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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) QUARTERLY UPDATE ON SUSPENSION OF TRADING (2) UPDATE ON WINDING UP PETITIONS**

Reference is made to the announcements of the Company dated 17 February 2020, 30 March 2020, 31 March 2020, 14 May 2020, 29 June 2020, 3 September 2020, 27 September 2020, 29 September 2020, 21 October 2020, 23 November 2020, 26 November 2020 and 7 December 2020 (the “**Announcements**”), in relation to, among other things, (i) the investigation into the Loan Transaction, (ii) the Suspension, (iii) the delay in the publication of the 2019 Annual Results and delay in the despatch of the 2019 Annual Report, (iv) the delay in the publication of the 2020 Interim Results and delay in despatch of the 2020 Interim Report, (v) the Resumption Guidance and (vi) the winding up petitions against the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

#### **UPDATE ON PROGRESS OF RESUMPTION**

As disclosed in the announcements of the Company dated 14 May 2020 and 7 December 2020, the Stock Exchange has set out the following Resumption Guidance for the Company:

- (i) in respect of the following issues raised by the Auditor from their review of the relevant fund flow of the Loan Transaction, conduct an appropriate forensic investigation, announce the findings, and take appropriate remedial actions:
  - (a) the source of funds for the aggregate amount of approximately RMB350 million might have been transferred first to the Lender by a company with a name similar to that of the Lender and which was not a member of the Group on 26 December 2019, before the Lender then advanced the same to the Borrower on the same date; and
  - (b) there appeared to be anomalies in the copies of time deposit slips and statements provided by the Group to the Auditor and those issued by the Group’s PRC bank;
- (ii) publish all outstanding financial results and address any audit modifications;

- (iii) inform the market of all material information for the Company's shareholders and other investors to appraise its positions;
- (iv) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;
- (v) demonstrate that there is no reasonable regulatory concern about the management integrity, and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (vi) conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Listing Rules; and
- (vii) have the winding up petition(s) (or winding up order(s), if made) against the Company withdrawn or dismissed and the appointment of any liquidator (if any) discharged.

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the Shareholders and potential investors of the Company on the progress of the Company's fulfillment of the Resumption Guidance as at the date of this announcement which is summarised below.

### **Forensic investigation on the Loan Transaction**

On 28 December 2020, the Independent Committee's Hong Kong legal advisors appointed RSM Corporate Advisory (Hong Kong) Limited, an independent professional firm, to provide forensic accounting services to assist in the conduct of the Independent Review. The Company will make further announcement(s) to update the Shareholders and potential investors on the progress and findings of the Independent Review.

### **Outstanding financial results**

As disclosed in the announcement of the Company dated 3 September 2020, since the publication of the 2019 Annual Results and the despatch of the 2019 Annual Report were still being delayed pending the resumption and completion of audit work in respect of the financial information of the Group for the year ended 31 December 2019, the announcement of the 2020 Interim Results and the despatch of the 2020 Interim Report have also been delayed. The finalisation and publication of the 2019 Annual Results, the 2020 Interim Results and the corresponding annual and interim reports continue to be delayed, pending the forensic investigation on the Loan Transaction.

After due and careful consideration, the Board continues to be of the view that save for certain unaudited financial information on the Group's operational performance set out in the paragraph below, it would not be appropriate for the Company to publish the unaudited financial results of the Group for the year ended 31 December 2019, and for the six months ended 30 June 2020, prior to the Independent Review as such financial results may not accurately reflect the financial performance and position of the Group. The Company's current priority continues to be the progression of the Independent Review, which in turn will facilitate the finalisation and publication of the 2019 Annual Results and the 2020 Interim Results.

Based on a preliminary assessment by the Board of the information currently available to the Company and the preliminary unaudited consolidated management accounts of the Company for the year ended 31 December 2019 and those for the six months ended 30 June 2020 (both of which have not been audited or reviewed by the Company’s auditor or confirmed by the Company’s audit committee and are subject to uncertainties and possible adjustment), the Group’s operational performance for the corresponding periods is as follows:

(i)	<b>Year ended 31 December</b>		Change %
	<b>2019</b> <i>RMB'million</i> <i>(Unaudited)</i>	<b>2018</b> <i>RMB'million</i> <i>(Audited)</i>	
Revenue	<b>220.0</b>	284.5	-22.7%
Gross Profit	<b>106.7</b>	152.9	-30.2%

  

(ii)	<b>Six months ended 30 June</b>		Change %
	<b>2020</b> <i>RMB'million</i> <i>(Unaudited)</i>	<b>2019</b> <i>RMB'million</i> <i>(Unaudited)</i>	
Revenue	<b>56.0</b>	103.0	-45.6%
Gross Profit	<b>33.4</b>	55.0	-39.3%

### **Independent control review**

The Company is in the process of considering suitable candidates to be appointed to conduct a review of the internal control systems of the Company and its subsidiaries.

### **Winding up petitions**

An update on the winding up petitions against the Company is set out in the section below headed “UPDATE ON WINDING UP PETITIONS” in this announcement.

The Company has appointed a restructuring advisor to assist the Board in its on-going discussions and negotiations with the Company’s creditor(s).

For the other conditions of the Resumption Guidance, the Company is taking appropriate steps to fulfil them and will keep the market informed of the latest developments of the matters under the Resumption Guidance, including but not limited to the progress of the Independent Review, as well as the publication of the 2019 Annual Results and the 2020 Interim Results, by making further announcement(s) as and when appropriate.

## **BUSINESS UPDATE**

The Group is principally engaged in the manufacture and trading of clothing and clothing accessories. The Directors wish to point out that notwithstanding the Suspension, the Group is carrying on its business operations as usual to the extent possible under the various restrictions brought about by the COVID-19 situation. The Board will continue to assess and monitor the impact of the COVID-19 situation and the Suspension on the operation and financial performance of the Group. The Company will take appropriate measures as necessary and make further announcements as and when appropriate.

## **UPDATE ON WINDING UP PETITIONS**

As disclosed in the announcements of the Company dated 21 October 2020, 23 November 2020 and 26 November 2020, the Company has to date received two winding up petitions filed by certain Bondholders in the High Court under Companies Winding-up Proceedings No. 312 of 2020 (the “**Bondholder G Petition**”) and No. 390 of 2020, each for an order that the Company be wound up by the High Court under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) for failing to settle an outstanding debt in connection with the Bonds and interest thereon. The Bondholder G Petition was scheduled to be heard before the High Court at 10:00 a.m. on 23 December 2020, while the Petition under Companies Winding-up Proceedings No. 390 of 2020 is scheduled to be heard before the High Court at 9:30 a.m. on 17 February 2021.

In addition to having received a Notice of Intention to Appear on Petition filed by Bondholder H with the High Court to support the Bondholder G Petition as disclosed in the announcement of the Company dated 21 October 2020, the Company has received four other Notices of Intention to Appear on Petition filed by Bondholders A, B, C and I with the High Court to support the Bondholder G Petition.

The Board wishes to provide an update that the Bondholder G Petition came before the High Court on 23 December 2020, and the petition was adjourned to 3:00 p.m. on 3 February 2021 for another hearing.

As at the date of this announcement, the two winding up petitions have not been withdrawn or dismissed.

## **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, 29 December 2020

*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.*