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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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the Year amounted to HK\$1,016.4 million, representing an increase of 3.8% from HK\$979.2 million for the year ended 31 December 2023.
- Gross profit margin for the Year was 24.0%, representing a slight increase of 0.2 percentage points from 23.8% for the year ended 31 December 2023.
- Net profit for the Year amounted to HK\$39.7 million, representing a decrease of 17.6% from a net profit of HK\$48.2 million for the year ended 31 December 2023.
- Basic earnings per Share attributable to equity shareholders of the Company for the Year were approximately HK6 cents (2023: approximately HK8 cents), representing a decrease of approximately 25.0%, as compared with the year ended 31 December 2023. No diluted earnings per Share attributable to equity shareholders of the Company were presented for the Year.
- As at 31 December 2024, the gearing ratio of the Group, which is equivalent to total interest-bearing debt (including secured bank and other borrowings and lease liabilities) divided by total equity, was 72.1% as compared to 72.8% as at 31 December 2023.
- The Board has recommended the payment of a final dividend of HK2.8 cents per Share for the Year, plus the interim dividend of HK3.0 cents per Share already declared and paid, making a total dividend of HK5.8 cents per Share (2023: final dividend of HK2.9 cents per Share and interim dividend of HK4.2 cents per Share). The dividend payout ratio for the Year was approximately 95.1% (2023: 99.2%).

## 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 2024 (the “**Year**”) as set out below:

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

*For the year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
Revenue	4	<b>1,016,362</b>	979,240
Cost of sales		<b>(772,826)</b>	(746,007)
Gross profit		<b>243,536</b>	233,233
Other income	6	<b>7,924</b>	7,296
Other gains and (losses)	7	<b>4,683</b>	(59)
Impairment losses recognised under expected credit loss model, net of reversal		<b>(1,354)</b>	(2,053)
Administrative expenses		<b>(132,458)</b>	(119,091)
Distribution and selling expenses		<b>(27,017)</b>	(31,027)
Other expense	8	<b>(162)</b>	(541)
Gain on disposal of a subsidiary		<b>–</b>	3,839
Finance costs	9	<b>(42,440)</b>	(36,810)
Profit before tax	10	<b>52,712</b>	54,787
Income tax expense	11	<b>(12,986)</b>	(6,563)
Profit for the year		<b>39,726</b>	48,224
Other comprehensive (expense) income for the year:			
<i>Items that will not be reclassified to profit or loss:</i>			
(Deficit) surplus on revaluation of properties		<b>(14,138)</b>	6,223
Deferred tax arising from revaluation of properties		<b>1,166</b>	(12)
		<b>(12,972)</b>	6,211
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<b>(34,760)</b>	(25,304)
Reclassification of cumulative reserve to profit and loss upon disposal of a subsidiary		<b>–</b>	1,847
		<b>(34,760)</b>	(23,457)
Other comprehensive expense for the year, net of income tax		<b>(47,732)</b>	(17,246)
Total comprehensive (expense) income for the year		<b>(8,006)</b>	30,978

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>39,916</b>	51,011
Non-controlling interests		<b>(190)</b>	(2,787)
		<u><b>39,726</b></u>	<u>48,224</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>(7,345)</b>	34,471
Non-controlling interests		<b>(661)</b>	(3,493)
		<u><b>(8,006)</b></u>	<u>30,978</u>
Earnings per share ( <i>HK\$</i> )	13		
– Basic		<u><b>0.06</b></u>	<u>0.08</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	14	532,459	580,600
Investment properties	14	14,564	15,043
Goodwill		575	–
Customer relationship		310	–
Financial assets at fair value through profit or loss		44,766	43,800
Non-current deposits	15	10,238	7,553
		<b>602,912</b>	<b>646,996</b>
Current assets			
Inventories		488,501	521,359
Trade and other receivables	15	264,769	274,262
Tax recoverable		4,360	4,782
Pledged bank deposits		58,685	93,584
Cash and cash equivalents		115,712	90,583
		<b>932,027</b>	<b>984,570</b>
Current liabilities			
Trade and other payables	16	135,328	131,629
Contract liabilities	17	2,958	10,832
Amount due to a related company		8,184	6,150
Amount due to a non-controlling shareholder of a subsidiary		2,471	2,376
Tax payable		11,502	12,660
Secured bank and other borrowings	18	507,156	568,563
Lease liabilities		1,318	1,844
		<b>668,917</b>	<b>734,054</b>
Net current assets		<b>263,110</b>	<b>250,516</b>
Total asset less current liabilities		<b>866,022</b>	<b>897,512</b>

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Capital and reserves			
Share capital	19	<b>50,311</b>	51,010
Reserves		<b>749,828</b>	800,616
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>800,139</b>	851,626
Non-controlling interests		<b>(4,909)</b>	(6,526)
		<hr/>	<hr/>
Total equity		<b>795,230</b>	845,100
		<hr/>	<hr/>
Non-current liabilities			
Deferred tax liabilities		<b>6,905</b>	7,817
Secured bank and other borrowings	18	<b>55,176</b>	35,172
Lease liabilities		<b>8,711</b>	9,423
		<hr/>	<hr/>
		<b>70,792</b>	52,412
		<hr/>	<hr/>
		<b>866,022</b>	897,512
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 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 of the Trust, 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**”)

### 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 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the new and 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 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)**

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Based on the Group’s outstanding liabilities as at 31 December 2023 and 2024, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group’s other liabilities. The change in accounting policy does not have impact to the Group’s profit or loss or earnings per share for the current and prior years presented.

**Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements**

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows.

In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2024 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

	2024 HK\$'000	2023 HK\$'000
<b>Group revenue by products</b>		
Wigs, hair accessories and others	882,063	862,256
High-end human hair extensions	109,678	80,423
Halloween products	24,621	36,561
	<u>1,016,362</u>	<u>979,240</u>

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	
	2024 HK\$'000	2023 HK\$'000
The United States of America (the “ <b>USA</b> ”)	929,647	882,758
Germany	30,344	37,357
Japan	6,482	13,681
The People’s Republic of China (the “ <b>PRC</b> ”)	10,574	12,266
The United Kingdom (the “ <b>UK</b> ”)	29,679	23,697
Others	9,636	9,481
	<u>1,016,362</u>	<u>979,240</u>

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

	2024 HK\$'000	2023 HK\$'000
Bangladesh	408,329	430,618
Hong Kong	72,137	93,940
The PRC	45,553	48,270
The USA	20,217	19,098
Japan	1,917	1,909
Thailand	7,048	6,797
The UK	1,250	1,553
	<u>556,451</u>	<u>602,185</u>

*Note:* Non-current assets excluded goodwill, customer relationship, 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 3% of the total revenue of the Group are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A <sup>1</sup>	384,370	374,960
Customer B <sup>1</sup>	206,358	200,059
Customer C	89,877	58,639
Customer D	74,907	36,926
Customer E	31,648	34,589
	<u>          </u>	<u>          </u>

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

### 6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	2,677	2,082
Rental income	1,715	1,760
Government grant	–	171
Sundry income	3,532	3,132
Imputed interest income on property rental deposits	–	151
	<u>          </u>	<u>          </u>
	<u>7,924</u>	<u>7,296</u>

## 7. OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Gain on financial assets at FVTPL, net	2,266	1,119
Loss on disposal of property, plant and equipment	(30)	(18)
Net foreign exchange gain (loss)	2,547	(675)
Loss on change in fair value of investment properties	(100)	(367)
	<u>4,683</u>	<u>(59)</u>

## 8. OTHER EXPENSES

	2024 HK\$'000	2023 HK\$'000
Donation expense	<u>162</u>	<u>541</u>

## 9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	39,021	33,089
Interest on other borrowing	999	1,309
Interest on amount due to a related company	258	442
Interest on lease liabilities	694	989
Others	1,468	981
	<u>42,440</u>	<u>36,810</u>

## 10. PROFIT BEFORE TAX

	2024 HK\$'000	2023 HK\$'000
Profit before tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	38,071	49,185
Capitalised in inventories	(25,243)	(37,501)
	<u>12,828</u>	<u>11,684</u>
Directors' emoluments		
– fee	4,560	4,660
– salaries and other benefits	2,287	1,817
– retirement benefits schemes contributions	74	62
	<u>6,921</u>	<u>6,539</u>
Staff's salaries and other benefits	343,055	297,347
Staff's retirement benefits scheme contributions	4,713	4,774
	<u>354,689</u>	<u>308,660</u>
Total staff costs ( <i>Note</i> )		
Auditor's remuneration		
– audit services	3,500	2,534
– other services	–	150
	<u>3,500</u>	<u>2,684</u>

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

## 11. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
The income tax expense comprises:		
Current tax:		
Hong Kong	40	40
The PRC Enterprise Income Tax ("EIT")	433	336
Bangladesh	9,369	5,414
Other jurisdictions	82	163
	<u>9,924</u>	<u>5,953</u>
Under-provision (over-provision) in prior years:		
Bangladesh	1,649	–
Hong Kong	1	(25)
PRC	56	–
	<u>1,706</u>	<u>(25)</u>
	<u>11,630</u>	<u>5,928</u>
Deferred tax:		
Current year	1,356	635
	<u>12,986</u>	<u>6,563</u>

## 12. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 interim dividend of HK3.0 cents (2023: HK4.2 cents) per share	19,412	28,815
2023 final dividend of HK2.9 cents (2023: 2022 final dividend of HK3.7 cents) per share	<u>19,000</u>	<u>25,385</u>
	<u><b>38,412</b></u>	<u><b>54,200</b></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK2.8 cents per ordinary share, in an aggregate amount of HK\$18,107,000 (2023: HK2.9 cents per ordinary share, in an aggregate amount of HK\$19,000,000), 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:

	2024	2023
Earnings attributable to owners of the Company:		
Earnings for the purpose of calculating basic and diluted earnings per share (HK\$'000)	<u><b>39,916</b></u>	<u><b>51,011</b></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u><b>652,727,000</b></u>	<u><b>678,473,000</b></u>

No diluted earnings per share is presented for the year ended 31 December 2024 and 2023 as there were no potential ordinary shares in issue for both years.

#### 14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the Year, the Group acquired approximately HK\$33.9 million (2023: HK\$28.2 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 decrease of HK\$14,138,000 has been charged to the property revaluation reserve for the year ended 31 December 2024 (2023: property revaluation increase of HK\$6,223,000).

During the year ended 31 December 2023, the Group leased out certain offices in Thailand with lease term of 2 years to earn rentals. Accordingly, the related properties of HK\$2,835,000 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 (2023: 2 to 30 years). The Group is required to make fixed monthly payment. In addition, lease liabilities of HK\$10,029,000 (2023: HK\$11,267,000) are recognised with related right-of-use assets of HK\$9,158,000 (2023: HK\$10,603,000) as at 31 December 2024.

#### 15. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables		
– contracts with customers	211,491	215,131
Less: Allowance for credit losses	(1,354)	(205)
	<u>210,137</u>	<u>214,926</u>
Other receivables	19,330	21,840
Consideration receivables	8,497	11,997
Other tax receivables	5,409	6,847
Prepayments	8,555	6,881
Deposits paid to suppliers	12,841	11,771
Deposits for acquisition of property, plant and equipment	9,429	6,542
Property rental deposits	809	1,011
	<u>275,007</u>	<u>281,815</u>
Analysis for reporting purpose as:		
Non-current assets	10,238	7,553
Current assets	264,769	274,262
	<u>275,007</u>	<u>281,815</u>

As at 1 January 2023, trade receivables from contracts with customers amounted to HK\$195,488,000.

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.

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
0 – 60 days	<b>147,064</b>	150,053
61 – 90 days	<b>37,026</b>	46,294
91 – 120 days	<b>11,632</b>	10,888
Over 120 days	<b>14,415</b>	7,691
	<u><b>210,137</b></u>	<u>214,926</u>

The Group normally allows a credit period within 30 to 90 days (2023: 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.

#### **16. TRADE AND OTHER PAYABLES**

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Trade payables	<b>61,418</b>	73,729
Accrued staff costs	<b>36,162</b>	32,671
Accruals and other payables	<b>21,869</b>	7,837
Other employee liabilities	<b>15,879</b>	17,392
	<u><b>135,328</b></u>	<u>131,629</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 60 days	27,304	39,934
61 – 120 days	2	2
Over 120 days ( <i>Note</i> )	34,112	33,793
	<u>61,418</u>	<u>73,729</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 registered and operates in the PRC (the “**Evergreen (YZ)**”) to demand immediate settlement of trade payables with a carrying amount of HK\$30,334,000 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 Evergreen (YZ) were required to settle all the outstanding trade payables and the related interest of HK\$2,448,000 and certain right-of-use assets with a carrying amount of HK\$4,383,000 and other property, plant and equipment with a carrying amount of HK\$2,173,000 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.

## 17. CONTRACT LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Receipt in advance for sale of hair products	<u>2,958</u>	<u>10,832</u>

As at 1 January 2023, contract liabilities amounted to HK\$7,100,000.

Contract liabilities represent amounts received in advance for sale of hair products. During the year ended 31 December 2024, the Group has recognised revenue of HK\$10,832,000 (2023: HK\$7,100,000) 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\$1,085.3 million (2023: HK\$1,032.8 million) and repaid bank and other borrowings of HK\$1,076.3 million (2023: HK\$1,030.3 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 2024, the bank and other borrowings arranged at floating rate are with average effective interest rates interest ranging from 2.90% to 7.59% (2023: 3.90% to 8.77%) per annum. The bank and other borrowings arranged at fixed rate is ranging from 0.90% to 4.25% (2023: 0.90% 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 2023, 31 December 2023 and 31 December 2024	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2023	686,082,000	6,861
Shares repurchased and cancelled ( <i>Note (i)</i> )	(30,430,000)	(304)
At 31 December 2023	655,652,000	6,557
Share repurchased and cancelled ( <i>Note (ii)</i> )	(8,978,000)	(90)
At as 31 December 2024	646,674,000	6,467
Shown in the consolidated financial statements as:		
		Amount HK\$'000
At 31 December 2024		50,311
At 31 December 2023		51,010

*Notes:*

- (i) 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
	<u>30,430</u>			<u>19,766</u>

- (ii) During the year ended 31 December 2024, the Company repurchased and cancelled 8,978,000 of its own ordinary shares through the Hong Kong Stock Exchange, and the total amount paid of HK\$5,730,000 to acquire the cancelled shares of HK\$699,000 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 2024	8,978	0.64	0.62	5,730

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the Year, the global economic growth remained stable but many vulnerabilities persisted. Despite the global wigs and human hair extensions market remain fiercely competitive, the market size has continued to expand, benefiting from the diversified consumer demands on wigs products. The segmental revenue of human hair extension products and lace products with a higher profit margin has steadily restored and the braid products with a lower profit margin delivered stably but the demand for Halloween products remained weak during the Year, which were affected by the caution in inventory management by our customers as a result of a generally lackluster consumer market in the Europe. In the current complex and ever-changing environment, the Group has continuously improved the product quality, enhanced the operation and strengthened its cooperation with customers in technology and research and development, gaining more understanding of their needs and adjusting the products mix, ensuring the process of mass production and operation to be effective and efficient. In the meantime, the Group intensified its effort in crossborder e-commerce expansion to reduce the impact on the Group caused by the periodic reduction in inventory orders from traditional offline channel customers. The Group has entered into the new hairstyling business and directly promoted human hair extension products to consumers, achieving a new stage from business to consumer model in order to further expand the sales channels of human hair extensions products.

The global wigs and human hair extensions market has continuously expanded and grown every year. It is necessarily remained competitive due to the fierce market competition and the diversified consumer demands. The revenue of the Group increased to HK\$1,016.4 million during the Year, representing an increase of approximately 3.8% as compared with the corresponding year ended 31 December 2023, mainly due to the increase in the sale of human hair extension products and lace wig products and also a rise in sales in the lower profit margin braid products during the Year. Gross profit margin for the Year still continued to improve to 24.0% from 23.8% as compared with the corresponding year ended 31 December 2023, which was impacted by the implementation of a new minimum gross wage in Bangladesh, however, the continuous devaluation of the Bangladeshi Taka against the US dollar offset the impact of rising labour costs.

As a result of the above, the Group reported profits in the amount of HK\$39.7 million, representing a decrease of 17.6% as compared with the corresponding year ended 31 December 2023.

### **FINANCIAL REVIEW**

During the Year, the Group's financial results dropped as compared with the corresponding year ended 31 December 2023, mainly due to the increase in the finance cost due to the continuous high interest rate, the increase in the start-up cost and on-going expense of the new hairstyling business, and the increase in the income tax expenses due to the expiry of tax holiday of income tax in Bangladesh.

## 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\$1,016.4 million, representing an increase of HK\$37.2 million or 3.8% as compared with HK\$979.2 million for the year ended 31 December 2023. The increase was primarily due to the fact that the market demand of the braid products with lower margin delivered stable while the sales of lace wigs and closures and human hair extension products with higher margin were also steadily rebounded and the revenue on the new hairstyling business and the acquisition of new subsidiaries has begun to contribute during the Year. The Bangladesh factory has consistently enhanced 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 98.9% of the Group's total revenue as compared to 98.7% for the year ended 31 December 2023.

The USA remained as the Group's principal market during the Year with revenue contribution accounting for 91.5% of the Group's total revenue during the Year as compared to 90.1% for the year ended 31 December 2023. In terms of product segments, wigs, hair accessories and others, which remained as the Group's key product segment, accounted for 86.8% of its total revenue during the Year as compared to 88.1% for the year ended 31 December 2023.

**Wigs, hair accessories and others.** Revenue from wigs, hair accessories and others increased by HK\$19.8 million, or 2.3%, from HK\$862.3 million for the year ended 31 December 2023 to HK\$882.1 million for the Year, primarily due to a rise in sales of braid and special braid items which was one of the popular products as well as a slight increase in the sales of lace wig item and the revenue on the new hairstyling business and the acquisition of new subsidiaries has begun to contribute during the Year.

**High-end human hair extensions.** Revenue from high-end human hair extensions increased by HK\$29.3 million, or 36.4%, from HK\$80.4 million for the year ended 31 December 2023 to HK\$109.7 million for the Year, primarily due to the recovery of consumers' purchasing power for the human hair extension products.

**Halloween products.** Revenue from Halloween products decreased by HK\$12.0 million, or 32.8%, from HK\$36.6 million for the year ended 31 December 2023 to HK\$24.6 million for the Year, primarily due to a decrease in sales volume of the Halloween products for which were affected by the caution in inventory management shown by our customers as a result of a generally lackluster consumer market in the Europe.

## Cost of Goods Sold

The Group's cost of goods sold increased by HK\$26.7 million, or 3.6%, from HK\$746.0 million for the year ended 31 December 2023 to HK\$772.8 million for the Year, primarily due to an increase in direct labour cost by the implementation of a new minimum gross wage in Bangladesh and an increase in the cost of hairstyling business and the acquisition of new subsidiaries during the Year.

***Wigs, hair accessories and others.*** Cost of goods sold for wigs, hair accessories and others increased by HK\$15.6 million, or 2.3%, from HK\$667.1 million for the year ended 31 December 2023 to HK\$682.7 million for the Year, corresponding with an increase in sales of these products during the Year.

***High-end human hair extensions.*** Cost of goods sold for high-end human hair extensions increased by HK\$19.0 million, or 25.8%, from HK\$54.9 million for the year ended 31 December 2023 to HK\$73.9 million for the Year, which is in line with an increase in sales of these products during the Year.

***Halloween products.*** Cost of goods sold for Halloween products decreased by HK\$7.9 million, or 48.7%, from HK\$24.1 million for the year ended 31 December 2023 to HK\$16.2 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\$243.5 million, representing an increase of HK\$10.3 million, or 4.4%, as compared with HK\$233.2 million for the year ended 31 December 2023, primarily due to the market demand for its human hair extension products and lace wig products being rebounded which benefited from the continuous recovery of the global economy during the Year. The gross profit increased primarily due to a rise in sale and the continuous devaluation of the Bangladeshi Taka against the US dollar, which offset the increase in the labour cost due to the implementation of a new minimum gross wage in Bangladesh. During the Year, the Group's gross profit margin amounted to 24.0%, representing a slight increase of 0.2 percentage points from 23.8% for the year ended 31 December 2023.

***Wigs, hair accessories and others.*** Gross profit for wigs, hair accessories and others increased by HK\$4.1 million, or 2.1%, from HK\$195.1 million for the year ended 31 December 2023 to HK\$202.6 million for the Year. Gross profit margin for this segment remained stable of 22.6% for the Year and for the year ended 31 December 2023, primarily attributable to the effective cost control of wigs, hair accessories and other products during the Year.

***High-end human hair extensions.*** Gross profit for high-end human hair extensions increased by HK\$10.2 million, or 28.5%, from HK\$25.6 million for the year ended 31 December 2023 to HK\$35.8 million for the Year. Gross profit margin for this segment slightly increased from 31.8% for the year ended 31 December 2023 to 32.6% for the Year, primarily due to the continuous improvement on the production process and the quality control enhancement on procurement during the Year as compared to the year ended 31 December 2023.

**Halloween products.** Gross profit for Halloween products decreased by HK\$4.1 million, or 48.1%, from HK\$12.5 million for the year ended 31 December 2023 to HK\$8.4 million for the Year. Gross profit margin for Halloween products slightly increased from 34.2% for the year ended 31 December 2023 to 34.3% 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 2023.

### **Other Income**

Other income increased by HK\$0.6 million, or 8.2%, from HK\$7.3 million for the year ended 31 December 2023 to HK\$7.9 million for the Year, primarily due to an increase in income from properties rental and bank interest income during the Year.

### **Other Gains And Losses**

Other gains and losses increased by HK\$4.8 million, or 4,800.0%, from a loss of HK\$0.1 million for the year ended 31 December 2023 to a profit of HK\$4.7 million for the Year. The other gains and losses primarily comprises of HK\$1.4 million from the gain on the fair value change of the financial assets at fair value through profit or loss and HK\$2.5 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\$1.4 million in respect of trade receivables (2023: Impairment losses of HK\$2.1 million). The impairment losses of HK\$1.4 million were provided on the trade and other receivable which are unlikely to be recovered.

### **Distribution and Selling Expenses**

Distribution and selling expenses decreased by HK\$4.0 million, or 12.9%, from HK\$31.0 million for the year ended 31 December 2023 to HK\$27.0 million for the Year, was mainly arising from the decrease in the export transportation and advertisement and commission paid during the Year.

### **Administrative Expenses**

Administrative expenses increased by HK\$13.4 million, or 11.3%, from HK\$119.1 million for the year ended 31 December 2023 to HK\$132.5 million for the Year, was mainly arising from the increase in the administrative cost on hairstyling business and the acquisition of new subsidiaries during the Year.

### **Other Expenses**

Other expenses decreased by HK\$0.3 million, or 60.0%, from HK\$0.5 million for the year ended 31 December 2023 to HK\$0.2 million for the Year. The donation made by the Group during the Year amounted to HK\$0.2 million (2023: HK\$0.5 million).

## **Finance Costs**

Finance costs increased by HK\$5.6 million, or 15.2%, from HK\$36.8 million for the year ended 31 December 2023 to HK\$42.4 million for the Year. The increase in finance cost is primarily due to the continuous high interest rate.

## **Taxation**

Income tax expense of the Group increased by HK\$6.4 million, or 97.0%, from HK\$6.6 million for the year ended 31 December 2023 to HK\$13.0 million for the Year. Income tax expense included deferred taxation in the amount of HK\$1.4 million for the Year (2023: HK\$0.6 million of reversed deferred taxation).

## **Net Profit**

The Group's net profit for the Year amounted to HK\$39.7 million, representing a decrease of HK\$8.5 million, or 17.6%, as compared with a net profit of HK\$48.2 million for the year ended 31 December 2023, mainly attributable to the increase in the labour cost due to the implementation of a new minimum gross wage in Bangladesh, the increase in the finance cost due to the continuous high interest rate, the increase in the start-up cost and on-going expense of the new hairstyling business, and the increase in the income tax expenses due to the expiry of tax holiday of income tax in Bangladesh during the Year when compared to the year ended 31 December 2023.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's cash and bank balances increased by HK\$25.1 million or 27.7% from HK\$90.6 million as at 31 December 2023 to HK\$115.7 million as at 31 December 2024. The increase in cash and bank balances as at 31 December 2024 was primarily due to the pledged bank deposits releasing during the Year. The Group's pledged bank deposits decreased by HK\$34.9 million or 37.3% from HK\$93.6 million as at 31 December 2023 to HK\$58.7 million as at 31 December 2024. The decrease in pledged bank deposits was mainly due to the repayment on bank borrowings during the Year.

## **Borrowings and Gearing Ratio**

As at 31 December 2024, the Group's banking facilities amounted to HK\$853.2 million, of which HK\$182.3 million remained unutilised. As at 31 December 2024, the gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank and other borrowings and lease liabilities) divided by total equity, was 72.1% as compared to 72.8% as at 31 December 2023. Moreover, the net gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank and other borrowings and lease liabilities) net of total cash and bank balances divided by total equity, was 50.1% as compared to 51.1% as at 31 December 2023. The decrease in gearing ratio was primarily due to a decrease in bank borrowings for the Year while the decrease in net gearing ratio was primarily due to a decrease in bank borrowings as at 31 December 2024.



## Capital Expenditure and Capital Commitments

During the Year, the Group spent approximately HK\$33.9 million on additions to fixed assets as compared to HK\$28.2 million for the year ended 31 December 2023 mainly to maintain its manufacturing capabilities in Bangladesh. As at 31 December 2024, the Group had capital commitments of HK\$6.6 million in respect of property, plant and equipment (2023: 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, 91.5% (2023: 90.1%) 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 2024, the Group did not have any material contingent liabilities.

## Pledge of Assets

As at 31 December 2024, the Group's banking facilities of HK\$545,044,000 (2023: HK\$584,277,000) were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$51.0 million (2023: HK\$87.1 million);
- (b) the Group's land and buildings and car parks in Hong Kong of approximately HK\$70.5 million (2023: HK\$84.5 million);
- (c) the Group's land and buildings in United States and PRC of approximately HK\$26.0 million (2023: HK\$22.3 million);



- (d) investment properties in the PRC of approximately HK\$4.7 million (2023: HK\$Nil 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 or loss of the Group.

As at 31 December 2024, the Group's other borrowing was secured by the Group's bank deposit of approximately HK\$7.7 million (2023: HK\$6.5 million).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group employed a total of (i) 21,050 employees in Bangladesh, as compared to 25,371 as at 31 December 2023, (ii) 189 employees in China, as compared to 227 as at 31 December 2023, (iii) 72 employees in Hong Kong, as compared to 63 as at 31 December 2023, and (iv) a total of 26 employees in Japan, the USA and Thailand, as compared to 21 as at 31 December 2023.

Total employee expenditures during the Year amounted to HK\$354.7 million as compared to HK\$308.7 million for the year ended 31 December 2023. 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.

The acquisition of subsidiaries by the Company during the year ended 31 December 2024 did not constitute a notifiable transaction under Chapter 14 of the Listing Rules or a connected transaction under Chapter 14A of the Listing Rules.

## **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 2024 and up to the date of this announcement.

## **OUTLOOK**

Among unfavourable factors such as the persistent high interest rates and the cautiously optimistic global economic outlook, the Group has remained its growth strategy to expand the sale team and develop the sample room to meet our customers' needs and expectations and also accelerated its deployment on several well-known cross-border e-commerce platforms and ventured into enter the hairstyling business to open up a new sales channel to boost the sales of human hair extension products.

The Group has continuously refined bank loan portfolio and optimised product costs and quality to improve the profit margin and enhance the liquidity the soonest possible.

The Board believes that the Group is capable of navigating the complex and ever-changing business environment and predicts that the market demand for wigs and human hair extensions products will stably increase towards the end of 2025. The Group will continue to focus on its core business, closely monitor the latest industry development and adjust its strategies to provide the best medium to long term benefit to the shareholders of the Company.

## **ANNUAL GENERAL MEETING**

An annual general meeting (the “**AGM**”) of the Company is scheduled to be held on Wednesday, 14 May 2025, 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 HK2.8 cents per Share for the Year (2023: HK2.9 cents) to the shareholders whose names appear on the register of members of the Company on Tuesday, 20 May 2025. Upon approval by the shareholders at the AGM, it is expected that the final dividend will be payable on Tuesday, 3 June 2025.

## **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 Thursday, 8 May 2025 to Wednesday, 14 May 2025, 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 Wednesday, 7 May 2025.

The record date for such purposes is Wednesday, 14 May 2025.

- (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 Wednesday, 21 May 2025 to Tuesday, 27 May 2025, 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 Tuesday, 20 May 2025.

The record date for such purposes is Tuesday, 27 May 2025.

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

During the year, the Group repurchased an aggregate of 8,978,000 ordinary shares for an aggregate consideration of approximately HK\$5.7 million on the Stock Exchange (before expenses). The repurchased shares were subsequently cancelled. As at 31 December 2024, the total number of Shares in issue was 646,674,000. Details of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid <i>HK\$ in million</i>
September 2024	<u>8,978,000</u>	0.64	0.62	<u>5.7</u>

The Directors were of the view that the above shares repurchased would lead to an enhancement of the net assets and/or earnings per Share and benefit the Company and the shareholders. 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 2024.

The Company did not hold or sell any treasury shares during the year ended 31 December 2024.

## 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 2024 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 21 March 2025. 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, 21 March 2025

*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.*