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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)

VOLUNTARY ANNOUNCEMENT UPDATE ON OFFICE IN KYIV, UKRAINE AND DISPOSAL OF INTEREST IN UKRAINE SUBSIDIARY

This announcement is made on a voluntary basis by the Company to keep its shareholders and potential investors informed of the latest business developments of the Group.

Reference is made to the Announcement, in relation to the relevant matters on the state of the Ukrainian Property, which is held by the Group through the Target Company. The Board is pleased to announce that on 19 August 2022 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, for the sale and purchase of the Sale Interest, representing the entire equity interest in the Target Company, and the sale and assignment of the Sale Debt, at the Consideration of HK\$10,000,000.00. Upon Completion, the Target Company will cease to be a subsidiary of the Company, and its financial results, assets and liabilities will no longer be consolidated into the Group's financial statements.

The principal terms of the Agreement are summarised below.

SALE AND PURCHASE AGREEMENT

Date: 19 August 2022 (after trading hours)

Parties: (i) Vendor: Evergreen Products Factory Limited
(ii) Purchaser: Apex Creative (Group) Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter: The Vendor has agreed to sell and assign, and the Purchaser has agreed to purchase and take the assignment of the Sale Interest and the Sale Debt.

Consideration: The Consideration for the sale and purchase of the Sale Interest and the sale and assignment of the Sale Debt shall be an aggregate sum of HK\$10,000,000.00, which shall be apportioned as follows:

- (i) the consideration for the Sale Debt shall be the amount of the Sale Debt; and
- (ii) the consideration for the Sale Interest shall be an amount equivalent to the difference between the Consideration and the amount of the Sale Debt.

The Consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (i) an amount of HK\$500,000 shall be paid on or before 2 September 2022 as a down payment; and
- (ii) the balance of the Consideration in the amount of HK\$9,500,000 shall be paid at Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor, with reference to the latest unaudited net assets value of the Target Company of approximately UAH24.3 million (equivalent to approximately HK\$6.4 million as at 30 June 2022) and the amount of the Sale Debt.

Completion: Completion shall take place on 30 December 2022 or such other date as agreed in writing between the Vendor and the Purchaser.

INFORMATION OF THE GROUP AND THE TARGET COMPANY

The Company is an investment holding company. 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.

The Target Company is principally engaged in the provision of digital marketing services in Ukraine. The Target Company owns the Ukrainian Property which is used as a digital marketing and photography workshop.

The key financial information of the Target Company for the two financial years ended 31 December 2021 and 31 December 2020 respectively in accordance to its unaudited management accounts prepared in accordance with the Hong Kong Financial Reporting Standards is set out below:

	For the year ended 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax	(1,608)	(1,591)
Loss after tax	(1,608)	(1,591)

As at 30 June 2022, the unaudited net assets value of the Target Company was approximately UAH24.3 million (equivalent to approximately HK\$6.4 million as at 30 June 2022).

FINANCIAL IMPACT OF THE DISPOSAL

The Sale Interest held by the Vendor was classified as investment in a subsidiary. It is estimated that the Company will realise an unaudited profit of approximately HK\$3.6 million (excluding stamp duty and transaction cost) as a result of the Disposal, which is calculated with reference to the Consideration and the unaudited net asset value of the Target Company as at 30 June 2022. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group is subject to review and final audit to be performed by the Company's independent auditor. The net proceeds from the Disposal will be applied by the Group for general working capital use.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Company is of the view that the Disposal provides the Group with an opportunity to realise its investment in the Target Company and enables the Group to re-allocate the funds to general working capital of the Group. The Board considers that the terms and conditions of the Agreement and the Disposal are on normal commercial terms after arm's length negotiations and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meanings in this announcement:

“Agreement”	the sale and purchase agreement dated 19 August 2022 entered into between the Vendor and the Purchaser, in relation to the Disposal
“Announcement”	the announcement of the Company dated 1 March 2022
“Board”	the board of Directors
“Company”	Evergreen Products Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1962)
“Completion”	completion of the Disposal, which shall take place on 30 December 2022 (or such other date as agreed between the Vendor and the Purchaser)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Sale Interest and the sale and assignment of the Sale Debt by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not connected person(s) of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Apex Creative (Group) Limited
“Sale Debt”	the outstanding indebtedness owed by the Target Company to the Vendor on the date of Completion, the amount of such indebtedness is UAH18,851,269.21 as at the date of the Agreement
“Sale Interest”	the entire equity interest in the Target Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Evergreen Ukraine Investment Limited, a company incorporated in Ukraine with limited liability
“UAH”	Ukrainian Hryvnia dollar, the lawful currency of Ukraine
“Ukrainian Property”	the office located at Office 41, 16th Floor, No. 132, Holiivskyi Prospekt, Kyiv, Ukraine
“Vendor”	Evergreen Products Factory Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent

In this announcement, UAH has been converted to HK\$ at the rate of UAH3.7725=HK\$1.00 for illustration purpose only. No representation is made that any amounts in UAH or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Evergreen Products Group Limited
Chang Yoe Chong Felix

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 19 August 2022

As at the date of this announcement, the executive Directors are Mr. Chang Yoe Chong Felix, Mr. Chan Kwok Keung, 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. Sin Hendrick, Mr. Szeto Yuk Ting, Ir. Cheung Siu Wa and Mr. Tseung Yuk Hei Kenneth.