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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 EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

#### Placing Agents

**SUNWAH** KINGSWAY  
新華滙富

 **國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

**SBI** China  
Capital

#### PLACING AND TOP-UP SUBSCRIPTION

On 20 September 2019 (after trading hours), the Company entered into the Placing Agreement with Vendor and the Placing Agents and entered into the Subscription Agreement with the Vendor, pursuant to which (i) the Vendor has agreed to appoint the Placing Agents and each of the Placing Agents has severally (and not jointly nor joint and several basis) agreed to act as the agents to procure not less than six Placees to purchase an aggregate of up to 40,000,000 Placing Shares, on a best effort basis, at the Placing Price per Placing Share; and (ii) the Vendor has agreed to subscribe for up to 40,000,000 Subscription Shares at the Subscription Price per Subscription Share.

Placing Price of HK\$1.55 per Placing Share represents (i) a discount of approximately 14.36% to the closing price of HK\$1.81 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement and the Subscription Agreement; and (ii) a discount of approximately 13.41% to the average of the closing price of HK\$1.79 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 40,000,000 Placing Shares represent approximately 6.5% of the existing issued share capital of the Company of 615,000,000 Shares as at the date of this announcement; and (ii) approximately 6.11% of the issued share capital of the Company of 655,000,000 Shares as enlarged by the allotment and issue of 40,000,000 Subscription Shares, assuming the Placing Shares are placed in full and no further new Shares will be issued before the completion of the Subscription.

Assuming all the Placing Shares are successfully placed by the Placing Agents and the equivalent number of Subscription Shares is subscribed for by the Vendor, the maximum gross proceeds from the Placing and Subscription will be HK\$62,000,000. The maximum net proceeds of approximately HK\$61,063,000 from the Placing and Subscription are intended to be used in settling outstanding liabilities of the Group.

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

## **THE PLACING AGREEMENT**

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

### **Date**

20 September 2019 (after trading hours)

### **Parties**

Vendor: Evergreen Enterprise Holdings Limited

Placing Agents: Kingsway  
Guotai Junan  
SBI

Company: The Company

(collectively, the "Parties")

### **The Vendor**

The Vendor is a limited liability company incorporated in the British Virgin Islands and is the controlling shareholder of the Company currently holds 336,903,803 Shares representing approximately 54.78% of the existing issued Shares as at the date of this announcement.

### **The Placing Agents**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Placing Agents and their 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).

## **The Placing**

Pursuant to the Placing Agreement, each of the Placing Agents has severally (and not jointly nor joint and several basis) agreed to act as the agents for procure not less than six Placees to purchase an aggregate of up to 40,000,000 Placing Shares, on a best effort basis, at the Placing Price per Placing Share.

### ***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 of 40,000,000 Placing Shares held by the Vendor represents approximately 6.5% of the aggregated number of the issued Shares as at the date of this announcement.

### ***Placing Price***

The Placing Price of HK\$1.55 represents:

- i. a discount of approximately 14.36% to the closing price of HK\$1.81 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 13.41% to the average of the closing price of HK\$1.79 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 Vendor, the Company and the Placing Agents 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.

### ***Rights of the Placing Shares***

The Vendor shall sell the Placing Shares pursuant to the Placing free from all liens, charges and encumbrances, and together with all rights attaching to them as at the Completion Date, including the right to receive all dividends declared, made or paid on or after the Completion Date.

### ***Completion of the Placing***

Completion of the Placing will take place on the Completion Date in accordance with the terms and conditions of the Placing Agreement. In the event the Placing is not completed within 14 days of the date of the Placing Agreement (or such later date as may be agreed by the Placing Agents and the Vendor), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease.

### ***Termination and Force Majeure***

The Placing Agreement may be terminated by the Placing Agents upon giving notice to the Company and the Vendor if at any time between the date of the Placing Agreement and at 9:00 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 Agents' 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 Agents' 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 Agents' 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 Agents' 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 Agents 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 Vendor 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;
- 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; or
- x. the Subscription Agreement is subsequently revoked, terminated or modified without the consent of each of the Placing Agents.

Upon termination of the Placing Agreement pursuant to the abovementioned factors, all obligations of the Company, the Vendor and the Placing Agents 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.

### **Placing Commission**

The Placing Agents shall receive a placing commission of up to 4% of the aggregate amount equal to the Placing Price multiplied by the number of Shares placed during the Placing Period.

## **THE SUBSCRIPTION AGREEMENT**

### **Date:**

20 September 2019

### **Parties**

Subscriber: Evergreen Enterprise Holdings Limited

Company: The Company

### **The Subscription Price**

The Subscription Price is HK\$1.55 per Subscription Share, which is equivalent to the Placing Price. The Subscription Price was determined with reference to the Placing Price and was negotiated on an arm's length basis based on the Placing Price among the Company, the Vendor and the Placing Agents on the date of the Subscription Agreement.

## **Number of Subscription Shares**

The number of Subscription Shares is equivalent to the number of Placing Shares actually placed by the Placing Agents, being a maximum number of 40,000,000 new Shares, with the aggregate nominal value of US\$400,000.

## **Ranking of Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares.

## **The Subscription Shares**

The Subscription Shares are to be issued under the General Mandate. As such, the issue of the Subscription Shares is not subject to further approval of the Shareholders. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue is 123,000,000 Shares. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares in due course.

## **Conditions of the Subscription**

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (ii) completion of the Placing.

## **Completion**

Completion of the Subscription shall take place on the first Business Day immediately after the date upon which the last of the conditions stated above to be satisfied shall have been so satisfied (provided that it shall take place on a date within 14 days of date of 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.

## **INFORMATION OF THE VENDOR**

The principal activity of the Vendor is investment holding.

## USE OF PROCEEDS

Assuming all the Placing Shares are successfully placed by the Placing Agents and the equivalent number of Subscription Shares is subscribed for by the Vendor, the maximum gross proceeds from the Placing and Subscription will be HK\$62,000,000. The maximum net proceeds of approximately HK\$61,063,000 from the Placing and Subscription are intended to be used in settling outstanding liabilities of the Group. The net price per Placing Share will be approximately HK\$1.53.

## 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 and Subscription 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 and Subscription 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 and Subscription is in the best interest of the Company and its Shareholders as a whole.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past 12 months immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing but before the completion of the Subscription; and (iii) immediately after the completion of the Placing and the Subscription, on the assumption that (1) a maximum number of 40,000,000 Shares have been placed by the Placing Agents under the Placing and the Vendor shall subscribe for 40,000,000 Subscription Shares upon completion of the Subscription; and (2) there will be no other change to the share capital of the Company from the date of this announcement until the completion until the completion of the Subscription save for the issue of the new Shares as a results of the Subscription:

| Name of Shareholder        | Shareholding as at the date of this announcement |                 | Shareholding immediately after the completion of the Placing but before the completion Subscription |                 | Shareholding immediately after the completion of Placing and the Subscription |                 |
|----------------------------|--|-----------------|---|-----------------|---|-----------------|
|                            | <i>Number of Shares</i>                          | <i>Approx %</i> | <i>Number of Shares</i>   | <i>Approx %</i> | <i>Number of Shares</i>   | <i>Approx %</i> |
| Chang Yoe Chong Felix      | 9,790,600  | 1.59            | 9,790,600   | 1.59            | 9,790,600   | 1.49            |
| The Vendor                 | 336,903,803                                      | 54.78           | 296,903,803   | 48.28           | 336,903,803   | 51.44           |
| Seavi                      | 108,520,197                                      | 17.64           | 108,520,197   | 17.64           | 108,520,197   | 16.57           |
| <b>Public Shareholders</b> |  |                 |   |                 |   |                 |
| Placees                    | 0  | 0               | 40,000,000  | 6.50            | 40,000,000  | 6.11            |
| Other public shareholders  | 159,785,400                                      | 25.99           | 159,785,400   | 25.99           | 159,785,400   | 24.39           |
| <b>Total</b>               | <b>615,000,000</b>                               | <b>100</b>      | <b>615,000,000</b>  | <b>100</b>      | <b>655,000,000</b>  | <b>100</b>      |



## GENERAL

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

## DEFINITIONS

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

|                           |  |
|---------------------------|--|
| “AGM”                     | the annual general meeting of the Company held on 17 May 2019  |
| “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”         | two Business Days immediately after the date of the Placing Agreement or such later time and/or date as the Vendor and the Placing Agents may mutually agree in writing  |
| “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 123,000,000 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   |
| “Guotai Junan”            | Guotai Junan Securities (Hong Kong) Limited  |
| “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  |



|                           |  |
|---------------------------|--|
| “Placee(s)”               | any independent professional, institutional or other investors procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under Placing Agreement |
| “Placing Agreement”       | the agreement dated 20 September 2019 entered into between the Vendor, the Company and the Placing Agents in relation to the Placing   |
| “Placing”                 | the placing of a maximum of 40,000,000 existing Shares pursuant to the terms of the Placing Agreement  |
| “Placing Agents”          | collectively, Kingsway, Guotai Junan and SBI   |
| “Placing Share(s)”        | a maximum of 40,000,000 existing Shares, beneficially owned by the Vendor and to be placed pursuant to the Placing Agreement   |
| “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            |
| “SBI”                     | SBI China Capital Financial Services Limited   |
| “Seavi”                   | Seavi Advent Investments Limited, a substantial shareholder of the Company   |
| “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  |
| “Subscription”            | the subscription by the Vendor for the Subscription Shares pursuant to the terms of the Subscription Agreement   |
| “Subscription Agreement”  | the agreement dated 20 September 2019 entered into between the Vendor and the Company in relation to the Subscription  |
| “Subscription Share(s)”   | a number of new Shares equivalent to the number of Placing Shares actually placed by the Placing Agents pursuant to the Placing Agreement  |
| “Subscription Price”      | HK\$1.55 per Subscription Share  |
| “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    |
| “Vendor” | Evergreen Enterprise Holdings Limited, a controlling shareholder of the Company |
| “%”      | per cent  |

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

Hong Kong, 20 September 2019

*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 Ziying and Mr. Li Yanbo; the non-executive Directors are Mr. Chan Lau Yui Kevin and Mr. Chan Hoi Sing Harold; and the independent non-executive Directors are Mr. Lau Ip Keung Kenneth, Mr. Sin Hendrick, Dr. Yung Bruce Pak Keung, Mr. Szeto Yuk Ting and Mr. 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.*