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## Evergreen Products Group Limited

訓修實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1962)

### CHANGE IN USE OF IPO PROCEEDS

Reference is made to the prospectus (the “**Prospectus**”) of Evergreen Products Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 June 2017 and the interim report of the Company for the six months ended 30 June 2021 published on 9 September 2021 (the “**Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

### CHANGE IN USE OF IPO PROCEEDS

The Company received net proceeds of the Global Offering of approximately HK\$204.7 million (the “**Net Proceeds**”). As at the date of this announcement, the Company has unutilised Net Proceeds of approximately HK\$20.5 million. On 8 October 2021, the Board resolved to change the use of the unutilised Net Proceeds as follows:

	Use of the Net Proceeds as stated in the Interim Report <i>HK\$ million</i>	Utilisation as at the date of this announcement <i>HK\$ million</i>	Remaining balance before revised allocation <i>HK\$ million</i>	Remaining balance after revised allocation <i>HK\$ million</i>	Expected timeline for utilising the remaining unutilised Net Proceeds
Construction of additional production facilities in the Group’s Bangladesh production base	100.7	100.7	-	-	-
Relocation of the Group’s research and display centre and sales office in Dongguan, Guangdong	20.5	-	20.5	-	-
Expansion of the Group’s business, including establishing sales offices for high-end human hair extensions in Asia, further development of the Group’s e-commerce business, and expansion of the Group’s Halloween costume sales	22.1	22.1	-	-	-
Repayment of outstanding trust receipt loans	40.9	40.9	-	-	-
Working capital and general corporate purposes	20.5	20.5	-	-	-
Expansion of the Group’s lace closure project (the “ <b>Project</b> ”) including expanding production line	-	-	-	20.5	31 December 2022
	<u>204.7</u>	<u>184.2</u>	<u>20.5</u>	<u>20.5</u>	

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF IPO PROCEEDS**

As at the date of this announcement, the Company has not identified a suitable target for the relocation of the Group's research and display centre and sales office in Dongguan, Guangdong. As disclosed in the Interim Report, the revenue of the Group boosted substantially from approximately HK\$368.2 million for the six months ended 30 June 2020 to approximately HK\$548.9 million for the six months ended 30 June 2021 due to the strong market demand rebound after the COVID-19 pandemic stabilised and vaccination program was launched effectively. The Group launched the products under the Project in January 2021 as trial products and has received positive response from customers. Since the second half of the year, the Group has received increasing orders for the products under the Project. The Project relates to the design, development and production of a wig product which is made of 100% human hair with free-parting lace closure and 100% hand-tied pre-plucked hairline. Based on the Interim Report, the wigs, hair accessories and others segment accounted for approximately 55.6% of the revenue of the Group for the six months ended 30 June 2021. The Board considered that it is beneficial to allocate more resources to the Project including expanding the production line in Bangladesh (i) to capture the new business opportunities, meet the operation needs and drive the revenue growth of the Group, (ii) to strengthen the wigs, hair accessories and others segment of the Group, and (iii) to enhance the efficiency of capital of the Group. The expansion of production line involves leasing of approximately 10 new workshops or production sites, renovation works and purchase of raw materials and equipment, increase in product development cost and hiring of approximately 4,000 new skilled workers in Bangladesh. As a result, the Board decided not to relocate the Group's research and display centre and sales office and to re-allocate approximately HK\$20.5 million from the unutilised Net Proceeds to expand the production line for the products under the Project.

The Board considered that the above change will not have any material adverse effect on the existing business and operations of the Group and is in the best interests of the Company and the Shareholders as a whole.

Save for the change as disclosed in the table above, there is no other change in the use of the Net Proceeds. The Board also confirms that there is no material change in the nature of business of the Group as set out in the Prospectus and the Interim Report.

By order of the Board  
**Evergreen Products Group Limited**  
**Chang Yoe Chong Felix**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 8 October 2021

*As at the date of this announcement, the executive Directors are Mr. Chang Yoe Chong Felix, Mr. Kwok Yau Lung Anthony, Mr. Chan Kwok Keung, Mr. Hui Wing Ki, Ms. Jia Ziyang and Mr. Li Yanbo; the non-executive Director is Mr. Chan Lau Yui Kevin; and the independent non-executive Directors are Mr. Lau Ip Keung Kenneth, Mr. Sin Hendrick, Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa.*