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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)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF THE TARGET GROUP**

This announcement is made by Eagle Nice (International) Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) on a voluntary basis.

THE ACQUISITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that on 7 April 2022 (after trading hours), Jespar Age Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company and the Company as the Purchaser’s guarantor, entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Chang Pao International Limited (the “**Vendor**”) and an independent individual as the Vendor’s guarantor (the “**Vendor’s Guarantor**”), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire share capital of Beyond Top Co., Ltd., a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability (the “**Target Company**”, and together with its only wholly-owned subsidiary, the “**Target Group**”) at an initial consideration of US\$6,694,000 (equivalent to approximately HK\$52,213,200) (the “**Initial Consideration**”), payable in cash and subject to adjustment, in accordance with the terms and conditions of the Sale and Purchase Agreement (the “**Acquisition**”).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, each of the Vendor, the Vendor’s ultimate beneficial owners, the Vendor’s Guarantor and the members of the Target Group is not a connected person (as defined in the Rules Governing the Listing on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) of the Group and is a third party independent of and not connected with the Group and its connected persons (“**Independent Third Party**”).

** For identification purposes only*

Consideration

The initial consideration under the Sale and Purchase Agreement (the “**Initial Consideration**”) is US\$6,694,000 (equivalent to approximately HK\$52,213,200) and shall be subject to adjustments as follows:

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

Where:

A = The net asset value of the Target Group as shown in the completion account of the Target Group as at 30 April 2022 minus the net asset value of the Target Group as shown in the accounts of the Target Group as at 31 December 2021

The Initial Consideration and the Final Consideration were determined after arm’s length negotiations between the parties with reference to the net asset value of the Target Group as at 31 December 2021 and 30 April 2022 respectively.

Guarantee of the performance of the Vendor and the Purchaser

Pursuant to the terms of the Sale and Purchase Agreement:

- (i) the Vendor’s Guarantor has unconditionally and irrevocably undertaken to the Purchaser that the Vendor will perform and execute all the Vendor’s obligations and to guarantee the payment obligations of the Vendor (including but not limited to all loss and damages and legal costs and expenses incurred by the Vendor) under the terms of the Sale and Purchase Agreement; and
- (ii) the Company has unconditionally and irrevocably undertaken to the Vendor that the Purchaser will perform and execute all the Purchaser’s obligations.

Completion

Completion of the Acquisition (the “**Completion**”) is subject to the fulfilment or waiver (as the case may be) of certain conditions, among other things, that the Vendor has obtained all necessary permits and approvals in relation to the transfer of shares in the Target Company and the Vendor has properly fulfilled all his obligations under the Sale and Purchase Agreement in all respects prior to the date of the Completion. It is expected that the Completion will take place on 1 May 2022.

Upon the Completion, the Target Group will become wholly owned by the Purchaser and will become indirect wholly-owned subsidiaries of the Company. The financial results of the Target Group will be consolidated into the Group’s consolidated financial statements.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company. Its only wholly-owned subsidiary is a company established in the Republic of Vietnam which is principally engaged in manufacture of shoes in Vietnam and has ceased its operation since 2009.

Based on the accounts of the Target Group for the year ended 31 December 2021 and 2020, the turnover and the loss (before and after tax) of the Target Group are as follows:

	For the year ended 31 December			
	2021		2020	
	US\$	Equivalent to HK\$	US\$	Equivalent to HK\$
Revenue	-	-	-	-
Loss before tax	(21,778)	(169,868)	(22,396)	(174,689)
Loss after tax	(21,778)	(169,868)	(22,396)	(174,689)

As at 31 December 2021, the net asset value of the Target Group prepared in accordance with the Vietnamese Accounting Standards amounted to approximately US\$388,000 (equivalent to approximately HK\$3,026,400) which comprised mainly leasehold land and buildings of approximately US\$601,000 (equivalent to approximately HK\$4,687,800), and tax payables of approximately US\$213,000 (equivalent to approximately HK\$1,661,400).

INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Vendor and the Vendor's Guarantor

The Vendor is a company incorporated in the BVI with limited liability and is an investment holding company whose principal asset comprises interests in the Target Group. The Vendor's Guarantor, Mr. Wang Chiu-Yao, who is a Taiwan citizen and is the beneficial owner of 50% interests in the Vendor. The remaining interests in the Vendor is beneficially held as to 30% by Mr. Wang Chiu-Tsung and 20% by Ms. Chiang Su-Chen, both of them being Taiwan citizens and relatives of the Vendor's Guarantor. To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, save for being a party to the Sale and Purchase Agreement, each of the Vendor, the Vendor's ultimate beneficial owners and the Vendor's Guarantor is an Independent Third Party.

The Company and the Purchaser

The Company is an investment holding company and its subsidiaries are 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 Purchaser is an investment holding company incorporated in the BVI and is a wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group’s production base is currently located in the PRC (Guangdong, Jiangxi and Hubei Provinces), Indonesia and Vietnam in order to fully leverage the unique advantages in terms of geographic location, government policy and production technology of various locations so that the Group is able to allocate production orders with flexibility. The Board believes that the Acquisition represents a good opportunity for the Group to expand its manufacturing base in Vietnam.

According to the accounts of the Target Group as at 31 December 2021, the net asset value amounted to approximately US\$388,000 (equivalent to approximately HK\$3,026,400) and the net book value of the leasehold land and buildings of approximately US\$601,000 (equivalent to approximately HK\$4,687,800). Taking into account the market value of the leasehold land and buildings (located at Moi 2 Group, My Hanh Commune, Duc Hoa District, Long An Province, Vietnam) of US\$6,535,000 (equivalent to approximately HK\$50,973,000) based on the valuation report prepared by a professional property valuer which is an Independent Third Party as at 21 February 2022 (the valuation date), the pro forma net asset value of the Target Group as at 31 December 2021 would be, for illustrative purpose only, US\$6,322,000 (equivalent to approximately HK\$49,311,600). Although the Initial Consideration of US\$6,694,000 represents a premium of approximately 5.89% over the pro forma net asset value of the Target Group, the Board considered the consideration is fair and reasonable especially that the Target Group can increase the Group’s production capacity by making use of the readily available facilities of the Target Group without incurring additional construction costs.

The terms of the Sale and Purchase Agreement (including the Initial Consideration) were arrived at after arm’s length negotiations between the parties to the Sale and Purchase Agreement. Having considered the foregoing, the Board is of the view that the terms of the Sale and Purchase Agreement (including the Initial Consideration) are on normal commercial terms, which are fair and reasonable and are in the best interests of the Group and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

For reference purposes only and unless otherwise specified, US\$ amounts have been translated into HK\$ using the rate of US\$1 to HK\$7.80 in this announcement.

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

Hong Kong, 7 April 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.