

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the Year amounted to HK\$979.2 million, representing a decrease of 11.0% from HK\$1,100.4 million for the year ended 31 December 2022.
- Gross profit margin for the Year was 23.8%, representing an increase of 0.4 percentage points from 23.4% for the year ended 31 December 2022.
- Net profit for the Year amounted to HK\$48.2 million, representing a decrease from a net profit of HK\$58.3 million for the year ended 31 December 2022.
- Basic earnings per Share attributable to equity shareholders of the Company for the Year were approximately HK8 cents (2022: approximately HK10 cents), representing a decrease of approximately 20.0%, as compared with the year ended 31 December 2022. No diluted earnings per Share attributable to equity shareholders of the Company were presented for the Year.
- As at 31 December 2023, the gearing ratio of the Group, which is equivalent to total interest-bearing debt (including secured bank borrowings, bank overdraft and obligations under finance leases) divided by total equity, was 72.8% as compared to 61.9% as at 31 December 2022.
- The Board has recommended the payment of a final dividend of HK2.9 cents per Share for the Year, plus the interim dividend of HK4.2 cents per Share already declared and paid, making a total dividend of HK7.1 cents per Share (2022: final dividend of HK3.7 cents per Share and interim dividend of HK1.7 cents per Share). The dividend payout ratio for the Year was approximately 99.2% (2022: 63.5%).

## CONSOLIDATED ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Evergreen Products Group Limited (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**”) as set out below:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	<b>979,240</b>	1,100,375
Cost of sales		<b>(746,007)</b>	(843,280)
Gross profit		<b>233,233</b>	257,095
Other income	6	<b>7,296</b>	5,449
Other gains and losses	7	<b>(59)</b>	(5,192)
Impairment losses recognised under expected credit loss model, net of reversal		<b>(2,053)</b>	(179)
Administrative expenses		<b>(119,091)</b>	(138,073)
Distribution and selling expenses		<b>(31,027)</b>	(26,731)
Gain on disposal of a subsidiary		<b>3,839</b>	–
Other expense	8	<b>(541)</b>	(296)
Finance costs	9	<b>(36,810)</b>	(29,826)
Profit before tax	10	<b>54,787</b>	62,247
Income tax expense	11	<b>(6,563)</b>	(3,939)
Profit for the year		<b>48,224</b>	58,308
Other comprehensive income (expense) for the year:			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of properties		<b>6,223</b>	19,598
Deferred tax arising from revaluation of properties		<b>(12)</b>	(2,454)
		<b>6,211</b>	17,144
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<b>(25,304)</b>	(89,845)
Reclassification of cumulative reserve to profit and loss upon disposal of a subsidiary		<b>1,847</b>	–
		<b>(23,457)</b>	(89,845)
Other comprehensive expense for the year, net of income tax		<b>(17,246)</b>	(72,701)
Total comprehensive income (expense) for the year		<b>30,978</b>	(14,393)

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>51,011</b>	66,289
Non-controlling interests		<b>(2,787)</b>	(7,981)
		<u><b>48,224</b></u>	<u>58,308</u>
 Total comprehensive income (expense) attributable to:			
Owners of the Company		<b>34,471</b>	(2,169)
Non-controlling interests		<b>(3,493)</b>	(12,224)
		<u><b>30,978</b></u>	<u>(14,393)</u>
 Earnings per share ( <i>HK\$</i> )	 13		
– Basic		<u><b>0.08</b></u>	<u>0.10</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	14	<b>580,600</b>	618,712
Investment properties	14	<b>15,043</b>	12,143
Financial assets at fair value through profit or loss		<b>43,800</b>	42,672
Non-current deposits	15	<b>7,553</b>	5,138
		<b>646,996</b>	678,665
Current assets			
Inventories		<b>521,359</b>	476,030
Trade and other receivables	15	<b>274,262</b>	234,558
Tax recoverable		<b>4,782</b>	1,545
Pledged bank deposits		<b>93,584</b>	91,852
Cash and cash equivalents		<b>90,583</b>	78,612
		<b>984,570</b>	882,597
Assets classified as held for sale		–	9,311
		<b>984,570</b>	891,908
Current liabilities			
Trade and other payables	16	<b>131,629</b>	87,649
Contract liabilities	17	<b>10,832</b>	7,100
Amount due to a related company		<b>6,150</b>	10,750
Amount due to a non-controlling shareholder of a subsidiary		<b>2,376</b>	12,093
Tax payable		<b>12,660</b>	7,511
Secured bank and other borrowings	18	<b>568,563</b>	507,732
Bank overdrafts		–	18,491
Lease liabilities		<b>1,844</b>	1,424
		<b>734,054</b>	652,750
Net current assets		<b>250,516</b>	239,158
Total asset less current liabilities		<b>897,512</b>	917,823

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Capital and reserves			
Share capital	19	<b>51,010</b>	53,377
Reserves		<b>800,616</b>	844,304
Amount recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sales		<u>–</u>	<u>(1,272)</u>
Equity attributable to owners of the Company		<b>851,626</b>	896,409
Non-controlling interests		<u>(6,526)</u>	<u>(8,321)</u>
Total equity		<b>845,100</b>	888,088
Non-current liabilities			
Deferred tax liabilities		<b>7,817</b>	7,480
Secured bank and other borrowings	18	<b>35,172</b>	14,031
Lease liabilities		<b>9,423</b>	8,224
		<u>52,412</u>	<u>29,735</u>
		<b>897,512</b>	917,823

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

Evergreen Products Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate holding company is Evergreen Enterprise Holdings Limited, a company which was incorporated in the British Virgin Islands (the “**BVI**”). The Company’s ultimate holding company is Golden Evergreen Limited (“**GEL**”), a company incorporated in the BVI. GEL is wholly owned by HSBC International Trustee Limited, the trustee of the Felix Family Trust and CLC Family Trust (collectively, the “**Trust**”). The beneficiaries and settlors are the Trust, including Mr. Chang Chih Lung (who passed away in March 2022), Mr. Chang Yoe Chong Felix and their family members, are considered as the controlling shareholders of the Company. The registered office of the Company is PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and the principal place of business of the Company is 11th Floor, Chiap Luen Industrial Building, 30–32 Kung Yip Street, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively refer as the “**Group**”) are the manufacturing and trading of hair products.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). The Company’s functional currency is the United States dollars (the “**US\$**”). For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$ as the Company’s shares are listed on the Stock Exchange.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND AGENDA DECISIONS OF THE IFRS INTERPRETATIONS COMMITTEE (THE “**COMMITTEE**”)

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current reporting period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

## Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

### 3. MATERIAL ACCOUNTING POLICIES

The consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2023 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rule Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

### 4. REVENUE

#### Disaggregation of revenue from contracts with customers

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
<b>Group revenue by products</b>		
Wigs, hair accessories and others	<b>862,256</b>	872,398
High-end human hair extensions	<b>80,423</b>	184,486
Halloween products	<b>36,561</b>	43,491
	<b>979,240</b>	1,100,375

All revenue is recognised at a point in time.

### Performance obligation for contracts with customers

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery). The normal credit period is 90 days upon delivery. Transportation and handling activities that occur before the customer obtains control are considered as fulfilment activities.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of production, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives 30% to 50% deposit on acceptance of new customers' order. A contract liability is recognised for receipt in advance for sales in which revenue has yet been recognised.

### Transaction price allocated to the remaining performance obligation for contracts with customer

All the Group's sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 5. SEGMENT INFORMATION

The chief executive officer of the Company, being the chief operating decision maker (“CODM”), regularly reviews revenue analysis by types of products, including wigs, hair accessories and others, high-end human hair extensions and Halloween products when making decisions about allocating resources and assessing performance of the Group. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

### Geographical information

Revenue from the external customers, based on the location of delivery to customers are as follows:

	Revenue from external customers	
	2023	2022
	HK\$'000	HK\$'000
The United States of America (the “USA”)	882,758	964,436
Germany	37,357	56,591
Japan	13,681	26,345
The People's Republic of China (the “PRC”)	12,266	24,129
The United Kingdom (the “UK”)	23,697	13,749
Others	9,481	15,125
	<u>979,240</u>	<u>1,100,375</u>

An analysis of the Group's non-current assets other than financial assets by their physical geographical location is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bangladesh	430,618	466,179
Hong Kong	93,940	99,036
The PRC	48,270	43,491
The USA	19,098	17,642
Japan	1,909	1,940
Thailand	6,797	6,798
The UK	1,553	–
	<u>602,185</u>	<u>635,086</u>

*Note:* Non-current assets excluded financial assets at fair value through profit or loss (“FVTPL”) and property rental deposits.

#### Information about major customers

Revenue from the customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A <sup>1</sup>	374,960	366,251
Customer B <sup>1</sup>	200,059	185,171
	<u>575,019</u>	<u>551,422</u>

<sup>1</sup> The owner of Customer A is a relative of the owner of Customer B.

## 6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	2,082	395
Rental income	1,760	1,163
Government grant	171	1,447
Sundry income	3,132	2,373
Imputed interest income on property rental deposits	151	71
	<u>7,296</u>	<u>5,449</u>

**7. OTHER GAINS AND LOSSES**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Losses on financial assets at FVTPL, net	(1,119)	(4,807)
Gains (loss) on disposal of property, plant and equipment	18	(10)
Net foreign exchange gain (loss)	675	(287)
Gains (loss) on change in fair value of investment properties	367	(88)
	<u>(59)</u>	<u>(5,192)</u>

**8. OTHER EXPENSES**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Donation expense	541	296

**9. FINANCE COSTS**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	33,089	27,942
Interest on other borrowing	1,309	756
Interest on amount due to a related company	442	330
Interest on lease liabilities	989	798
Others	981	–
	<u>36,810</u>	<u>29,826</u>

**10. PROFIT BEFORE TAX**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	49,185	58,480
Capitalised in inventories	<u>(37,501)</u>	<u>(44,323)</u>
	<b><u>11,684</u></b>	<b><u>14,157</u></b>
Directors' emoluments		
– fee	4,660	4,800
– salaries and other benefits	1,817	4,068
– retirement benefits schemes contributions	<u>62</u>	<u>74</u>
	6,539	8,942
Staff's salaries and other benefits	297,347	365,881
Staff's retirement benefits scheme contributions	<u>4,774</u>	<u>10,774</u>
	308,660	385,597
Total staff costs ( <i>Note</i> )	<u>308,660</u>	<u>385,597</u>
Auditor's remuneration		
– audit services	2,534	2,436
– other services	<u>150</u>	<u>150</u>

*Note:* Staff costs disclosed above included amounts capitalised in inventories.

## 11. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
Hong Kong	40	92
The PRC Enterprise Income Tax (“EIT”)	336	21
Bangladesh	5,414	1,779
Other jurisdictions	163	155
	<u>5,953</u>	<u>2,047</u>
(Over-provision) under-provision in prior year:		
Bangladesh	–	2,821
Hong Kong	(25)	(826)
	<u>(25)</u>	<u>1,995</u>
Deferred tax:		
Current year	635	(103)
	<u>6,563</u>	<u>3,939</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The Group is engaged in the manufacturing of certain hair products through several processing factories in the PRC under contract and import processing arrangement which is effective for both years. Accordingly, under such 50:50 onshore/offshore arrangement between the Group and the contract processing factories, certain profits of the Group are not taxable under Hong Kong Profits Tax for both years.

Meanwhile, the profit derived under the import processing arrangement are treated as 100% taxable under Hong Kong Profits Tax for both years. In addition, the processing factories of the Group are subject to the PRC EIT at a rate of 25% on the actual profit generated in the PRC.

Bangladesh tax authority has published a regulation on 26 June 2023 with reference number “SRO No. 210-Law/Income Tax 05/2023” allowing 12% tax rate on export income. The definition of “export” includes supply of goods to outside Bangladesh and supply of goods to export oriented industry under internal back-to-back letter of credit. Minimum tax standard rate has also proportionately reduced as per applicable reduced income tax rate. For the year ended 31 December 2023, the subsidiaries operating in Bangladesh are subject to income tax rate of the higher of 0.24% of revenue or 1% of the export proceeds or 12% on the assessable profit (2022: higher of 0.24% of revenue or 12% on the assessable profit) except Master Purple (BD) Limited. Master Purple (BD) Limited operating in Bangladesh and is exempted from income tax for 3 financial years from the date of commencement of commercial operation (i.e. 9 March 2020) up to 8 March 2023, afterwards with 3 financial years of 50% exemption and subsequently with 1 financial year of 25% exemption.

Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 12. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 interim dividend of HK4.2 cents (2022: HK1.7 cents) per share	28,815	11,663
2022 final dividend of HK3.7 cents (2022: 2021 final dividend of HK1.1 cents) per share	<u>25,385</u>	<u>7,547</u>
	<u><b>54,200</b></u>	<u><b>19,210</b></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of HK2.9 cents per ordinary share, in an aggregate amount of HK\$19,000,000 (2022: HK3.7 cents per ordinary share, in an aggregate amount of HK\$25,385,000), has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

## 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2023	2022
Earnings attributable to owners of the Company:		
Earnings for the purpose of calculating basic and diluted earnings per share ( <i>HK\$'000</i> )	<u><b>51,011</b></u>	<u><b>66,289</b></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u><b>678,473,000</b></u>	<u><b>686,082,000</b></u>

No diluted earnings per share is presented for the year ended 31 December 2023 and 2022 as there were no potential ordinary shares in issue for both years.

#### 14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the Year, the Group acquired approximately HK\$28.2 million (2022: HK\$29.8 million) on property, plant and equipment.

The Group's industrial buildings, offices and car parks classified as property, plant and equipment were revalued by the third party qualified valuer engaged by the Company as at the end of the reporting period. The resulting revaluation increase of HK\$6,223,000 has been credited to the properties revaluation reserve for the year ended 31 December 2023 (2022: HK\$19,598,000).

During the year ended 31 December 2023, the Group leased out certain offices in Thailand with lease term of 2 years (2022: certain properties with lease term of 1 to 6 years) to earn rentals. Accordingly, the related properties of HK\$2,835,000 (2022: HK\$12,649,000, including leasehold land presented as right-of-use assets of HK\$5,309,000) was transferred to investment properties. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

For both years, the Group leases leasehold lands, leasehold lands and buildings, motor vehicles and factory buildings for its operations. Lease contracts are entered into for fixed term of 2 to 30 years (2022: 2 to 30 years). The Group is required to make fixed monthly payment. In addition, lease liabilities of HK\$11,267,000 (2022: HK\$9,648,000) are recognised with related right-of-use assets of HK\$10,604,000 (2022: HK\$9,190,000) as at 31 December 2023.

#### 15. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
– contracts with customers	215,131	195,639
Less: Allowance for credit losses	<u>(205)</u>	<u>(151)</u>
	214,926	195,488
Other receivables	21,840	22,152
Consideration receivables	11,997	–
Other tax receivables	6,847	3,312
Prepayments	6,881	7,763
Deposits paid to suppliers	11,771	5,843
Deposits for acquisition of property, plant and equipment	6,542	4,231
Property rental deposits	<u>1,011</u>	<u>907</u>
	<u><b>281,815</b></u>	<u><b>239,696</b></u>
Analysis for reporting purpose as:		
Non-current assets	7,553	5,138
Current assets	<u>274,262</u>	<u>234,558</u>
	<u><b>281,815</b></u>	<u><b>239,696</b></u>

As at 1 January 2022, trade receivables from contracts with customers amounted to HK\$234,653,000.

The following is an analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 60 days	150,053	134,966
61 – 90 days	46,294	36,769
91 – 120 days	10,888	16,326
Over 120 days	7,691	7,427
	<u>214,926</u>	<u>195,488</u>

The Group normally allows a credit period within 30 to 90 days (2022: within 30 to 90 days) to its customers. A longer credit period may be granted to large or long established customers with good payment history.

Before accepting any new customers, the Group has an internal credit control system to assess the potential customers' credit quality and the Board of Directors has delegated the management to be responsible for determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$29,200,000 (2022: HK\$24,423,000) are past due at the reporting date. Out of the past due balance, HK\$4,141,000 (2022: HK\$3,150,000) has been past due 90 days or more and is not considered as in default due to long and on-going business relationship and good repayment record from these customers.

The Group does not hold any collateral over the balances.

Most of the Group's trade receivables are denominated in functional currency of the relevant group entities.

## 16. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	73,729	35,380
Accrued staff costs	32,671	23,953
Accruals and other payables	7,837	9,991
Other employee liabilities	17,392	18,325
	<u>131,629</u>	<u>87,649</u>

Credit period on purchases of goods is granted from 0–120 days but the Group will normally settle within 60 days.

The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 60 days	39,934	35,380
61 – 120 days	2	–
Over 120 days ( <i>Note</i> )	33,793	–
	<u>73,729</u>	<u>35,380</u>

*Note:* During the year ended 31 December 2023, certain suppliers have initiated lawsuits against Evergreen Products Factory (YZ) Co. Ltd, a wholly-owned subsidiary of the Company in the PRC (the “**Subsidiary**”) to demand immediate settlement of trade payables with a carrying amount of HK\$33,793,000 plus interest for late payment. The decision of the second-trial instance of the People’s Court in the PRC was made during the year ended 31 December 2023 and the Subsidiary were required to pay all the outstanding trade payables and the related interest of HK\$981,000 and certain right-of-use assets with a carrying amount of HK\$4,537,000 and other property plant and equipment with a carrying amount of HK\$2,226,000 were frozen. The management are in the process of negotiation with the corresponding suppliers to settle these amounts out of court. Based on legal opinion, the directors of the Company opine that the possibility of an additional outflow of economic resources is remote. Hence, no further accrual of potential interest or other penalties was made.

Included in the Group’s trade payables are the following amounts denominated in currency other than the functional currency of the relevant group entities:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HK\$	<u>27,352</u>	<u>20,935</u>

## 17. CONTRACT LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Receipt in advance for sale of hair products	<u>10,832</u>	<u>7,100</u>

As at 1 January 2022, contract liabilities amounted to HK\$8,791,000.

Contract liabilities represent amounts received in advance for sale of hair products. During the year ended 31 December 2023, the Group has recognised revenue of HK\$7,100,000 (2022: HK\$8,791,000) that was included in the contract liabilities balance at the beginning of the respective year.

Contract liabilities are classified as current as they are expected to be settled within the Group’s normal operating cycle. The balance of contract liabilities has increased mainly due to increase of pre-order for future sales during the year.

## 18. SECURED BANK AND OTHER BORROWINGS

During the Year, the Group obtained new bank and other borrowings amounting to HK\$1,032.8 million (2022: HK\$993.4 million) and repaid bank and other borrowings of HK\$1,030.3 million (2022: HK\$1,010.3 million). Proceeds from new borrowings were used to finance the general operating activities and construction of production facilities of the Group. As at 31 December 2023, the bank and other borrowings arranged at floating rate are with average effective interest rates interest ranging from 3.90% to 8.77% (2022: 4.30% to 8.77%) per annum. The bank and other borrowings arranged at fixed rate is ranging from 0.90% to 4.25% (2022: 1.19% to 4.25%) per annum.

## 19. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital US\$'000
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2022 and 31 December 2022	686,082,000	6,861
Shares repurchased and cancelled ( <i>Note</i> )	(30,430,000)	(304)
At 31 December 2023	<b>655,652,000</b>	<b>6,557</b>

Shown in the consolidated financial statements as:

	Amount HK\$'000
At 31 December 2023	<b>51,010</b>
At 31 December 2022	53,377

*Note:* During the year ended 31 December 2023, the Company repurchased and cancelled 30,430,000 of its own ordinary shares through the Hong Kong Stock Exchange, and the total amount paid of HK\$19,766,000 to acquire the cancelled shares of HK\$2,367,454 was deducted from equity.

Month of repurchase	Number of ordinary shares repurchased '000	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
September 2023	15,870	0.65	0.63	10,256
October 2023	14,560	0.65	0.64	9,510
	<b>30,430</b>			<b>19,766</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the Year, the global economic growth has slowed down amid the persistently high inflation and high interest rate environment, with the market demand for wigs products being sluggish. The segmental revenue of human hair extension products and lace products with a higher profit margin have slowed down and shifted to the braid products with a lower profit margin and the demand for Halloween products has dropped during the Year, underpinned by the weak consumer purchasing power and the de-stocking pressure by customers. In the current complex and changeable environment, the Group has continuously optimised the production process and dispatched research and development technicians to increase the cooperative relationship with the key customers and accurately adjusted the products mix and production capacities, ensuring the process of group production and operation to be effective and efficient.

Although the wigs market has huge potential and good prospects, it is susceptibly influenced by the global macroeconomic and the unpredictable market conditions. The revenue of the Group decreased to HK\$979.2 million during the Year, representing a decrease of approximately 11.0% as compared with the corresponding year ended 31 December 2022, mainly due to the decrease in the sale of human hair extension products and lace wig products offset with a rise in sales in the lower profit margin braid products during the Year. Gross profit margin increased to 23.8% as compared to 23.4% for the year ended 31 December 2022, mainly due to a decrease in the direct labour cost by streamlining by the production process and a decrease in the raw materials cost and the continuous benefit from the devaluation of the Bangladeshi Taka against the United States Dollar.

As a result of the above, the Group reported profits in the amount of HK\$48.2 million, representing a decrease of 17.3% as compared with the corresponding year ended 31 December 2022 and the gross profit margin of 23.8%, representing a slight increase of 0.4% as compared with the corresponding year ended 31 December 2022.

### **FINANCIAL REVIEW**

During the Year, the Group's financial results dropped as compared with the corresponding year ended 31 December 2022, primarily due to the weakness of the consumer purchasing power and the de-stocking pressure by customers which caused the customers to switch from the high margin human hair extension products to the low margin braid products and a drop in sale of Halloween products.

## Revenue

Revenue of the Group is mainly generated from the manufacturing and sale of its products. Revenue represents the amount received by the Group and the receivables for the sale of its products, net of any discounts and returns. The Group derives revenue from three principal product segments: (i) wigs, hair accessories and others; (ii) high-end human hair extensions (that is, human hair goods used for adding hair length and/or hair volume with an average retail price of over US\$5 per gram); and (iii) Halloween products.

During the Year, the Group's revenue amounted to HK\$979.2 million, representing a decrease of HK\$121.1 million or 11.0% as compared with HK\$1,100.4 million for the year ended 31 December 2022. The decrease was primarily due to a slowdown in the market demand for its human hair products and lace products offset with the increase in demand for braid products during the Year. The Bangladesh factory has consistent enhancement in its production capabilities to satisfy the strong market demand. During the Year, the revenue generated from hair products made at the Bangladesh Factory accounted for 98.7% of the Group's total revenue as compared to 97.9% for the year ended 31 December 2022.

The USA remained as the Group's principal market during the Year with revenue contribution accounting for 90.1% of the Group's total revenue during the Year as compared to 87.6% for the year ended 31 December 2022. In terms of product segments, wigs, hair accessories and others, which remained as the Group's key product segment, accounted for 88.1% of its total revenue during the Year as compared to 79.3% for the year ended 31 December 2022.

***Wigs, hair accessories and others.*** Revenue from wigs, hair accessories and others decreased by HK\$10.1 million, or 1.2%, from HK\$872.4 million for the year ended 31 December 2022 to HK\$862.3 million for the Year, primarily due to a decrease in sales of lace wigs and weaving items while an increase in sales of braid and special braid which offset the drop in the sales of lace wigs and weaving items during the Year.

***High-end human hair extensions.*** Revenue from high-end human hair extensions decreased by HK\$104.1 million, or 56.4%, from HK\$184.5 million for the year ended 31 December 2022 to HK\$80.4 million for the Year, primarily due to a decrease in sales volume of human hair products for which the market demand shifted to braid products with low margin due to the weakness of the consumer purchasing power.

***Halloween products.*** Revenue from Halloween products decreased by HK\$6.9 million, or 15.9%, from HK\$43.5 million for the year ended 31 December 2022 to HK\$36.6 million for the Year, primarily due to a decrease in sales volume due to more conservative customers' orders due to the weakness of the consumer purchasing power and the de-stocking pressure by customer.

## Cost of Goods Sold

The Group's cost of goods sold decreased by HK\$97.3 million, or 11.5%, from HK\$843.3 million for the year ended 31 December 2022 to HK\$746.0 million for the Year, primarily due to a decrease in direct labour cost by streamlining the production process and a decrease in the raw materials cost and the continuous benefit from the devaluation of the Bangladeshi Taka against the United States Dollar during the Year.

**Wigs, hair accessories and others.** Cost of goods sold for wigs, hair accessories and others decreased by HK\$15.2 million, or 2.2%, from HK\$682.3 million for the year ended 31 December 2022 to HK\$667.1 million for the Year, corresponding with a decrease in sales of these products during the Year.

**High-end human hair extensions.** Cost of goods sold for high-end human hair extensions decreased by HK\$76.8 million, or 58.3%, from HK\$131.7 million for the year ended 31 December 2022 to HK\$54.9 million for the Year, which is in line with a decrease in sales of these products during the Year.

**Halloween products.** Cost of goods sold for Halloween products decreased by HK\$5.3 million, or 18.0%, from HK\$29.4 million for the year ended 31 December 2022 to HK\$24.1 million for the Year, corresponding with a decrease in sales of these products during the Year.

## **Gross Profit**

During the Year, the Group's gross profit amounted to HK\$233.2 million, representing a decrease of HK\$23.9 million, or 9.3%, as compared with HK\$257.1 million for the year ended 31 December 2022, primarily due to the market demand for its human hair extension products and lace wig products being sluggish which affected by the slowdown in global economic growth and high inflation and high interest rate during the Year. The gross profit decreased primarily due to a drop in sale during the Year while partially offset by a decrease in the direct labour cost by streamlining by the production process and a decrease in the raw materials cost and the continuous benefit from the devaluation of the Bangladeshi Taka against the United States Dollar. During the Year, the Group's gross profit margin amounted to 23.8%, representing an increase of 0.4 percentage points from 23.4% for the year ended 31 December 2022.

**Wigs, hair accessories and others.** Gross profit for wigs, hair accessories and others increased by HK\$5.0 million, or 2.6%, from HK\$190.1 million for the year ended 31 December 2022 to HK\$195.1 million for the Year. Gross profit margin for this segment slightly increased from 21.8% for the year ended 31 December 2022 to 22.6% for the Year, primarily due to a decrease in the marginal cost of wigs, hair accessories and other products during the Year.

**High-end human hair extensions.** Gross profit for high-end human hair extensions decreased by HK\$27.3 million, or 51.6%, from HK\$52.8 million for the year ended 31 December 2022 to HK\$25.6 million for the Year. Gross profit margin for this segment increased from 28.6% for the year ended 31 December 2022 to 31.8% for the Year, primarily due to the continuous improvement on the production process and the quality control enhancement on purchase procurement during the Year as compared to the year ended 31 December 2022.

**Halloween products.** Gross profit for Halloween products decreased by HK\$1.6 million, or 11.6%, from HK\$14.1 million for the year ended 31 December 2022 to HK\$12.5 million for the Year. Gross profit margin for Halloween products increased from 32.4% for the year ended 31 December 2022 to 34.2% for the Year, primarily due to a decrease in the marginal cost on Halloween products during the Year as compared to the year ended 31 December 2022.

## **Other Income**

Other income increased by HK\$1.8 million, or 33.9%, from HK\$5.4 million for the year ended 31 December 2022 to HK\$7.3 million for the Year, primarily due to an increase in income from warehouse rental and bank interest income during the Year.

## **Other Gains And Losses**

Other gains and losses decreased by HK\$5.1 million, or 98.9%, from a loss of HK\$5.2 million for the year ended 31 December 2022 to a loss of HK\$0.1 million for the Year. The other gains and losses primarily comprises of a loss amount to HK\$1.1 million from the fair value change of the financial assets at fair value through profit and loss and HK\$0.7 million from the gain on the exchange conversion due to the repayment of a bank loan and the settlement in trade payable during the Year.

## **Impairment Losses Under Expected Credit Loss Model**

During the Year, the Group provided impairment losses of HK\$2.1 million in respect of trade receivables (2022: Impairment losses of HK\$0.2 million). The impairment losses of HK\$2.1 million were provided on the trade and other receivable which are unlikely to be recovered.

## **Distribution and Selling Expenses**

Distribution and selling expenses increased by HK\$4.3 million, or 16.1%, from HK\$26.7 million for the year ended 31 December 2022 to HK\$31.0 million for the Year, was mainly arising from the increase in the advertisement and commission paid during the Year.

## **Administrative Expenses**

Administrative expenses decreased by HK\$19.0 million, or 13.7%, from HK\$138.1 million for the year ended 31 December 2022 to HK\$119.1 million for the Year, was mainly arising from the decrease in the legal and professional and salaries expenses during the Year.

## **Other Expenses**

Other expenses increased by HK\$0.2 million, or 82.8%, from HK\$0.3 million for the year ended 31 December 2022 to HK\$0.5 million for the Year. The donation made by the Group during the Year amounted to HK\$0.5 million (2022: HK\$0.3 million).

## **Finance Costs**

Finance costs increased by HK\$7.0 million, or 23.4%, from HK\$29.8 million for the year ended 31 December 2022 to HK\$36.8 million for the Year. During the Year, the Group did not capitalise any interest on bank borrowings as the cost of qualifying assets (2022: HK\$Nil million). The increase in finance cost is primarily due to an increase in the interest rate.

## **Taxation**

Income tax expense of the Group increased by HK\$2.6 million, or 66.6%, from HK\$3.9 million for the year ended 31 December 2022 to HK\$6.6 million for the Year. Income tax expense included deferred taxation in the amount of HK\$0.6 million for the Year (2022: HK\$0.1 million of reversed deferred taxation).

## **Net Profit**

The Group's net profit for the Year amounted to HK\$48.2 million, representing a decrease of HK\$10.1 million, or 17.3%, as compared with a net profit of HK\$58.3 million for the year ended 31 December 2022, primarily attributable to a drop in sale and switch from less sales of human hair extension products with high margin to more sales of braid products with low margin due to the weakness of the consumer purchasing power and the de-stocking pressure by customers during the Year when compared to the year ended 31 December 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's bank balances, pledged bank deposits and cash increased by HK\$13.7 million or 8.0% from HK\$170.5 million as at 31 December 2022 to HK\$184.2 million as at 31 December 2023. The increase in cash and bank balances as at 31 December 2023 was primarily due to an increase in the utilisation on bank borrowings under supplier financing arrangement for accounts payable payment during the Year.

## **Borrowings and Gearing Ratio**

As at 31 December 2023, the Group's banking facilities amounted to HK\$834.0 million, of which HK\$140.0 million remained unutilised. As at 31 December 2023, the gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank borrowings, bank overdrafts and obligations under finance leases) divided by total equity, was 72.8% as compared to 61.9% as at 31 December 2022. Moreover, the net gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank borrowings, bank overdrafts and obligations under finance leases) net of total cash and bank balances divided by total equity, was 51.1% as compared to 42.7% as at 31 December 2022. The increase in gearing ratio was primarily due to an increase in bank borrowings for the Year while the increase in net gearing ratio was primarily due to an increase in bank borrowings as at 31 December 2023.

## **Capital Expenditure and Capital Commitments**

During the Year, the Group spent approximately HK\$28.2 million (including interest on bank borrowings of HK\$Nil million capitalised as the cost of qualifying assets) on additions to fixed assets as compared to HK\$29.8 million (including interest on bank borrowings of HK\$Nil million capitalised as the cost of qualifying assets) for the year ended 31 December 2022 mainly to maintain its manufacturing capabilities in Bangladesh. As at 31 December 2023, the Group had capital commitments of HK\$0.6 million in respect of property, plant and equipment (2022: HK\$0.6 million).

## Currency Risks

A significant portion of the Group's revenue is derived from sales to overseas customers denominated in foreign currencies. For the Year, 90.1% (2022: 87.6%) of the Group's revenue was denominated in U.S. Dollar ("US\$"). The Group mainly operates in Bangladesh and the PRC and most of the Group's operating expenses are denominated in Bangladeshi Taka ("Taka") and Renminbi ("RMB").

During the Year, the Group did not enter into any foreign currency forward contracts in view of the high volatility in the exchange rate of RMB. The Group has not hedged exposure to any change in the foreign exchange rate of Taka. The value of Taka or RMB against US\$ and other currencies may fluctuate due to, among other things, political as well as economic policies and conditions both in the jurisdictions in which the Group operates as well as globally. The Group's profit margin could be adversely affected to the extent that the Group is unable to increase the US\$ denominated selling prices of products sold to overseas customers or shift the exchange risk to the Group's customers to account for the appreciation of Taka or RMB against US\$. These fluctuations may result in exchange losses or gains or increases or reductions in the Group's costs after translation from US\$ to RMB or Taka. Any appreciation of Taka or RMB may lead to an increase in the Group's manufacturing costs if the Group is unable to pass on such additional costs to customers. This potential increase may, in turn, affect the Group's competitiveness against competitors outside Bangladesh and/or the PRC.

## Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities.

## Pledge of Assets

As at 31 December 2023, the Group's banking facilities of HK\$584,277,000 (2022: HK\$555,854,000) were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$87.1 million (2022: HK\$85.2 million);
- (b) the Group's land and buildings and car parks in Hong Kong of approximately HK\$84.5 million (2022: HK\$89.4 million);
- (c) the Group's land and buildings of approximately HK\$22.3 million (2022: HK\$28.4 million);
- (d) investment properties in the PRC of approximately HK\$Nil million (2022: HK\$9.3 million);
- (e) negative pledge of the assets of certain subsidiaries in the PRC and Bangladesh; and
- (f) certain life insurance contracts classified as financial assets at fair value through profit and loss of the Group.

As at 31 December 2023, the Group's other borrowing was secured by the Group's bank deposit of approximately HK\$6.5 million (2022: HK\$6.7 million).

## **OTHERS**

On 17 May 2023, Evergreen Products Factory (YZ) Co. Ltd. a wholly-owned subsidiary of the Company in the PRC (the "**Subsidiary**") received a Notification of Proceeding served by the Court in relation to a contractual dispute in ordinary businesses with a supplier, in the amount of approximately HK\$18 million. The legal proceeding is still on-going as at the date of this announcement. The management of the Subsidiary is continuing to negotiate with the supplier to settle these amounts out of court.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group employed a total of (i) 25,371 employees in Bangladesh, as compared to 25,199 as at 31 December 2022, (ii) 227 employees in China, as compared to 253 as at 31 December 2022, (iii) 63 employees in Hong Kong, as compared to 55 as at 31 December 2022, and (iv) 21 employees in Japan, the USA and Thailand, as compared to 29 as at 31 December 2022.

Total employee expenditures during the Year amounted to HK\$308.7 million as compared to HK\$385.6 million for the year ended 31 December 2022. The Group determines the remuneration of its employees based on prevailing market conditions, the relevant local laws and regulations regarding wage protection and the performance of the employees. Remuneration includes salary, bonuses and benefits. The remuneration packages of the employees are reviewed annually. The Group operates a defined contribution retirement scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all qualified employees. Employees of the Group's factories in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. For employees in Bangladesh, the Group is currently not subject to any compulsory social insurance contribution, but they are covered by a self-managed provident fund operated by the respective subsidiaries of the Group in Bangladesh. In addition, the Company has adopted the Share Option Scheme, details of which is set out in sub-sections headed "Share Option Scheme" in this announcement.

On 11 December 2017, the Company adopted the Share Award Scheme. The Share Award Scheme were completed and terminated as at 30 November 2021.

### **Share Option Scheme**

On 19 June 2017, a Share Option Scheme was adopted, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for the Shares.

During the Year, no option has been granted or agreed to be granted under the Share Option Scheme.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, (i) there were no significant investments held, nor were there any material acquisitions or disposals during the Year; and (ii) no plans have been authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

## **IMPORTANT EVENTS AFTER THE END OF THE YEAR**

There were no events after the reporting period that had significant impacts on the Group after 31 December 2023 and up to the date of this announcement.

## **OUTLOOK**

The Group will continue to enlarge the sales team to explore new market opportunities and also increase to build up more online stores on some famous cross-border e-commerce platforms to direct sales to the end customers, aiming to expand its customer base, achieve a more balanced and healthy market layout, and enhance its risk resistance.

The Group has continuously made all efforts to improve the bank loan portfolio to reinforce the balance sheet and to optimise production costs to further improve the profitability the soonest possible and enhance the liquidity.

The Board believes that the Group has managed the complex and changeable business environment and predicts that the market demand for hair products will gradually stabilise towards the end of this year. The Group will continue to focus on its core business, closely monitor the latest development of the industry and adjust its strategies to provide the best interest to the shareholders of the Company in the medium to longer term.

## **ANNUAL GENERAL MEETING**

An annual general meeting (the “**AGM**”) of the Company is scheduled to be held on Friday, 10 May 2024, notice of which will be published and despatched to the shareholders as soon as practicable in accordance with the Company’s articles of association and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK2.9 cents per Share for the Year (2022: HK3.7 cents) to the shareholders whose names appear on the register of members of the Company on Friday, 17 May 2024. Upon approval by the shareholders at the AGM, it is expected that the final dividend will be payable on Friday, 31 May 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining the eligibility of the shareholders of the Company to attend and vote at the AGM or any adjournment thereof, the register of members of the Company will be closed as set out below:

- (i) For determining shareholders' entitlement to attend and vote at AGM or any adjournment thereof, the register of members of the Company will be closed from Monday, 6 May 2024 to Friday, 10 May 2024, both dates inclusive, during which period no transfer of Shares will be registered.

In order to be eligible to attend and vote at the AGM, all transfer of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 3 May 2024.

The record date for such purposes is Friday, 10 May 2024.

- (ii) For determining shareholders' entitlement to the proposed final dividend (subject to approval by the shareholders at the AGM), the register of members of the Company will be closed from Monday, 20 May 2024 to Friday, 24 May 2024, both dates inclusive, during which period no transfer of Shares will be registered.

In order to qualify for the proposed final dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, Friday, 17 May 2024.

The record date for such purposes is Friday, 24 May 2024.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Group repurchased an aggregate of 30,430,000 ordinary shares for a total consideration of approximately HK\$19.7 million on the Stock Exchange. The repurchased shares will subsequently be cancelled. Details of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid HK\$ in million
September 2023	15,870,000	0.65	0.63	10.3
October 2023	14,560,000	0.65	0.64	9.4
	<u>30,430,000</u>			<u>19.7</u>

Save as disclosed above, the Group did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2023.

## CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. However, Mr. Chang Yoe Chong Felix, an executive Director, currently performs these two roles in the Company. Given the current scale of the Company's operations and management structure, the Company considers that entrusting Mr. Chang, who has been the Company's key leadership figure and chiefly responsible for the business strategy, decisions and operations, to perform both the functions of the chairman and the chief executive officer of the Company is appropriate. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of the Directors and the number of independent non-executive Directors on the Board and this structure will enable the Company to make and implement decisions promptly and effectively.

Save as disclosed above, in the opinion of the Board, the Company has complied with the code provisions in the CG Code throughout the Year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct for securities transactions by the Directors. All the Directors have confirmed, following a specific enquiry by the Company, that they had complied with the required standards as set out in the Model Code throughout the Year.

## **REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) has reviewed together with the Board and Messrs. Deloitte Touche Tohmatsu, the Group’s external auditor, the audited consolidated financial statements of the Group for the Year. The Audit Committee is satisfied that the audited consolidated financial statements of the Group for the Year were prepared in accordance with the applicable accounting standards and fairly present the Group’s financial position and results for the Year.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 22 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.epfhk.com](http://www.epfhk.com)). The annual report of the Company for the Year containing all the information required under the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Company’s shareholders in due course.

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

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 22 March 2024

*As at the date of this announcement, the executive Directors of the Company are Mr. Chang Yoe Chong Felix, Mr. Chan Kwok Keung, Ms. Jia Ziying and Mr. Li Yanbo; the non-executive Director of the Company is Mr. Chan Lau Yui Kevin; and the independent non-executive Directors of the Company are Mr. Sin Hendrick M.H., Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa.*