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**EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED**

**鷹美(國際)控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2368)**

**CONNECTED TRANSACTION  
REGARDING ACQUISITION OF THE TARGET COMPANY**

The Board wishes to announce that on 26 January 2022 (after trading hours), the Vendor, the Guarantor and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement, pursuant to which and subject to the satisfaction of the conditions precedent set out below, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Equity Interests for the Initial Consideration of RMB59.39 million (equivalent to approximately HK\$72.9 million), subject to adjustments.

As at the date of the Equity Transfer Agreement, there was an Outstanding Loan due from the Guarantor to the Target Company. Pursuant to the terms of the Equity Transfer Agreement, the Guarantor has agreed to repay the Outstanding Loan within 30 Business Days after the receipt of the Final Consideration by the Vendor, plus interests calculated at 4.35% per annum from the Completion Date up to the date of repayment.

As at the date of this announcement, the entire equity interests of the Vendor were held by Mr. Huang who is an executive Director. Accordingly, the Vendor is a connected person of the Company and the Acquisition contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios in respect of the Final Consideration payable by the Purchaser and the Outstanding Loan to be repaid by the Guarantor under the Equity Transfer Agreement is more than 0.1% but less than 5%, the Acquisition contemplated under the Equity Transfer Agreement is subject to announcement and reporting requirements only and is exempt from independent Shareholders' approval under Chapter 14A of the Listing Rules, and does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

*\* For identification purposes only*

**Shareholders and potential investors of the Company should be aware that the Acquisition under the Equity Transfer Agreement is subject to a number of conditions precedent being satisfied, and consequently the Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board wishes to announce that on 26 January 2022 (after trading hours), the Vendor, the Guarantor and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement, pursuant to which and subject to the satisfaction of the conditions precedent set out below, the Vendor has agreed to the Initial Consideration of RMB59.39 million (equivalent to approximately HK\$72.9 million), subject to adjustments.

## **THE EQUITY TRANSFER AGREEMENT**

### **Date**

26 January 2022

### **Parties**

- Vendor : 澳門永弘貿易有限公司 (Macau Yonghong Trading Company Limited), a company established in Macau with limited liability and as at the date of this announcement, the entire equity interests of which were held by Mr. Huang. As such, the Vendor is a connected person of the Company;
- Purchaser : 佛山市順德區永宏紡織品有限公司 (Foshan City Shunde District Yonghong Textile Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and
- Guarantor: : Mr. Huang, an executive Director.

## Property to be acquired

The Target Company is the registered owner of the Property which comprises land and building. Particulars of the Property are as follows:

Real Estate Certificate No.	粵房地權證佛字第 0314031740 號 (Guangdong Real Estate Quanzhen Fo Zi No. 0314031740)
Address	中國廣東省佛山市順德區倫教街道辦事處荔村村委會三洪奇工業區一橫路北 (Yiheng Road North, Sanhongqi Industrial Estate, Lizhi Village, Lunjiao Street, Shunde District, Foshan City, Guangdong Province, the PRC)
Building	A 6-storey steel and concrete structure with a gross floor area of approximately 10,297 sq. m.
Land	A piece of stated-owned land (Lot No. 161076-002) with an area of approximately 4,085 sq. m. was acquired by way of transfer with a land use period until 22 December 2047

To the best of the Directors' knowledge, information and belief having made reasonable enquires, the Property is currently leased to an Independent Third Party by the Target Company as production facilities for garment manufacturing. The Group intends to use the Property for the same purpose after the Completion.

Based on the valuation report prepared by a professional property valuer which is an Independent Third Party, the market value of the Property was RMB44.00 million (equivalent to approximately HK\$54.0 million) as at 31 December 2021.

## Consideration and Conditions Precedent

The initial consideration under the Equity Transfer Agreement (the “**Initial Consideration**”) is RMB59.39 million (equivalent to approximately HK\$72.9 million) and shall be subject to adjustments as follows:

Initial Consideration as adjusted (the “**Final Consideration**”) = Initial Consideration + (B – A)

Where:

A = The net asset value of the Target Company as at 31 December 2021

B = The net asset value of the Target Company as at 28 February 2022 as shown in the Completion Accounts

The Initial Consideration and the Final Consideration were determined after arm’s length negotiations between the parties with reference to (i) the net asset value of the Target Company as at 31 December 2021 and 28 February 2022 respectively; and (ii) the valuation of the Property as at 31 December 2021. The Final Consideration shall not exceed RMB60.00 million (equivalent to approximately HK\$73.6 million).

According to the audited accounts of the Target Company as at 31 December 2021, the net asset value amounted to approximately RMB17.95 million (equivalent to approximately HK\$22.0 million) and the net book value of the Property was RMB2.56 million (equivalent to approximately HK\$3.1 million). Taking into account the market value of the Property of RMB44.00 million (equivalent to approximately HK\$54.0 million) as at 31 December 2021, the pro forma net asset value of the Target Company as at 31 December 2021 would be, for illustrative purpose only, RMB59.39 million (equivalent to approximately HK\$72.9 million). Given that the Initial Consideration of RMB59.39 million is the same as the aforesaid pro forma net asset value of the Target Company, the Board considered the consideration is fair and reasonable especially that the Target Company can increase the Group’s production capacity by making use of the readily available facilities of the Target Company without incurring additional construction costs.

The Final Consideration shall be paid within 10 Business Days after the satisfaction (or waiver by the Purchaser in writing) of the conditions precedent set out in the Equity Transfer Agreement including but not limited to:

- (i) there is no applicable law, court, arbitration institution or relevant government department judgments, awards, rulings or injunctions restricting, prohibiting or canceling the Acquisition, nor is there any pending or potential litigation, arbitration, judgment, award, ruling or injunction which may result in material adverse effect to the Acquisition;
- (ii) during the Transitional Period, there is no breach or failure of the Target Company or the Vendor to perform the obligations stipulated in the Equity Transfer Agreement; during the Transitional Period, there is no existence nor occurrence of events, facts, conditions, changes or other scenarios which has resulted in material adverse effect to (a) the shareholding structure, business, customer relationships, technology, assets, financial, legal, intellectual property or other conditions, normal operations and profitability prospects of the Target Company, (b) the validity or enforceability of the transaction documents, (c) the ability to perform the obligations under the Equity Transfer Agreement or the Acquisition by the Target Company or the Vendor;
- (iii) the representations and warranties made by the Vendor in the Equity Transfer Agreement shall remain true, accurate, complete and not misleading until the Completion Benchmark Date;
- (iv) the Acquisition and the transaction contemplated under the Equity Transfer Agreement having been approved by the shareholders of the Target Company;
- (v) all internal approvals of the Purchaser in respect of the Acquisition and the transaction contemplated under the Equity Transfer Agreement having been obtained;
- (vi) the delivery of vacant possession of the Property by the Vendor before 28 February 2022; and
- (vii) the Company, being the holding company of the Purchaser, having complied with the announcement requirement under the Listing Rules in respect of the Equity Transfer Agreement and the Acquisition and, where applicable, obtained the approval from the Shareholders in respect of the Equity Transfer Agreement and the Acquisition.

If the conditions precedent have not been fulfilled (or waived by the Purchaser in writing) on or before 30 June 2022 (or such other date as the Vendor, the Guarantor and the Purchaser may agree in writing) and the Purchaser gives notice to terminate the Equity Transfer Agreement, the Equity Transfer Agreement shall thereupon terminate. On termination of the Equity Transfer Agreement, the Purchaser shall bear no responsibility to the Vendor or the Target Company, provided that if the Completion shall have taken place in accordance with the terms of the Equity Transfer Agreement, Purchaser shall transfer the Equity Interests back to the Vendor at the costs of the Vendor.

If the conditions precedent have not been fulfilled by 30 June 2022 (or such other date as the Vendor, the Guarantor and the Purchaser may agree in writing) due to the default of the Vendor and the Equity Transfer Agreement is not terminated by the Purchaser, the Vendor shall be liable to pay to the Purchaser a daily penalty calculated at 0.03% of the Final Consideration for each day delayed after 30 June 2022 (or such other date as the Vendor, the Guarantor and the Purchaser may agree in writing).

### **Completion**

Subject to the satisfaction or waiver (as the case may be) of items (v) and (vii) under the paragraph headed “Consideration and Conditions precedent” in this announcement, the Completion shall take place on the Completion Date.

### **Outstanding Loan due from the Guarantor to the Target Company**

As at the date of the Equity Transfer Agreement, there was an Outstanding Loan due from the Guarantor to the Target Company. Pursuant to the terms of the Equity Transfer Agreement, the Guarantor has agreed to repay the Outstanding Loan within 30 Business Days after the receipt of the Final Consideration by the Vendor, plus interests calculated at 4.35% per annum from the Completion Date up to the date of repayment.

### **Guarantee by the Guarantor**

Pursuant to the terms of the Equity Transfer Agreement, the Guarantor has unconditionally and irrevocably undertaken to the Purchaser that the Vendor will perform and execute all the Vendor’s obligations; and has guaranteed the payment obligations of the Vendor (including but not limited to all loss and damages; and legal costs and expenses incurred by the Purchaser due to breaches of the terms of the Equity Transfer Agreement by the Vendor) under the terms of the Equity Transfer Agreement, provided that the Purchaser shall make the claims against the Vendor and/or Guarantor under the Equity Transfer Agreement within 7 years from the Completion Date.

## INFORMATION ON AND SUMMARY OF FINANCIAL RESULTS OF THE TARGET COMPANY

The Target Company is a company with limited liability established in the PRC on 27 November 2013 with a registered capital of approximately HK\$17.0 million which was fully paid up. At the time of its establishment, the equity interests of the Target Company were held as to 90% by the Vendor (which equity interests were in turn held as to 77.5% by Mr. Huang, an executive Director and the remaining 22.5% by Mr. Ku Weng Sang (“Mr. Ku”), being a Macau resident); and the remaining 10% by a PRC incorporated company 佛山市順德區宏揚投資有限公司 (Foshan City Shunde District Hongyang Investment Company Limited) (“Foshan Hongyang”) (which equity interests were held as to 70% and 30% by Mr. Luo Xiang Yang (“Mr. Luo”) and Ms. Luo Na Hui (“Ms. Luo”), both being Chinese citizen, respectively). All Mr. Ku, Mr. Luo, Ms. Luo and Foshan Hongyang are Independent Third Parties.

In July 2021, the Vendor acquired 10% equity interests in the Target Company from Foshan Hongyang at a consideration of approximately RMB3.03 million and Mr. Huang acquired 22.5% equity interests in the Vendor from Mr. Ku for a consideration of approximately RMB12.78 million. Immediately after completion of the aforesaid acquisitions, the entire equity interests of the Target Company were held by Mr. Huang.

As at the date of this announcement, the Equity Interests, representing the entire equity interests of the Target Company, were held by the Vendor, whose entire equity interests were in turn held by Mr. Huang, an executive Director and the registered capital of the Target Company was HK\$18.12 million which has been fully paid up. To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, the Target Company is located in Shunde District, Foshan City, Guangdong Province, the PRC and according to the scope of business set out in its business license, is principally engaged in the manufacturing and sales of garment and embroidery processing. Since early 2019, the Target Company has no longer been engaged in manufacturing business and has principally engaged in leasing the Property to an Independent Third Party for rental income.

A summary of the audited accounts of the Target Company for the two years ended 31 December 2020 and 2021 prepared in accordance with the PRC Accounting Standards are as follows:

	Year ended 31 December			
	2021		2020	
	RMB'000	HK\$'000	RMB'000	HK\$'000
Turnover	3,711	4,554	2,911	3,572
Net profit / (loss) before tax	1,964	2,410	(301)	(369)
Net profit / (loss) after tax	1,964	2,410	(301)	(369)

As at 31 December 2021, the audited net asset value of the Target Company prepared in accordance with the PRC Accounting Standards amounted to approximately RMB17.95 million (equivalent to approximately HK\$22.0 million) which comprised mainly the Property of approximately RMB2.56 million (equivalent to approximately HK\$3.1 million), machinery and equipment of approximately RMB7.26 million (equivalent to approximately HK\$8.9 million), the Outstanding Loan of approximately RMB7.15 million (equivalent to approximately HK\$8.8 million) and other tax receivables of approximately RMB0.89 million (equivalent to approximately HK\$1.1 million).

## **INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITION**

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 and T-shirts.

The Group’s production bases are currently located in the PRC (Guangdong, Jiangxi and Hubei Provinces), Indonesia and Vietnam to enable the Group to fully leverage the unique advantages of various locations in terms of geographic location, government policy and production technology so that the Group can allocate production orders with flexibility. The Board believes that the Acquisition, which includes the acquisition of the Property, represents a good opportunity for the Group to enhance its asset value and expand its manufacturing base in the PRC. Given that the Target Company is principally engaged in manufacture of garments in the Guangdong Province of the PRC, it will enable the Group to increase its production capacity based on a readily available facility without incurring additional construction costs. In addition, Mr. Huang will remain in charge of managing the Target Company to facilitate the seamless transition and smooth operation of the Target Company after the Completion. Accordingly, the Directors consider that the entering into of the Equity Transfer Agreement and the Acquisition contemplated thereunder are carried out on normal commercial terms which are fair and reasonable and are in the interests of the Shareholders as a whole.

Following the Completion, the Target Company shall become a wholly-owned subsidiary of the Group and its 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.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, the entire equity interests of the Vendor were held by Mr. Huang who is an executive Director. Accordingly, the Vendor is a connected person of the Company and the Acquisition contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios in respect of the Final Consideration payable by the Purchaser and the Outstanding Loan to be repaid by the Guarantor under the Equity Transfer Agreement is more than 0.1% but less than 5%, the Acquisition contemplated under the Equity Transfer Agreement is subject to announcement and reporting requirements only and is exempt from independent Shareholders' approval under Chapter 14A of the Listing Rules, and does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The Board (including the independent non-executive Directors) is of the view that the Equity Transfer Agreement was: (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms (in accordance with the terms determined after arm's length negotiation or no less favourable than those offered by the Group to the Independent Third Parties); and (iii) its terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Pursuant to Rule 14A.68(8) of the Listing Rules, Mr. Huang has abstained from voting at the Board meeting on the resolutions approving the Equity Transfer Agreement. The relevant resolutions were voted and approved by the Directors who are not interested or connected to the Acquisition.

**Shareholders and potential investors of the Company should be aware that the Acquisition under the Equity Transfer Agreement is subject to a number of conditions precedent being satisfied, and consequently the Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the acquisition of the Equity Interests by the Purchaser from the Vendor pursuant to the terms of the Equity Transfer Agreement
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s), other than Saturday, Sunday, statutory holiday or such other day which is closed for business as required by the financial institutions of the PRC
“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 Equity Transfer Agreement
“Completion Accounts”	the unaudited accounts of the Target Company as at the Completion Benchmark Date prepared in accordance with the PRC Accounting Standards
“Completion Benchmark Date”	completion benchmark date under the Equity Transfer Agreement, being 28 February 2022
“Completion Date”	the date after the Completion Benchmark Date, being 1 March 2022
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Interests”	the entire equity interests of the Target Company
“Equity Transfer Agreement”	an equity transfer agreement dated 26 January 2022 entered into between the Vendor, the Purchaser and the Guarantor in relation to the Acquisition

“Final Consideration”	has the same meaning ascribed to it under the section headed “Consideration and Conditions Precedent” in this announcement
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Huang
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Group and its connected persons (as defined under the Listing Rules)
“Initial Consideration”	has the same meaning ascribed to it under the section headed “Consideration and Conditions Precedent” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region, the PRC
“Mr. Huang”	Mr. Huang Yongbiao, an executive Director
“Outstanding Loan”	an outstanding loan due from the Guarantor to the Target Company in the initial amount of approximately RMB7.15 million (equivalent to approximately HK\$8.8 million), subject to the final amount shown in the Completion Accounts
“PRC”	The People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Accounting Standards”	The requirements of the financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the Ministry of Finance of the PRC
“Property”	the property comprises land and buildings located at 中國廣東省佛山市順德區倫教街道辦事處荔村村委會三洪奇工業區一橫路北 (Yiheng Road North, Sanhongqi Industrial Estate, Lizhi Village, Lunjiao Street, Shunde District, Foshan City, Guangdong Province, the PRC)
“Purchaser”	佛山市順德區永宏紡織品有限公司 (Foshan City Shunde Yonghong Textile Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“RMB	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	廣東達聯制衣有限公司 (Guangdong Dalian Garment Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Vendor prior to the Completion
“Transitional Period”	the period between the date of the Equity Transfer Agreement and the Completion Benchmark Date
“Vendor”	澳門永弘貿易有限公司 (Macau Yonghong Trading Company Limited), a company established in Macau with limited liability and as at the date of this announcement, the entire equity interests of which were held by Mr. Huang
“%”	per cent.

For reference purposes only and unless otherwise specified, RMB amounts have been translated into HK\$ using the rates of RMB0.815 to HK\$1.00 in this announcement.

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

By Order of the Board  
**Eagle Nice (International) Holdings Limited**  
**Chung Yuk Sing**  
Chairman

Hong Kong, 26 January 2022

*As at the date of this announcement, the Board comprises seven executive directors, namely, Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Huang Yongbiao, Ms. Chen Fang Mei, Christina, Mr. Shih Chih-Hung, Mr. Chung Chi Kit and Mr. Hu Chia-Ho and four independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Lu Chi Chant, Ms. Tham Kit Wan and Mr. Leung Spencer Yu Cheong.*