relevant percentage ratios (other than the profits ratio) for the transactions contemplated under the Tenancy Agreement and the Master Services Agreement are less than 5%, the transactions contemplated under the Tenancy Agreement and the Master Services Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors has been established for the purpose of making a recommendation to the Independent Shareholders as regards whether the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms or better and whether the Acquisition is in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and as to voting at the Extraordinary General Meeting. Crescendo Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

At the Board meeting held on 29 March 2018, those Directors, namely Ms. Chen Fang Mei, Christina and Mr. Lee Cheng Chuan, who have a material interests in the Sale and Purchase Agreement through their relationships with Yue Yuen Group abstained from voting. The remaining Directors, namely, Mr. Chung Yuk Sing and Mr. Chen Hsiao Ying, being the executive Directors, both voted in favour of the resolution approving the entering into of the Sale and Purchase Agreement.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at Unit 906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong on Monday, 21 May 2018 at 11:00 a.m. is set out on pages N-1 to N-3 of this circular for the purpose of considering and, if thought fit, passing with or without amendments 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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 or any adjournment thereof. 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 Acquisition and any Shareholder with a material interest in the Acquisition and its associates will be required to abstain from voting on the resolution approving the Acquisition at the Extraordinary General Meeting. As at the Latest Practicable Date, Great Pacific Investments Ltd., a wholly-owned subsidiary of Yue Yuen, was interested in 192,000,000 Shares representing approximately 38.42% of the entire issued share capital of the Company. Great Pacific Investments Ltd. and its associates will abstain from voting on the resolution approving the Acquisition at the Extraordinary General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday,16 May 2018 to Monday, 21 May 2018, both dates inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the Extraordinary General Meeting. In order to be eligible to attend and vote at the Extraordinary General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 May 2018.

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the resolution as set out in the notice of the Extraordinary General Meeting is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to approve the Acquisition.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Chung Yuk Sing
Chairman

The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition 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)

30 April 2018

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 30 April 2018 (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 Sale and Purchase Agreement are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole. Crescendo 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 22 to 37 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 19 of the Circular.

* *For identification purposes only*

Having considered the advice of Crescendo Capital, we are of the opinion that the terms of the Acquisition contemplated under the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is on normal commercial terms and in the interests of the Company and Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting to approve the terms of the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Chan Cheuk Ho **Mr. Lu Chi Chant** **Ms. Tham Kit Wan**

Independent Non-Executive Directors

The following is the text of the letter from Crescendo Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, which has been prepared for the purpose of inclusion in this circular.

CRESCENDO

1506 Tai Tung Building
8 Fleming Road
Wanchai, Hong Kong

30 April 2018

Eagle Nice (International) Holdings Limited
Units 902–903 and 905–906
9/F Tower B Regent Centre
70 Ta Chuen Ping Street
Kwai Chung, New Territories
Hong Kong

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the Acquisition contemplated under the Sale and Purchase Agreement, details of which are set out in the Letter from the Board contained in the circular of the Company dated 30 April 2018 to the Shareholders (the "Circular"), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 29 March 2018 (after trading hours of the Stock Exchange), the Vendor (an indirect non-wholly owned subsidiary of Yue Yuen) and the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which and subject to the satisfaction of the conditions set out in the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, being the entire issued share capital of BVI 1 Company and BVI 2 Company respectively, for a total consideration of US$31,617,998 (equivalent to approximately HK$246.6 million). Prior to Completion, Vietnam Company (a member of the Target Group) and Pouyuen Vietnam (an indirect wholly-owned subsidiary of Yue Yuen) shall enter into the Tenancy Agreement and the Master Services Agreement. Vietnam Company shall lease the Leased Properties, where the production facilities of the Target Group are located, from Pouyuen Vietnam for a term of three years commencing from 1 June 2018 under the Tenancy Agreement while Pouyuen Vietnam shall also provide the Services to the Target Group within the Industrial Park, at which the Leased Properties are located, under the Master Services Agreement.

As one or more of the applicable percentage ratios of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, Yue Yuen was the controlling shareholder of the Company holding indirectly, through its wholly-owned subsidiary, namely Great Pacific Investments Ltd., 192,000,000 Shares, representing approximately 38.42% of the issued share capital of the Company, and was therefore a connected person of the Company. The Vendor, being an indirect non-wholly owned subsidiary of Yue Yuen, was an associate of a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and independent shareholders' approval requirements.

The Extraordinary General Meeting will be convened and held to consider and, if thought fit, approve the Acquisition. Great Pacific Investments Ltd. and its associates shall abstain from voting on the resolution approving the Acquisition at the Extraordinary General Meeting.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan, has been established to advise the Independent Shareholders on the Acquisition. We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard, in particular as to whether the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned, the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group as well as whether the Acquisition is in the interests of the Company and the Shareholders as a whole.

We are not associated with the Group and its associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Save for acting as an independent financial adviser in this appointment, we have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates. We are not aware of any relationship or interest between us and the Company or any other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the Extraordinary General Meeting. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that 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 recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Sale and Purchase Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Acquisition, we have considered the following principal factors and reasons:

1. 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.

The consolidated financial information of the Group for the six months ended 30 September 2017 and 2016 and the two years ended 31 March 2017, which was extracted from the interim report and annual report of the Company respectively, is summarized as follows:

	For the six months ended 30 September		**For the year ended 31 March**	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	1,176,471	1,083,535	1,757,316	1,534,592
Profit before tax	190,169	154,246	185,155	152,186
Profit for the period/year attributable to owners of the Company	157,593	120,924	155,119	125,129

	As at 30 September 2017
	HK$'000
	(unaudited)
Non-current assets	804,238
Current assets	967,491
Total assets	1,771,729
Non-current liabilities	(27,160)
Current liabilities	(509,528)
Total liabilities	(536,688)
Net assets	1,235,041
Equity attributable to owners of the Company	1,235,041

The revenue of the Group for the year ended 31 March 2017 amounted to approximately HK$1,757.3 million, representing a growth of approximately 14.5% as compared to the previous year. The increase in revenue was mainly attributable to the increase in the average selling price per unit resulted from on-going optimization of marketing strategies and concentration on production of high-end products. However, gross profit margin decreased from approximately 20.0% for the year ended 31 March 2016 to approximately 18.3% for the year ended 31 March 2017 as a result of the increased cost of materials for the high-end products. Therefore, the gross profit of the Group only increased by approximately HK$13.9 million to approximately HK$320.9 million for the year ended 31 March 2017. In the absence of recognitions of net fair value losses on derivative financial instruments and loss on de-registration of a subsidiary for the year ended 31 March 2017, which in aggregate amounted to approximately HK$15.1 million for the prior year, the profit before tax of the Group increased by approximately HK$33.0 million from approximately HK$152.2 million for the year ended 31 March 2016 to approximately HK$185.2 million for the year ended 31 March 2017. The profit attributable to owners of the Company amounted to approximately HK$155.1 million for the year ended 31 March 2017, representing an increase of approximately 24.0% as compared to the year ended 31 March 2016.

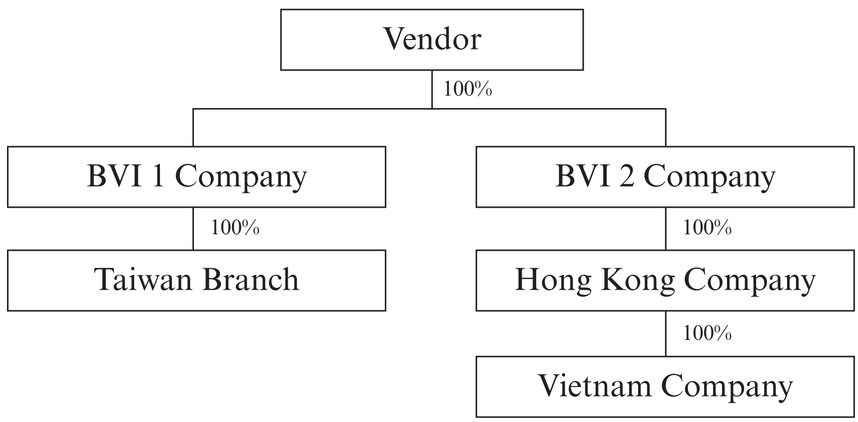
The revenue of the Group for the six months ended 30 September 2017 amounted to approximately HK$1,176.5 million, representing an increase of approximately 8.6% as compared to the previous corresponding period. The increase in revenue was mainly due to the optimization of the Group's business strategies to better utilize the Group's production capacity. Previously, the Group focused on the sales of functional products for autumn and winter seasons, the production of which was concentrated in the first half of the year. Thus, the Group's production capability for the second half of the year was not fully utilized. For the six months ended 30 September 2017, the Group reallocated part of its resources for manufacture of functional products for autumn and winter seasons to manufacture of other products which are subject to less seasonality. Therefore, the production capacity for the six months ended 30 September 2017 was better utilized and the sales of non-functional products contributed additional revenue to the Group. However, with the constant rises in wages and spending on staff benefits, the cost of sales of the Group increased and resulted in a slight drop in gross profit margin, which decreased from approximately 20.9% for the six months ended 30 September 2016 to approximately 19.6% for the six months ended 30 September 2017. Notwithstanding a decreased gross profit margin, the gross profit of the Group increased by approximately HK$3.7 million to approximately HK$230.4 million for the six months ended 30 September 2017. With the recognition of a gain on de-registration of a subsidiary in an amount of approximately HK$47.1 million for the six months ended 30 September 2017, which was absent for the previous corresponding period, the profit before tax of the Group increased by approximately HK$36.0 million from approximately HK$154.2 million for the six months ended 30 September 2016 to approximately HK$190.2 million for the six months ended 30 September 2017 despite an increase of approximately HK$10.4 million in aggregate of selling and distribution expenses and administrative expenses. The profit attributable to owners of the

Company amounted to approximately HK$157.6 million for the six months ended 30 September 2017, as compared to approximately HK$120.9 million for the six months ended 30 September 2016.

As at 30 September 2017, the non-current assets of the Group amounted to approximately HK$804.2 million, of which approximately HK$696.5 million were property, plant and equipment, approximately HK$58.5 million were prepaid land lease payments, approximately HK$26.1 million were goodwill and approximately HK$22.1 million were deposits. The current assets of the Group amounted to approximately HK$967.5 million as at 30 September 2017, which mainly consisted of inventories of approximately HK$272.9 million, accounts and bills receivables of approximately HK$422.7 million, prepayments, deposits and other receivables of approximately HK$56.3 million and cash and cash equivalents of approximately HK$213.4 million. The current liabilities of the Group as at 30 September 2017 amounted to approximately HK$509.5 million, which mainly comprised accounts payables of approximately HK$124.9 million, accrued liabilities and other payables of approximately HK$105.6 million, interest-bearing bank borrowings of approximately HK$241.0 million and tax payable of approximately HK$38.1 million. As at 30 September 2017, the non-current liabilities of the Group amounted to approximately HK$27.2 million, which comprised pension scheme obligation of approximately HK$12.0 million and deferred tax liabilities of approximately HK$15.2 million. As at 30 September 2017, the net current assets of the Group amounted to approximately HK$458.0 million while the net assets attributable to the owners of the Company amounted to approximately HK$1,235.0 million. The gearing ratio, as expressed as total liabilities over total assets, of the Group was approximately 30.3% as at 30 September 2017.

2. Information on the Target Group

The Target Group comprises BVI 1 Company, BVI 2 Company, Hong Kong Company, Vietnam Company and Taiwan Branch. Both BVI 1 Company and BVI 2 Company are companies incorporated in the BVI with limited liability, whereas Hong Kong Company and Vietnam Company are companies incorporated or otherwise established in Hong Kong and in Vietnam, respectively. Taiwan Branch is a branch of BVI 1 Company incorporated under the laws of Taiwan. The existing group structure of the Target Group is shown below:



To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hong Kong Company is an investment holding company, BVI 1 Company is the sales arm of the Target Group, BVI 2 Company is the procurement arm of the Target Group and Vietnam Company is the manufacturing arm for production of sportswear of the Target Group in Vietnam. Taiwan Branch was newly established in 2018 as a new sales arm of the Target Group. At present, the Target Group mainly serves one customer, which is also a major customer of the Group and a third party independent of the Company and its connected persons, and the production of the sales order is handled by Vietnam Company.

The production facilities of the Target Group are located at the Leased Properties which are in the Industrial Park in Vietnam, which is owned and operated by the Yue Yuen Group, and the Yue Yuen Group has from time to time providing the Services to the Target Group pertaining to its operation in the Industrial Park since around 2003. As at the Latest Practicable Date, there were around 3,000 workers of the Target Group who have been trained to manufacture products which are largely similar to those being produced by the Group for a major customer of the Group. The Target Group shall continue to occupy the Leased Properties under the terms of the Tenancy Agreement after Completion. Furthermore, Pouyuen Vietnam will continue to provide the Services under the Master Services Agreement to the Target Group in order to facilitate the continuous operations of the Target Group at the Leased Properties.

The unaudited combined financial information of the Target Group, which has been prepared based on the unaudited management accounts of BVI 1 Company, BVI 2 Company, Hong Kong Company and Vietnam Company, for the year ended 31 December 2016 and 31 December 2017 is summarized as follows:

	For the year ended 31 December			
	2017		2016	
	US$'000	*Equivalent to HK$'000*	*US$'000*	*Equivalent to HK$'000*
Turnover	55,884	435,895	69,781	544,292
Net profit before tax	679	5,296	2,689	20,974
Net profit after tax	679	5,296	2,431	18,962

	As at 28 February 2018	
	US$'000	*Equivalent to HK$'000*
Net assets	28,107	219,235

For the year ended 31 December 2017, revenue of the Target Group amounted to approximately US$55.9 million, representing a decrease of approximately 19.9% as compared to the prior year. The decrease in revenue was mainly attributable to the changes in shareholders and senior management of the Target Group during the year ended 31 December 2017, which had disrupted the operation of the Target Group at the relevant time. With the combined effects of the lowered revenue and the recognition of a non-recurring other income relating to reversal of bonus over-provided in prior years, which amounted to approximately US$2.0 million, for the year ended 31 December 2017, the profit before tax of the Target Group decreased from approximately US$2.7 million for the year ended 31 December 2016 to approximately US$0.7 million for the year ended 31 December 2017. The net profit after tax of the Target Group also reduced from approximately US$2.4 million for the year ended 31 December 2016 to approximately US$0.7 million for the year ended 31 December 2017. Had the non-recurring other income of approximately US$2.0 million been excluded, the Target Group would have recorded a loss of approximately US$1.3 million for the year ended 31 December 2017.

As at 28 February 2018, the Target Group had a net assets value of approximately US$28.1 million. The assets of the Target Group mainly comprised cash and bank balances of approximately US$13.7 million, the Outstanding Receivables of approximately US$10.5 million, inventories of approximately US$4.9 million and trade receivables of approximately US$3.8 million while the liabilities of the Target Group mainly consisted of trade payables of approximately US$2.6 million and other payables of approximately US$2.4 million. The Target Group had no interest-bearing borrowings as at 28 February 2018.

As set out in the Letter from the Board, it is the intention of the Group and the Vendor that the Target Group will retain its existing senior management after Completion to ensure a smooth transition of management as a result of the change in shareholders. Furthermore, as the major customer of the Target Group is also a major customer of the Group with which the Group has established relationship, the Directors do not expect the change in shareholders following Completion would cause any adverse impact on the business of the Target Group.

3. Reasons for the Acquisition

The Group is principally engaged in the manufacture of sportswear for men, women and children on an OEM basis. The sportswear manufactured and sold by the Group can broadly be divided into tracksuits, sport pants, jackets, sweaters and T-shirts.

As set out in the latest annual report of the Company, the Directors believed that, on a global basis, the sportswear market was holding out further potential for growth and an increase in production capacity was necessary to enable the Group to seize the opportunities presented by this global market trend. In view of the continuously increasing labour costs and shortage of labour supply in the PRC, the Group has been making efforts in the recent years to build production bases outside the PRC. Currently, the production bases of the Group are located in the PRC and Indonesia and such production facilities are operating nearly at their maximum production capacity. The Directors consider that the Acquisition is in line with the strategy of the Group to further expand its production capacity outside the PRC, with a view to addressing the challenges posed by the rapidly rising labour costs and shortage of labour supply in the PRC, as well as building up production capacity to cater for market growth. In addition, it is the intention of the Group and the Vendor to retain the existing senior management of the Target Group after Completion to ensure a smooth transition of management as a result of the change in shareholders. Given that the products of the Target Group are similar to those being produced by the Group and the production facilities and skillful workers of the Target Group are immediately available after Completion, the Directors consider that the Target Group represents a set up well suited to the needs of the Group and had not considered other acquisition targets from independent third parties, and the Acquisition (together with the transactions contemplated under the Tenancy Agreement and the Master Services Agreement) shall enable the Group to immediately expand its production capacity after Completion and save time and costs which may otherwise be incurred if the Group were to set up a new production base, recruit workers and provide necessary training to achieve the production capability of the Target Group.

Given both the Group and the Target Group are principally engaged in the sportswear manufacturing industry, we have searched for market information of sportswear industry in order to have a general idea regarding the prospects of the industry. According to "Size of the Global Sportswear Market 2009–2017" released in September 2016 by Statista Inc., an independent market statistics provider, the market size of the worldwide sportswear market increased from US$200 billion in 2009 to

US$273.27 billion in 2014, representing a compound annual growth rate of approximately 6.4%. It further estimated that the market size of the worldwide sportswear market would further increase to US$348.51 billion in 2017. With reference to a report namely, "The State of Fashion 2018" published in November 2017 jointly by McKinsey & Company, an independent global management consulting firm, and The Business of Fashion, an independent fashion business platform, the global fashion industry sales grew at 1.5% in 2016 and it was forecasted that such growth would uptick in 2017 to reach 2.5% to 3.5% and continue to grow at a rate of 3.5% to 4.5% in 2018. Among the global fashion industry, sportswear will continue to be the fastest growing category with forecast growth rates of 7.5% to 8.5% in 2017 and 6% to 7% in 2018.

Having considered the positive outlook of the sportswear industry as illustrated above, the necessity of expanding the Group's production capacity to cater for future development, the lengthy process in setting up new production facilities based on the Group's past experiences, the expected smooth transition of the management of the Target Group following Completion and the readiness of the Target Group for immediate production, we concur with the view of the Directors that the Acquisition shall immediately expand the production capacity of the Group after Completion and is in the interests of the Company and Shareholders as a whole.

4. Consideration

The consideration for the Sale Shares is US$31,617,998 (equivalent to approximately HK$246.6 million), which shall be payable or satisfied by the Purchaser as to (i) US$21,072,493 (equivalent to approximately HK$164.4 million) by payment in cash; and (ii) the remaining US$10,545,505 (equivalent to approximately HK$82.3 million) by setting off with the Consideration Debt pursuant to the terms of the Deed of Novation and Set Off.

The consideration was determined after arm's length negotiations between the parties with reference to the unaudited combined net asset value of the Target Group as at 28 February 2018 and having taken into consideration the production capability and skilled labour force of the Target Group which may be made immediately available to the Group after Completion for expanding the Group's production capacity.

To assess the fairness and reasonableness of the consideration, we have considered various commonly adopted comparison approaches for evaluation of a company, namely the net assets approach, price-to-earnings approach and dividends approach. However, given that (i) the inclusion of the non-recurring other income relating to reversal of over-provision of bonus in prior years in the profit of the Target Group for the year ended 31 December 2017 may distort the assessment of the profitability of the Target Group for the relevant year and net loss would have been recorded by the Target Group for the year ended 31 December 2017 had such non-recurring other income been excluded; and (ii) no dividends were distributed by the Target Group in the past two years, we are of the view that the dividends approach and the price-to-earnings approach were not applicable for assessing the value of the Target Group. Therefore, only the net assets approach was adopted in assessing the value of the Target Group.

Based on the unaudited combined financial information of the Target Group, the unaudited combined net asset value of the Target Group as at 28 February 2018 amounted to approximately US$28.1 million (equivalent to approximately HK$219.2 million). Accordingly, the price-to-book ratio (the "PBR") of the Target Group implied by the consideration of US$31,617,998 is approximately 1.13 times.

We have compared the PBR of the Target Group implied by the consideration with those of other comparable companies which (a) are currently listed on the Stock Exchange; and (b) have over 50% of their turnover derived from the business of manufacture and sales of sportswear apparel for their respective latest financial year. Based on the above-mentioned criteria, we have, on our best effort, identified seven comparable companies (the "Comparables") as valuation benchmarks and we consider such Comparables represent an exhaustive list of relevant comparable companies based on the said criteria and are fair and representative samples for assessing the fairness and reasonableness of the consideration as their businesses are comparable to the business of the Target Group and their major turnover was mainly derived from the business of manufacture and sales of sportswear apparel for their respective latest financial year. Set out below is a comparison of the PBRs of the Target Group as implied by the consideration and the Comparables as at the Latest Practicable Date.

PBRs of the Comparables and the Target Group

Company name (stock code)	**Principal business activities**	**Market capitalisation** *HK$' million*	**PBR as at the Latest Practicable Date** *times*
Tristate Holdings Limited (458)	manufacturing of garment including outerwear and dress up garment, and branded product distribution, retail and trading	473	0.36
Anta Sports Products Limited (2020)	manufacture and trading of sporting goods, including footwear, apparel and accessories in the mainland China	115,707	6.82
Hosa International Limited (2200)	design and production of mid-to-high end sportswear products	4,635	1.84

PBRs of the Comparables and the Target Group

Company name (stock code)	**Principal business activities**	**Market capitalisation** *HK$' million*	**PBR as at the Latest Practicable Date** *times*
Shenzhou International Group Holdings Limited (2313)	manufacture and sale of knitwear products, including sportswear, casual wear, lingerie wear and other knitwear	126,196	5.20
Eagle Nice (International) Holdings Limited (the Company) (2368)	manufacture and trading of sportswear and garments	1,844	1.49
Win Hanverky Holdings Limited (3322)	manufacture and sales of garment products, including sportswear, golf and high-end fashion apparel and related accessories.	976	0.44
Bosideng International Holdings Limited (3998)	research, design and development, raw materials procurement, outsourced manufacture, marketing and distribution of branded down apparel products, original equipment manufacturing (OEM) products and non-down apparel products in the PRC.	8,546	0.74
	Minimum		0.36
	Maximum		6.82
	Average		2.41
the Target Group	**manufacture and sales of sportswear**		**1.13**

Source: the website of the Stock Exchange

As shown in the above, the PBRs of the Comparables range from approximately 0.36 times to 6.82 times, with an average of approximately 2.41 times. The implied PBR of the consideration of approximately 1.13 times falls within the range of the PBRs of the Comparables and is lower than the average PBR of the Comparables of approximately 2.41 times.

Shareholders should note that each of the Comparables may not be entirely comparable to the Target Group in terms of market capitalization, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. However, we consider that the analysis on the Comparables can still provide a meaningful reference to the Shareholders as the Comparables are involved in the business comparable to the Target Group and are considered to be having similar characteristics in terms of industry background and outlook as the Target Group, and therefore can provide a general overview on their market valuation with respect to their corresponding book value for comparison purpose. Accordingly, we consider the trading statistics of the Comparables can serve as a benchmark for assessing the reasonableness and fairness of the consideration, and provide an appropriate basis in forming our opinion on the Acquisition. Meanwhile, we have also considered the results of the above comparison together with all other factors stated in this letter as a whole.

Due to the aforementioned limitation in comparison approach, we have considered to assess the value of the Target Group by income approach. However, given valuations using income approach with discounted cash flows method involve various subjective assumptions and parameters which may largely affect the value of the subject, we consider that it is inappropriate to use income approach to assess the value of the Target Group.

Having considered that the implied PBR of the consideration falls within the range of the PBRs of the Comparables and is lower than the average PBR of the Comparables, we consider that the consideration is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

5. Deed of Novation and Set Off

As at 28 February 2018, the Outstanding Receivables owing by the Vendor to BVI 1 Company and BVI 2 Company amounted to US$8,000,000 (equivalent to approximately HK$62.4 million) and US$2,545,505 (equivalent to approximately HK$19.9 million) respectively. The balance of the Outstanding Receivables shall remain the same as at Completion.

In accordance with the terms of the Sale and Purchase Agreement, the parties shall execute the Deed of Novation and Set Off at Completion, pursuant to which the Purchaser will assume the obligation to pay the Outstanding Receivables for the account of the Vendor in consideration of the Vendor acknowledging to the Purchaser a debt in the sum equivalent to the Outstanding Receivables. Thereafter, the Consideration Debt shall be set-off completely against the Remaining Consideration.

We have reviewed the unaudited combined financial information of the Target Group as at 28 February 2018 to ascertain the amount and nature of the Outstanding Receivables and was confirmed by management of the Company that the Outstanding Receivables are unsecured, interest-free and repayable on demand and the amount of the Outstanding Receivables shall remain the same as at Completion. Having considered that the fair value of the Consideration Debt shall be the same as the face value of the Outstanding Receivables as neither the Consideration Debt nor the Outstanding Receivables contains any derivative element, we consider that the arrangement of setting off the Remaining Consideration, which is equal to the face value of the Consideration Debt, on a dollar-for-dollar basis with the Consideration Debt is fair and reasonable.

6. Financial effects of the Acquisition

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company and their assets, liabilities and financial results will be consolidated into the consolidated financial statements of the Group. The financial effects of the Acquisition on the Group's earnings, cashflow, net asset value and gearing are set out below. However, it should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group would be upon Completion.

Earnings

Had the Acquisition been completed on 1 April 2016, the profit attributable to owners of the Company for the year ended 31 March 2017 would have increased as the Target Group recorded net profit for the year ended 31 December 2017.

Cashflow

The consideration of US$31,617,998 (equivalent to approximately HK$246.6 million) shall be settled upon Completion as to US$21,072,493 (equivalent to approximately HK$164.4 million) in cash and US$10,545,505 (equivalent to approximately HK$82.3 million) by setting off against the Consideration Debt. Therefore, the Acquisition shall give rise to a cash outflow of US$21,072,493 (equivalent to approximately HK$164.4 million) by the Group upon Completion.

Net asset value

The increases in net asset value of the enlarged Group resulting from consolidation of the assets and liabilities of the Target Group into the Group and goodwill arising from the Acquisition (being the difference between the consideration and the net asset value of the Target Group) will be fully netted off by the decreases in assets as a result of payment of cash consideration and the Deed of Novation and Set Off arrangement. However, after having taken into account the expenses associated with the Acquisition, the net asset value of the Group attributable to the owners of the Company would have decreased had the Acquisition been completed on 30 September 2017.

Gearing

As set out in the Letter from the Board, the Group intends to fund the cash consideration for the Acquisition by internal resources and/or banking facilities as appropriate. We also understand from management of the Company that the Target Group did not have any interest-bearing borrowing. In the event that the cash consideration is to be financed by internal resources of the Group, the Acquisition would not have material impact on the Group's gearing. However, in the event that the cash consideration is to be financed by banking facilities, the Acquisition would have a negative impact on the Group's gearing.

Based on the above analysis, we noted that the Acquisition would have a positive effect on the earnings of the Group but negative effects on the Group's cash position, net asset value and gearing (if cash consideration is to be financed by banking facilities). However, having considered the reasons and benefits of the Acquisition and the fairness and reasonableness of the consideration, we are of the view that the short-term adverse financial impacts of the Acquisition to the Group in respect of cash position, net asset value and gearing (if the Group finances the cash consideration by banking facilities) are commercially justifiable.

RECOMMENDATION

Having considered the principal factors and reasons stated above, we consider that the terms of the Acquisition contemplated under the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is on normal commercial terms and in the interests of the Company and Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favor of the resolution to be proposed at the Extraordinary General Meeting to approve the Acquisition.

Yours faithfully,
For and on behalf of
Crescendo Capital Limited

Amilia Tsang	**Helen Fan**
Managing Director	*Associate Director*

Notes:

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has approximately 14 years of experience in corporate finance.

2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has approximately 10 years of experience in corporate finance.

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

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 (the "Model Code") were as follows:

	Number of Shares held *(Note 1)*		Approximate
	Personal	**Corporate**	**percentage of**
Name of Director	**Interests**	**Interests**	**shareholding**
Mr. Chung Yuk Sing	17,104,000	72,650,000 *(Note 2)*	17.96%
Mr. Chen Hsiao Ying	31,880,800	—	6.38%

Notes:

1. All interests in Shares stated above represent long positions.

2. These Shares are held by Time Easy Investment Holdings Limited ("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 ("Pou Chen")	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 Ltd. ("Great Pacific")	Beneficial Owner/Corporate	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. The 192,000,000 Shares were held by Great Pacific which was wholly-owned by Pou Hing. The entire issued share capital of Pou Hing was held by Yue Yuen in which Wealthplus and Win Fortune Investment Ltd. ("Win Fortune") held an interest of 46.89% and 3.09% respectively. Wealthplus and Win Fortune are in turn wholly owned by Pou Chen. Accordingly, Pou Hing, Yue Yuen, Wealthplus, Win Fortune and Pou Chen are all deemed to be interested in the 192,000,000 Shares held by 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

As at the Latest Practicable Date, none of the Directors has any service contract with any member of the Enlarged 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 Directors 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:

Name of Director	Name of entity	Nature of competing business	Nature of interest
Mr. Lee Cheng Chuan ("Mr. Lee")	Yue Yuen *(Note 1)*	Garment manufacturing	As a vice president
Ms. Chen Fang Mei, Christina ("Ms. Chen") Mr. Lee	BVI 1 Company *(Note 2)*	Garment trading	As a director
Ms. Chen Mr. Lee	BVI 2 Company *(Note 2)*	Garment manufacturing	As a director
Ms. Chen Mr. Lee	Hong Kong Company *(Note 2)*	Investment holding	As a director
Mr. Lee	Tien Pou International Ltd ("Tien Pou") *(Note 3)*	Garment manufacturing	As a director

Notes:

1. Yue Yuen is a company listed on the Stock Exchange and is the controlling shareholder of the Company. The principal business activities of Yue Yuen Group are the manufacturing, marketing and retailing of athletic footwear, athletic style leisure footwear, casual and outdoor footwear. Yue Yuen Group is also engaged in retail and distribution of sportswear products. Based on the published annual report of Yue Yuen, Yue Yuen recorded total revenue of more than US$6.1 billion for its footwear manufacturing business for the year ended 31 December 2017. As the Group is principally engaged in the manufacturing and trading of sportswear and garments, the businesses of Yue Yuen Group and the Group potentially compete with each other.

   Given that Yue Yuen Group and the Group are operated by different and separate management team, the Directors consider that the Company is capable of carrying on its business independently of, and at arm's length with, Yue Yuen Group. After considering the nature and extent of Mr. Lee's participation in business of Yue Yuen Group and the Group, the Directors believed that there was unlikely to be any significant competition caused to the business of the Group.

2. Din Tsun Holding Co., Limited ("Din Tsun") is a company incorporated in the BVI on 4 January 2005 and had been held as to 50% by Yue Yuen Group and 50% by a third party corporation prior to 1 October 2017. On 1 October 2017, Yue Yuen Group disposed of its entire interest in Din Tsun but acquired from Din Tsun its 70% interest in each of BVI 1 Company and BVI 2 Company. After completion of the aforesaid transactions, Yue Yuen Group became interested in approximately 95.25% of the shareholding interests of BVI 1 Company and BVI 2 Company, which, through Hong Kong Company, in turn owns the entire shareholding interests of Vietnam Company. Members of the Target Group are investee companies of Yue Yuen Group. The principal business activities of the Target Group are apparel manufacturing and sales of sportswear, casual and outdoor clothes. Based on information provided by the Target Group, the Target Group recorded approximately US$56 million in revenue for the year ended 31 December 2017. Both Ms. Chen and Mr. Lee had been nominated to the board of directors of Din Tsun, BVI 1 Company, BVI 2 Company and Hong Kong Company to represent the interests of Yue Yuen Group as an investor and both of them resigned as directors of Din Tsun with effect from 27 September 2017.

   While Ms. Chen is not involved in the operation of the Target Group, Mr. Lee participates in the apparel manufacturing and sales business of the Target Group. Mr. Lee has confirmed that he is mindful of his duty to avoid conflict of interest. In cases where conflict of interest situation arises, Mr. Lee will refrain from taking part in the decision making process and will abstain from voting on the relevant resolution in board meeting. On this basis and given that members of the Target Group have their own management personnel other than Mr. Lee and that Ms. Chen is not involved in their operations, the Directors believe that the Company is capable of carrying on its business independently of, and at arm's length from the Target Group.

3. Tien Pou is a company incorporated in the Cayman Islands on 3 June 2016 and is held as to 40% by Yue Yuen Group and 60% by an independent corporation. The principal business activities of Tien Pou are apparel manufacturing of sportswear, casual and outdoor clothes. Based on information provided by Tien Pou, it recorded over US$40 million in revenue for the year ended 31 December 2017. Mr. Lee has been nominated to the board of directors of Tien Pou to represent the interest of Yue Yuen Group as an investor.

   Given that Mr. Lee is not involved in the operation of Tien Pou, the Directors believe that the Company is capable of carrying on its business independently of, and at arm's length from, Tien Pou.

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

As at the Latest Practicable Date, save for the Sale Shares to be acquired under the Sale and Purchase Agreement, (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 Enlarged Group or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2017, 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 Enlarged Group.

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:

Name	Qualification
Crescendo Capital	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Crescendo 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 they respectively appear.

As at the Latest Practicable Date, Crescendo 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, Crescendo 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 Enlarged Group or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2017, 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 31 March 2017, being the date to which the latest published audited accounts of the Company were made up.

MISCELLANEOUS

(i) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(ii) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(iii) The head office and principal place of business of the Company in Hong Kong is at Units 902–903 and 905–906, 9/F, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

(iv) Ms. Woo Man Chi is the company secretary of the Company. She is a practising member of the Hong Kong Institute of Certified Public Accountants.

(v) 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 906, 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 Monday, 21 May 2018, being the date of the Extraordinary General Meeting:

(i) the Sale and Purchase Agreement;

(ii) the draft Tenancy Agreement;

(iii) the draft Master Services Agreement;

(iv) the letter from the Independent Board Committee as set out in this circular;

(v) the letter from Crescendo Capital as set out in this circular;

(vi) the written consent from Crescendo Capital referred to in this appendix; and

(vii) 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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Eagle Nice (International) Holdings Limited (the "**Company**") will be held at Unit 906, 9th Floor, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong on Monday, 21 May 2018 at 11:00 a.m. to consider and, if thought fit, to pass with or without amendments the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the Sale and Purchase Agreement and the Acquisition (both as defined in the circular of the Company dated 30 April 2018 (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 is hereby approved, confirmed and ratified; and

(b) the directors of the Company (the "**Directors**") be and are hereby authorized to take all steps necessary or expedient in their opinion to implement and/or to give effect of the Sale and Purchase Agreement and the Acquisition."

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

Hong Kong, 30 April 2018

* *For identification purposes only*

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 902–903 and 905–906
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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the Meeting or any adjournment thereof 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 any adjournment thereof or poll concerned.

4. The register of members of the Company will be closed from Wednesday, 16 May 2018 to Monday, 21 May 2018, both dates inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the Meeting. In order to be eligible to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 May 2018.

5. 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 comprises four executive Directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Ms. Chen Fang Mei, Christina and Mr. Lee Cheng Chuan, and three independent non-executive Directors, namely, Mr. Chan Cheuk Ho, Mr. Lu Chi Chant and Ms. Tham Kit Wan.