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## EVERGREEN INTERNATIONAL HOLDINGS LIMITED

長興國際（集團）控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 238)**

**(1) UPDATE ON LOAN TRANSACTION**  
**(2) UPDATE ON WINDING UP PETITION**  
**(3) UPDATE ON STATUS OF THE BONDS**  
**AND**  
**(4) CONTINUED SUSPENSION OF TRADING**

This announcement is made by the board of directors (the “**Board**”) of Evergreen International Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### UPDATE ON THE LOAN TRANSACTION

Reference is made to the announcement of the Company dated 31 March 2020 wherein, among other things, the following concerns raised by the then auditors of the Company (the “**Former Auditors**”) in a letter to the Board and audit committee of the Company dated 27 March 2020 (the “**Letter**”), were summarised. Capitalised terms used in this section headed “Update on the Loan Transaction” shall have the same meaning as those defined in the announcements of the Company dated 17 February 2020, 11 March 2020 and 31 March 2020.

- (i) Based on online information obtained by the Auditors from one of the PRC banks with which the Group maintains accounts, the source of funds for the aggregate amount of approximately RMB350 million appeared to have been transferred first to 長興(廣東)服飾有限公司 (Changxing (Guangdong) Clothing and Accessories Co., Ltd.) (“**Changxing Guangdong**”) by a company with a name similar to that of Changxing Guangdong and which was not a member of the Group on 26 December 2019, before Changxing Guangdong then advanced the same to the Borrower on the same date. The Company wishes to clarify that in the announcement of the Company dated 31 March 2020, it was inadvertently stated that the RMB350 million appeared to have been transferred first to the “Lender”. It should have been “Changxing Guangdong” instead.

- (ii) There also appeared to be anomalies in the copies provided by the Group to the Auditors of time deposit slips and statements issued by another PRC bank with which the Group maintains accounts.

In the Letter, the Former Auditors suggested that a forensic accounting firm be engaged to conduct an independent forensic investigation in respect of the matters described above.

Reference is made to the announcement of the Company dated 29 December 2020 wherein it was disclosed among other things that RSM Corporate Advisory (Hong Kong) Limited (“**RSM**”), an independent professional firm, was appointed by the legal advisors to the Independent Committee to provide forensic accounting services to assist in the conduct of the Independent Review.

While the work of RSM is on-going and has not been completed, RSM has presented certain preliminary findings to the legal advisors of the Independent Committee, which was brought to the attention of the Board. Key preliminary findings of RSM are summarised as follows:

- (1) Upon independently reviewing the relevant bank statements, RSM noted that the RMB350 million was transferred from Changxing Guangdong to the Borrower on 26 December 2019. This is consistent with the Group’s accounting records provided to the Former Auditors.
- (2) RSM further noted that the RMB350 million was first transferred by 廣州市長興服裝有限公司 (Guangzhou Changxing Clothing Co., Ltd.) (“**Guangzhou Changxing**”), a company which is not a member of the Group, to Changxing Guangdong before transferring to the Borrower. This is inconsistent with the Company’s bank ledgers, which showed that the source of the RMB350 million came from Changxing Guangdong, a member of the Group, and originated from the fixed term deposit made by Changxing Guangdong with a PRC bank.
- (3) During the forensic accounting review, RSM noted that there had been discrepancies as to the bank balance of the Company’s subsidiaries between the Group’s internal records and the relevant banks’ records obtained by RSM during the review since January 2016. The discrepancies varied during the period since 2016 and the total discrepancies reached over RMB536 million at a certain point during the period. All shortfall arising from such discrepancies has been completely eliminated after the abovesaid deposit of RMB350 million from Guangzhou Changxing to Changxing Guangdong.

In respect of RSM’s finding described at point (3) above, the Company suspects that certain former employees of the Group may have misappropriated funds from the Group and subsequently returned the misappropriated funds to the Group through non-Group companies including Guangzhou Changxing. The Company has instructed its legal advisors to report the matter to the relevant law enforcement agencies and is seeking advice from PRC legal advisers as to any civil action the Company may take against the former employees.

Further, based on the accounting records of the Company, as at 31 July 2021, the Borrower has made payments to the Lender in the sum of RMB50 million in partial repayment of the outstanding principal amount of the Loan Transaction, and in the sum of RMB49.6 million in partial repayment of the interest accrued. The Lender has, through its PRC legal advisers, issued regular reminders to the Borrower to follow-up on the repayment of the Loan Transaction.

The Company will update the Shareholders and potential investors on any further material findings of RSM or the Independent Review by way of further announcement(s) in a timely manner in accordance with regulatory requirements.

#### **UPDATE ON WINDING UP PETITION UNDER HCCW 312/2020**

Reference is made to the announcements of the Company dated 21 October 2020, 23 November 2020, 26 November 2020, 29 December 2020, 29 March 2021 and 29 June 2021. Capitalised terms used in this section headed “Update On Winding Up Petition Under HCCW 312/2020” shall have the same meaning as those defined in the announcements of the Company dated 21 October 2020 and 29 March 2021.

On 31 August 2021, Bondholder I issued an application for substitution as the petitioner under HCCW 312/2020. The substitution application of Bondholder I was fixed to be heard on 2 September 2021, at the same time as the substitution application of Bondholder A issued on 9 April 2021. At the hearing on 2 September 2021, the substitution application of Bondholder A was dismissed due to inactivity, and the substitution application of Bondholder I was withdrawn by consent. As Bondholder G (the original petitioner under HCCW 312/2020) had already indicated to the court that she would not further proceed with the petition, the petition was adjourned to 6 September 2021. At the hearing on 6 September 2021, the High Court formally dismissed the petition under HCCW 312/2020.

As at the date of this announcement, there is no outstanding petition for the winding-up of the Company.

#### **UPDATE ON STATUS OF THE BONDS**

Reference is made to the announcements of the Company dated 23 February 2020, 11 March 2020, 31 July 2020, 21 October 2020, 23 November 2020, 26 November 2020, 29 March 2021 and 29 June 2021. Capitalised terms used in this section headed “Update On Status Of The Bonds” shall have the same meaning as those defined in the announcements of the Company dated 23 February 2020, 11 March 2020, 31 July 2020 and 21 October 2020.

As at the date of this announcement, the total outstanding principal of the Bonds is HK\$153.44 million.

The Company continues to proactively negotiate, whether through CIS Securities as agent of the Bondholders, the respective solicitors of the Bondholders or directly with the Bondholders, regarding possible settlement arrangements in respect of the Default with a view to reaching an amicable solution.

The Company will make further announcement(s) to update the Shareholders and potential investors on the progress of settlement with the Bondholders.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 30 March 2020 and will continue to be suspended until further notice.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

On behalf of the Board  
**Evergreen International Holdings Limited**  
**CHAN Yuk Ming**  
*Chairman*

Hong Kong, 6 September 2021

*As at the date of this announcement, Mr. Chan Yuk Ming, Mr. Chen Yunan and Mr. Chen Minwen are the Executive Directors of the Company; Mr. Cheng King Hoi, Andrew, Mr. Poon Wai Kong and Mr. Leung Chi Hung are the Independent Non-executive Directors of the Company.*