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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)

**(1) ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE
AND
(2) ACQUISITION OF THE TARGET COMPANY**

ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE

On 3 November 2021 (after trading hours), the Company and the Subscriber, an Independent Third Party, entered into the Subscription Agreement pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, up to 1,800,000 Subscription Shares for an aggregate consideration of HK\$7,614,000. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

** For identification purposes only*

ACQUISITION OF THE TARGET COMPANY

On 3 November 2021 (after trading hours), the Purchasers, both being indirect wholly-owned subsidiaries of the Company, entered into the Conditional Sale and Purchase Agreement with the Vendors, pursuant to which the Purchasers conditionally agreed to purchase and take the ownership of, and the Vendors conditionally agreed to sell and transfer, the entire issued and paid-up share capital of the Target Company at an initial consideration of US\$1,500,000 (equivalent to approximately HK\$11,700,000), subject to adjustments based on the equity value of the Target Company as shown in the completion account. In addition, the Purchasers shall inject an aggregate amount of US\$5,000,000 (equivalent to approximately HK\$39,000,000) to the bank account of the Target Company not later than 4 Business Days prior to the completion of the Acquisition for the subscription of new shares in the Target Company on completion of the Acquisition, which shall be used by the Target Company solely for the repayment of bank facilities and related party loans.

The Target Company will become a wholly-owned subsidiary of the Company and the consideration for the Acquisition will be financed by internal resources of the Group.

As each of the applicable percentage ratios in respect of the Acquisition is below 5%, the entering into of the Conditional Sale and Purchase Agreement with the Vendors does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

THE GENERAL MANDATE

The Subscription Shares will be issued and allotted pursuant to the General Mandate. As at the date of this announcement, no Share has been issued and allotted under the General Mandate. The Subscription Shares represent approximately 0.34% of the issued share capital of the Company as at the date of this announcement and approximately 0.34% of the issued share capital of the Company as enlarged by the Subscription Shares. As the General Mandate is sufficient for the issue and allotment of the Subscription Shares, the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Completion of each of the Subscription and the Acquisition is subject to fulfillment of the respective conditions precedent set out in the Subscription Agreement and the Conditional Sale and Purchase Agreement and therefore the Subscription and the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE

On 3 November 2021 (after trading hours), the Company and the Subscriber, an Independent Third Party, entered into the Subscription Agreement pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, up to 1,800,000 Subscription Shares for an aggregate consideration of HK\$7,614,000. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

Principal terms of the Subscription Agreement are as follows:

Date

3 November 2021 (after trading hours)

Parties

- (1) the Company; and
- (2) the Subscriber, being Mr. Ade Tjakralaksana and save for being a party to the Conditional Sale and Purchase Agreement, an Independent Third Party

Subscription Shares and Subscription Price

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue up to 1,800,000 Subscription Shares, at HK\$4.23 per Subscription Share, which represents:

- (i) a discount of approximately 8.04% to the closing price of HK\$4.60 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a discount of approximately 7.64% to the average closing price of HK\$4.58 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding and including the date of this announcement; and
- (iii) a discount of approximately 7.64% to the average closing price of HK\$4.58 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding and including the date of this announcement.

The aggregate Subscription Price for all the Subscription Shares is approximately HK\$7,614,000, which was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other things, the prevailing market price of the Shares, the lock-up restrictions in respect of the Subscription Shares and the leveraging on the Subscriber's expertise, relationship and local network to expand the Group's business in Indonesia. The Directors (including the independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Pursuant to the Subscription Agreement, completion of the Subscription and the issue of the Subscription Shares are conditional upon the fulfillment of each of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (ii) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange which requires compliance in relation to the Subscription and the issue of the Subscription Shares;
- (iii) the obtaining of all consents from any relevant persons which are necessary or desirable in connection with the Subscription and the issue of the Subscription Shares (and, where such consents are given subject to conditions, such conditions are on terms as may be reasonably acceptable to the Company);
- (iv) the execution of the escrow agreement in respect of the Subscription Shares by the Subscriber and the escrow agent;
- (v) completion of the Acquisition; and
- (vi) the Subscription Agreement not having been terminated in accordance with its terms.

As at the date of this announcement, none of the above conditions precedent has been fulfilled. None of the above conditions precedent is capable of being waived by the Company or the Subscriber. In the event that the conditions precedent referred to above not being fulfilled by 6:00 p.m. on 31 December 2021 (or such other time and date as to be agreed by the Company and the Subscriber), all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and be determined and neither party shall have any claim against the other, save for any antecedent breaches of the terms hereof.

Completion of the Subscription

Completion of the Subscription shall take place within two (2) Business Days (or such other date and time as to be agreed by the Company and the Subscriber) after the satisfaction of the conditions precedent set out above.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

Lock Up Period

The Subscriber has agreed that, without the prior written consent of the Company, he will not during the period commencing on the date of allotment and issue of the Subscription Shares and ending on the 36th month anniversary thereof (“**Lock Up Period**”) (i) offer, pledge, gift, donate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Subscription Shares, or (ii) enter into any swap, option (including, without limitation, put or call options), short sell, future, forward or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Subscription Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise (“**Lock Up**”). In the event that the employment of the Subscriber with the Target Company is terminated by the Company during the Lock Up Period, the Lock Up is automatically ended and the Subscriber is free to sell or otherwise dispose the Subscription Shares.

Use of proceeds from the Subscription

The gross proceeds from the Subscription will be HK\$7,614,000. After taking into account of the costs and expenses incurred in relation to the Subscription of approximately HK\$200,000, the net proceeds from the Subscription will be HK\$7,414,000 and the net price per Subscription Share will be approximately HK\$4.12. The Company intends to use the net proceeds of approximately HK\$7 million for the enhancement of the production facilities of the Target Company within six months upon completion of the Acquisition.

ACQUISITION OF THE TARGET COMPANY

On 3 November 2021 (after trading hours), the Purchasers, both being indirect wholly-owned subsidiaries of the Company, entered into the Conditional Sale and Purchase Agreement with the Vendors, pursuant to which the Purchasers conditionally agreed to purchase and take the ownership of, and the Vendors conditionally agreed to sell and transfer, the entire issued and paid-up share capital of the Target Company at an initial consideration of US\$1,500,000 (equivalent to approximately HK\$11,700,000), subject to adjustments based on the equity value of the Target Company as shown in the completion account. In addition, the Purchasers shall inject an aggregate amount of US\$5,000,000 (equivalent to approximately HK\$39,000,000) to the bank account of the Target Company not later than 4 Business Days prior to the completion of the Acquisition for the subscription of new shares in the Target Company on completion of the Acquisition, which shall be used by the Target Company solely for the repayment of bank facilities and related party loans.

The consideration under the Conditional Sale and Purchase Agreement was determined after arm's length negotiation between the Vendors and the Purchasers having taken into consideration (i) the net assets value of the Target Company as at 31 July 2021; (ii) the valuation of the land and buildings owned by the Target Company located at Jl. Cangkuang Kulon No.38 Moh. Toha RT 004/RW012, District Cangkuang Kulon, Sub-district Dayeuhkolot, Bandung Regency, West Java Province, Indonesia by an independent professional valuer of IDR96 billion (equivalent to approximately HK\$52.55 million) as at 27 August 2021, being the valuation date, using depreciated replacement cost method; and (iii) the factors set out in the paragraph headed "Reasons for and benefits of the Subscription and the Acquisition" below. The consideration for the Acquisition will be financed by internal resources of the Group.

Completion of the Acquisition is conditional upon the fulfillment of, among other things, (i) the completion of all necessary amendments to the articles of association of the Target Company including approvals of, report to or notification to the Minister of Laws and Human Rights of Indonesia; (ii) evidences of compliance by the Target Company of any terms and requirements under the permit or the relevant regulations in the form satisfactory to the Purchasers; (iii) the Subscription Agreement having been executed by the Company and (iv) other conditions that may reasonably be necessary for the valid ownership by the Purchasers of the entire issued and paid-up share capital of the Target Company and pursuant to the findings based on the due diligence and investigation by the Purchasers over the Target Company's documents and conditions.

Upon completion of the Acquisition, (i) Vendor 1 and Vendor 2 will cease to be director (*direktur*) and commissioner (*komisaris*) of the Target Company, respectively, but Vendor 1 will be appointed as the general manager of the Target Company to oversee the manufacturing operation of the Target Company; (ii) Vendors will cease to own any ownership, benefits and interests in the Target Company; and (iii) the Target Company will become a wholly-owned subsidiary of the Company.

Based on the audited accounts of the Target Company for the year ended 31 December 2019 and 2020, the turnover and the loss (before and after tax) of the Target Company are as follows:

	For the year ended 31 December			
	2019 (Audited)		2020 (Audited)	
	<i>IDR million</i>	<i>Equivalent to HK\$'000</i>	<i>IDR million</i>	<i>Equivalent to HK\$'000</i>
Turnover	32,534	17,807	51,944	28,431
Loss (before and after tax)	(20,805)	(11,388)	(15,972)	(8,742)

According to the audited accounts of the Target Company, the Target Company recorded net liabilities of IDR47.59 billion (equivalent to approximately HK\$26.05 million) as at 31 July 2021.

As each of the applicable percentage ratios in respect of the Acquisition is below 5%, the entering into of the Conditional Sale and Purchase Agreement with the Vendors does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE SUBSCRIBER, THE VENDORS, THE PURCHASERS AND THE TARGET COMPANY

Both the Subscriber and Vendor 1 are Mr. Ade Tjakralaksana who is an Indonesian citizen and Vendor 2 is Ms. Elna Raymon, who is also an Indonesian citizen. As at the date of this announcement, each of Vendor 1 and Vendor 2 held 50% shares ownership in the Target Company. To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, save for being a party to the Conditional Sale and Purchase Agreement, each of the Subscriber, Vendor 1 and Vendor 2 is an Independent Third Party.

The Purchasers are companies incorporated in Hong Kong with limited liabilities and indirect wholly-owned subsidiaries of the Company and are investment holding companies.

The Target Company is a limited liability company duly established in 2010 and validly existing under the laws of Indonesia and is principally engaged in manufacture of clothing and apparel.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND 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 Directors believe that the entering into of the Subscription Agreement and the issue of the Subscription Shares will be beneficial to the Group by having the Subscriber, who is an experienced garment manufacturer to act as a long term Shareholder.

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 to enable the Group in allocating production orders with flexibility. The Board believes that the Acquisition represents a good opportunity for the Group to expand its manufacturing base in Indonesia. Given that the Target Company is principally engaged in manufacture of garments in Indonesia, it will enable the Group to increase its production capacity in Indonesia by making use of the readily available facilities of the Target Company without incurring additional construction costs. In addition, Vendor 1 will be appointed as the general manager of the Target Company to facilitate the seamless transition and integration of the Target Company’s business into the Group. Accordingly, the Directors consider that the entering into of the Conditional Sale and Purchase 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.

THE GENERAL MANDATE

The Subscription Shares will be issued and allotted pursuant to the General Mandate. As at the date of this announcement, no Share has been issued and allotted under the General Mandate. The Subscription Shares represent approximately 0.34% of the issued share capital of the Company as at the date of this announcement and approximately 0.34% of the issued share capital of the Company as enlarged by the Subscription Shares. As the General Mandate is sufficient for the issue and allotment of the Subscription Shares, the issue of the Subscription Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 532,000,000 Shares in issue. The issued share capital will be enlarged by the issue of the Subscription Shares upon completion of the Subscription. The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon completion of the Subscription, assuming there is no other change in issued share capital of the Company other than the issue of the Subscription Shares:

	As at the date of this announcement		Immediately upon completion of the Subscription	
	No. of Shares held	Approximate percentage of total issued Shares	No. of Shares held	Approximate percentage of total issued Shares
Great Pacific Investments Limited (Note 1)	192,000,000	36.09%	192,000,000	35.97%
Time Easy Investment Holdings Limited (Note 2)	72,650,000	13.66%	72,650,000	13.61%
Mr. Chen Hsiao Ying (Note 3)	36,100,800	6.79%	36,100,800	6.76%
Excel Skill International Limited (Note 4)	32,320,000	6.08%	32,320,000	6.05%
Mr. Chung Yuk Sing (Note 2)	18,522,000	3.48%	18,522,000	3.47%
Mr. Chung Chi Kit (Note 5)	8,500,000	1.60%	8,500,000	1.59%
The Subscriber	--	--	1,800,000	0.34%
Other public Shareholders	171,907,200	32.30%	171,907,200	32.21%
Total	532,000,000	100.00%	533,800,000	100.00%

Notes:

1. The 192,000,000 Shares were held by Great Pacific Investments Limited (“Great Pacific”) which was wholly-owned by Pou Hing Industrial Co., Ltd. (“Pou Hing”). The entire issued share capital of Pou Hing was held by Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”) in which Wealthplus Holdings Limited (“Wealthplus”) and Win Fortune Investments Ltd. (“Win Fortune”) held an interest of 47.95% and 3.16% respectively. Wealthplus and Win Fortune are in turn wholly-owned by Pou Chen Corporation (“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. Yue Yuen is a company listed on the Main Board of the Stock Exchange (stock code: 551). Pou Chen is a company listed on the Taiwan Stock Exchange Corporation (stock code: 9904).
2. The entire issued share capital of Time Easy Investment Holdings Limited is held by Mr. Chung Yuk Sing, an executive Director.
3. Mr. Chen Hsiao Ying is an executive Director.
4. The entire issued share capital of Excel Skill International Limited is held by Mr. Huang Yongbiao, an executive Director.
5. Mr. Chung Chi Kit is an executive Director.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

Completion of each of the Subscription and the Acquisition is subject to fulfillment of the respective conditions precedent set out in the Subscription Agreement and the Conditional Sale and Purchase Agreement and therefore the Subscription and the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITION

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

“Acquisition”	the acquisition of the entire issued and paid-up share capital of the Target Company and the subscription of new shares in the Target Company as contemplated under the Conditional Sale and Purchase Agreement
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day which is not a Saturday, a Sunday or a public holiday in Indonesia and Hong Kong
“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)
“Conditional Sale and Purchase Agreement”	the conditional sale and purchase of shares agreement dated 3 November 2021 entered into between the Vendors, the Purchasers and the Target Company in respect of the Acquisition
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 18 August 2021 to allot, issue and deal with additional Shares up to 20% of the number of the issued Shares as at the date of that annual general meeting
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Group and is/are independent of and not connected with the Group, its Directors, chief executive and substantial Shareholders or any of its subsidiaries or their respective associates
“Indonesia”	The Republic of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchasers”	collectively, Fortune Well Investment Limited and Eternal Nice Corporation Limited, both companies incorporated in Hong Kong with limited liabilities and being indirect wholly-owned subsidiaries of the Company
“Share(s)”	ordinary shares of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Ade Tjakralaksana, an Indonesian citizen
“Subscription”	subscription of the Subscription Shares under the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 3 November 2021 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Share(s)”	new Share(s) to be issued by the Company to the Subscriber under the Subscription Agreement
“Target Company”	PT Gelindo Garmentama, a limited liability company duly established and validly existing under the laws of Indonesia
“US\$”	United States Dollars, the lawful currency of the United States of America
“Vendor 1”	the Subscriber
“Vendor 2”	Ms. Elna Raymon, an Indonesian citizen
“Vendors”	collectively, Vendor 1 and Vendor 2
“%”	per cent.

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 and IDR amounts have been translated into HK\$ using the rate of HK\$1 to IDR1,827 in this announcement.

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

Hong Kong, 3 November 2021

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.