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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

SUNWAH KINGSWAY

新華滙富

On 7 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to appoint the Placing Agent and the Placing Agent has agreed to act as the agent to procure not less than six Placées to purchase an aggregate of up to 60,000,000 Placing Shares, on a best effort basis, at the Placing Price per Placing Share.

Placing Price of HK\$1.43 per Placing Share represents (i) a discount of approximately 17.82% to the closing price of HK\$1.74 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 16.37% to the average of the closing price of HK\$1.71 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The maximum number of 60,000,000 Placing Shares represent 9.08% of the existing issued share capital of the Company of 661,082,000 Shares as at the date of this announcement; and (ii) approximately 8.32% of the issued share capital of the Company as enlarged by the allotment and issue of Placing Shares, assuming the Placing Shares are placed in full and no further new Shares will be issued before the completion of the Placing.

The gross proceeds from the Placing will be HK\$85.80 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expense) will be approximately HK\$82.77 million. The Company intends to apply the net proceeds for settling outstanding liabilities of the Group.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to Shareholders' approval.

As Completion is subject to the satisfaction of the conditions in the Placing Agreement, the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below:

Date

7 August 2020 (after trading hours)

Parties

Issuer: The Company

Placing Agent: Kingsway

(collectively, the "Parties")

The Placing Agent

The Placing Agent has conditionally agreed to place up to 60,000,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 3% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Placing Agent and its respective ultimate beneficial owners are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

Placees

The Placing Shares will be placed to not less than six Placees, who are independent institutional, professional and/or individual investors, who and whose ultimate beneficial owners are not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates.

No individual Placee will become a substantial Shareholder upon the completion of the Placing.

Placing Shares

The maximum number of 60,000,000 Placing Shares represent (i) approximately 9.08% of the existing issued share capital of the Company of 661,082,000 Shares as at the date of this announcement; and (ii) approximately 8.32% of the issued share capital of the Company as enlarged by the allotment and issue of Placing Shares, assuming the Placing Shares are placed in full and no further new Shares will be issued before the completion of the Placing.

Placing Price

The Placing Price of HK\$1.43 represents:

- i. a discount of approximately 17.82% to the closing price of HK\$1.74 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and
- ii. a discount of approximately 16.37% to the average of the closing price of HK\$1.71 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Conditions of the Placing

The Placing is conditional upon:

- (i) the passing by the board of directors of the Company of resolution to approve the Placing Agreement and the transactions contemplated hereunder;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
- (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

Completion

Completion shall take place within three Business Days after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above are satisfied (or such other date as may be agreed between the Company and the Placing Agent in writing).

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 132,216,400 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Termination and Force Majeure

The Placing Agreement may be terminated by the Placing Agent upon giving notice to the Company if at any time between the date of the Placing Agreement and at 10:00 a.m. (Hong Kong time) on the Completion Date, there occurs:

- i. the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent’s reasonable opinion would materially adversely affect the success of the Placing;
- ii. the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent’s reasonable opinion, would materially adversely affect the success of the Placing;
- iii. any material adverse change in conditions of local, national or international securities markets occurs which in the Placing Agent’s reasonable opinion would materially and adversely affect the success of the Placing;

- iv. any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agents' reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing;
- v. a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in Placing Agents' reasonable opinion, any such change or development would materially adversely affect the success of the Placing;
- vi. any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing;
- vii. any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- viii. there is any adverse change in the financial position of the Company which is material in the context of the Placing; or
- ix. the trading of the Shares on the Stock Exchange has been suspended for more than five consecutive trading days save for temporary suspension in connection with the Placing and/or the Placing Agreement.

Upon termination of the Placing Agreement pursuant to the abovementioned factors, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

INFORMATION OF THE GROUP

The Group is principally engaged in the manufacturing and sale of hair goods, including wigs, hairpieces, braids and high-end human hair extensions, with key product markets in the United States, Europe and Asia.

USE OF PROCEEDS

The gross proceeds from the Placing will be HK\$85.80 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expense) will be approximately HK\$82.77 million. The Company intends to apply the net proceeds for settling outstanding liabilities of the Group.

REASONS FOR THE PLACING

The Company has been exploring various options to raise capital. Taking into account the benefits and cost of each of the options, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole as it would not impose any interest burden to the Group. In the circumstances, the Company considers that the Placing is the most efficient way to raise capital in order to maintain a sufficient cash position of the Group to meet its current liabilities and to enhance the capital base of the Company. Accordingly, the Company is of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the fund raising activity in the past 12 months prior to the date of this announcement.

Date of Announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
20 September 2019	Placing of 40,000,000 Shares under general mandate at a price of HK\$1.55 per share	Approximately HK\$61.06 million	To be used in settling the outstanding liabilities of the Group	Used as intended
20 September 2019	Subscription of 12,902,000 Shares under specific mandate at a price of HK\$1.55 per share	Approximately HK\$19.79 million	To be used in settling the outstanding liabilities of the Group	Used as intended

EFFECT ON SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediate after the completion of the Placing	
	Number of Shares	Approx %	Number of Shares	Approx %
Chang Yoe Chong Felix Evergreen Enterprise Holdings Limited	9,790,000	1.48	9,790,000	1.36
Seavi Advent Investments Limited	366,379,803	55.42	366,379,803	50.81
Public Shareholders				
Placees	0	0	60,000,000	8.32
Other public shareholders	176,392,000	26.69	176,392,000	24.46
Total	661,082,000	100	721,082,000	100

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 15 May 2020
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which banks generally are open for business in Hong Kong
“Company”	Evergreen Products Group Limited 訓修實業集團有限公司, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Completion Date”	means a day within three Business Day after the date on which all the conditions of the Placing are satisfied (or such other dates as the Company and the Placing Agent may agree in writing) and on which completion of the Placing will take place
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	The directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 132,216,400 Shares, representing 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingsway”	Kingsway Financial Services Group Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 August 2020 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any independent professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under Placing Agreement

“Placing”	the placing of the Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited
“Placing Agreement”	the agreement dated 7 August 2020 entered into between the Company and the Placing Agents in relation to the placing of a maximum of 60,000,000 existing Shares pursuant to the terms of the Placing Agreement
“Placing Share(s)”	a maximum of 60,000,000 new Shares to be allotted and issued under the Placing Agreement and “Placing Share” means any one of them
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 7 August 2020

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.

The Directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.