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EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED

鷹美(國際)控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02368)

ANNOUNCEMENT

The board of directors (**the “Board”**) of Eagle Nice (International) Holdings Limited (**the “Company”**), together with its subsidiaries (**the “Group”**) confirms that on 22 March 2012, officers of the Independent Commission Against Corruption (**the “ICAC”**) entered the head office and principal place of business of the Company in Hong Kong at Kwai Chung, pursuant to an investigation (**the “ICAC Investigation”**). Certain accounting documents relating to entertainment expenses for the period between June 2008 and January 2012 as well as human resources documents which were in the possession of the Group were seized by the officers of the ICAC in relation to the abovementioned investigation. Those seized documents were mainly involved in the buying of goods for entertainment purposes and/or meal expenses spent by the staff on behalf of the Company.

On the same day, Mr. Chung Yuk Sing (**“Mr. Chung”**), Executive Director of the Company and the Chairman of the Board, as well as the Secretary to the Chairman of the Board (**the “Secretary”**) were arrested by the ICAC in connection with an investigation into an offence suspected, *inter alia*, to have been committed under the Prevention of Bribery Ordinance (**the “Allegation”**), namely a gift given out by Mr. Chung on behalf of the Company in order to obtain a benefit in return. Mr. Chung and the Secretary were released on self-recognition bail the following day. On 18 May 2012, Mr. Chung and the Secretary were both released unconditionally from their bail by the ICAC.

The Company has an approval authority system on all kind of expenses since 2008 and the Board is satisfied that Mr. Chung acted within the pre-existing authority in respect of the expenses as alleged. The belief is strengthened with the unqualified audit report for the year ended 31 March 2012 issued by Ernst & Young dated 28 June 2012 (**the “Unqualified Audit Report”**). Mr. Chung has at all times denied the Allegation absolutely and the Company believes the Allegation is an isolated incident and is a vexatious complaint.

** For identification purposes only*

As a result of the ICAC Investigation, the Board has set up an Independent Committee (the “IDC”) which comprises, exclusively, all Independent Non-Executive Directors of the Company as a precautionary procedure to secure the interest of the Group and the public. The IDC was set up for the purpose of reviewing the power and authority of the Chairman and the structure of the Board under the existing memorandum and articles of association of the Company; reviewing the internal control system of the Group; and enhancing the corporate governance of the Group, if necessary, to enable the Group to manage risk exposure and monitor the continuation of the Group’s normal operations.

According to the Company’s annual report for the year ended 31 March 2012 dated 28 June 2012, the Audit Committee, which comprises all Independent Non-Executive Directors of the Company, is satisfied with the adequacy and completeness of the Company’s current internal control system. However, in considering the Group’s future operation, business and reputation, Ernst & Young was engaged by the IDC as an independent professional in July 2012 to perform an assessment over internal control system to prevent and monitor any bribery activities in the Group. The scope of assessment included but was not limited to the assessment of the Group’s existing code of conduct and guidelines in prevention of bribes; mechanisms in prevention and monitoring of potential bribes and conflict of interests with business partners etc., for the Hong Kong Region. The Company believes the engagement of Ernst & Young will further enhance the current internal control system of the Group and also assist the Group in preventing any similar incidents in the future. Furthermore, Littlewoods, an independent legal professional, was also engaged by the IDC in September 2012 to perform an overall review over the power and authority of the Chairman and the Board in respect of the existing memorandum and articles of association of the Company in order to assist the Company in formulating/upgrading the current internal control system in collating with the assessment from Ernst & Young. The assessment/review from Ernst & Young and Littlewoods are scheduled to be completed in October 2012. The Company will make further announcements as and when appropriate according to the finding of the IDC in view of the results of the assessment and review.

The Board will continue to be responsible for the day-to-day management and operation of the Group. The Board believes that as a result of the ICAC Investigation, there has been no actual or potential impact on any of the Company’s financial, managerial or operational functions. In view of the nature of the Allegation, the internal control system of the Group, the Unqualified Audit Report, and the fact that Mr. Chung has at all times denied the Allegation absolutely, the Board is entirely satisfied that Mr. Chung’s integrity remains unblemished. Hence, the matters hereinabove mentioned have not affected and will not affect the normal business and daily operation of the Group. The ICAC Investigation is fully monitored by the Company’s legal representative and the Company will make further announcements as and when appropriate according to the progress of the investigation.

Save as disclosed above, to the best of the Board’s knowledge, information and belief having made reasonable enquiries, the Board is not aware of any other unpublished price sensitive information that should be disclosed under the prevailing laws.

Since the ICAC Investigation is still ongoing, the trading of the Company’s share may have to be suspended and/or the Company may have to take other appropriate actions if there is further development of the ICAC Investigation.

The Company will make further announcements as and when appropriate pursuant to the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

At the request of the Company, the shares of the Company have been suspended from trading on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 9:39 a.m. on 22 March 2012 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Company’s shares with effect from 9:00 a.m. on 27 September 2012.

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

Hong Kong, 26 September 2012

As at the date of this announcement, the Board comprised four executive directors, namely Mr. Chung Yuk Sing, Mr. Chen Hsiao Ying, Mr. Kuo Tai Yu and Ms. Chen Fang Mei, Christina and three independent non-executive directors, namely Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony.