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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)

INSIDE INFORMATION

ANNOUNCEMENT PURSUANT TO RULE 13.19 OF THE LISTING RULES

This announcement is made by the board of directors (the “**Board**”) of Evergreen International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcement dated 23 February 2020 (the “**Announcement**”) in relation to its default on payment of half-year interest on the Bonds due and payable on 31 December 2019 (the “**Default**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the shareholders and potential investors of the Company with an update in relation to the Default.

FURTHER INFORMATION ON THE BONDS AND DEFAULT

The Bonds comprise bonds with five different maturity periods, namely 1-year, 2-year, 3-year, 5-year and 8-year maturity periods. The interest on the Bonds are payable semi-annually in arrears on 30 June and 31 December. The Bond instruments do not provide for default interest to be paid by the Company in any event. Further details of the 2016 Placing and 2017 Placing are set out in the announcements of the Company dated 31 March 2016 and 31 March 2017.

Up until the Default, the Company has timely repaid the principal and interests on the Bonds upon the relevant maturity and interest payment dates. As at the date of this announcement, the total outstanding principal of the Bonds amounts to HK\$162.4 million.

Under the Bond instruments, the payment of principal and interests on the Bonds are to be made in Hong Kong dollars. Yet, most of the cash and cash equivalents of the Group has been deposited in the local banks in the PRC since the Group's business operations are based in the PRC. To facilitate payments in relation to the Bonds such as repayment of principal and payment of interests, the Company will usually make arrangements ahead of the relevant payment due date for the necessary funds to be transmitted from the People's Republic of China (the "PRC") to the Group's accounts in Hong Kong. If the amount is small, Mr. Chan Yuk Ming, the chairman of the Board and controlling shareholder of the Company ("Mr. Chan") may advance the required sum from his own fund sources in Hong Kong and the PRC to the Group's accounts in Hong Kong as an interest-free short-term loan. Unfortunately, there was a delay in the transmittance of Mr. Chan's funds for the most recent half-year interest on the Bonds due and payable on 31 December 2019 and as a result, the Company failed to pay the said interest on time.

ACTIONS TAKEN AND PROPOSED PLAN

On 28 February 2020, the Company paid the holders of the Bonds (the "Bondholders") the half-year interest due and payable on 31 December 2019 totalling approximately HK\$4.9 million.

Additionally, over the past few weeks, the Company has been proactively negotiating and discussing with the Bondholders regarding the possibility of not demanding repayment as a result of the Default. Holders of Bonds in the aggregate principal amount of HK\$156.4 million (out of the Bonds' total outstanding principal amount of HK\$162.4 million), have indicated that they would not exercise their right to demand immediate repayment of the principal and interest on the Bonds as a result of the Default.

In respect of the Bondholder holding the remaining HK\$6 million principal amount of Bonds, it has accepted the Company's payment of the outstanding interest but reserved its right to demand immediate repayment of the principal and interest thereon. The Company considers that it has sufficient funds to repay the HK\$6 million principal amount to such Bondholders if necessary. Since the Default and up to the date of this announcement, such Bondholder remains the only Bondholder which has demanded immediate repayment of the Bonds.

The Company continues to discuss with all of the Bondholders regarding the possible settlement arrangements with them to reach an amicable solution regarding the Default.

IMPACT ON OPERATION AND FINANCIAL POSITION OF THE COMPANY

The Default has not caused a cross default under the banking facilities granted to the Group.

As disclosed in the Announcement, in the worst case scenario where all Bondholders demanded repayment, the estimated total amount of principal and interest payable would be approximately HK\$170 million. Other than the demand letter from the solicitors of the Remaining Bondholder, the Company has not received any additional demand letter from the Bondholders in respect of the Default. Given the positive indication from most of the Bondholders that they would not demand immediate repayment of the Bonds, the Company considered its exposure to immediate repayment obligation has been largely minimised.

In the worst case scenario where all Bondholders demanded repayment, the Company may dispose of its investment properties, speed up the collection of its trade and other receivables and consider equity financing to settle the outstanding amount without affecting the operations of the Group. At the same time, the controlling shareholders have indicated that they could provide a shareholder's loan to the Company to settle material current liabilities if necessary.

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 as at 31 December 2019 (which have not been audited or reviewed by the Company's auditor or confirmed by the Company's audit committee and may be subject to possible adjustment), the Group had:

- cash and bank balances in the amount of RMB52.97 million;
- accounts receivables in the amount of RMB60 million;
- inventories in the amount of RMB106 million;
- properties in the amount of RMB90 million;
- investment properties in the amount of RMB330 million; and
- bank borrowings in the amount of RMB237 million.

With reference to the financial information currently available to the Board, and after having made all reasonable enquiries, the Company considers that the Group has sufficient working capital to support its business operations and that the Default has not materially impacted and will not materially impact the operation and financial position of the Company.

The Company will disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with regulatory requirements.

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, 11 March 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 Fong Wo, Felix, Mr Cheng King Hoi, Andrew and Mr Ng Wing Fai are the Independent Non-executive Directors of the Company.