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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue for the Period amounted to HK\$465.7 million, representing a decrease of 11.3% from HK\$525.2 million for the corresponding period in 2024.
- Gross profit for the Period amounted to HK\$112.7 million, representing a decrease of 4.2% from HK\$117.6 million for the corresponding period in 2024.
- Net profit for the Period amounted to HK\$18.8 million, representing a decrease of 21.1% from HK\$23.9 million for the corresponding period in 2024, primarily attributable to negative impact of trade policy uncertainty and increased US tariffs on customer sentiment, which led to reduced order shipments during the Period, as well as higher distribution and selling expenses due to the costs associated with new overseas sales offices.
- The Board has declared the payment of an interim dividend of HK\$2.0 cents per Share for the Period (30 June 2024: HK\$3.0 cents per Share).
- The interim dividend payout ratio is 67.6% for the Period (2024: interim dividend payout ratio: 82.4%).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Evergreen Products Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”) together with comparative figures for the corresponding period in 2024 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Revenue	3	465,699	525,178
Cost of sales		(352,955)	(407,551)
Gross profit		112,744	117,627
Other income		3,709	4,080
Other gains and losses		4,546	2,922
Impairment losses recognised on trade receivables under expected credit loss model, net of reversal		–	(7)
Distribution and selling expenses		(13,897)	(13,194)
Administrative expenses		(64,153)	(61,508)
Other expenses		(377)	(164)
Finance costs		(17,574)	(21,528)
Profit before tax	4	24,998	28,228
Income tax expenses	5	(6,167)	(4,346)
Profit for the period		18,831	23,882
Other comprehensive expense:			
<i>Item that will not be reclassified to profit or loss:</i>			
Deficit on revaluation of properties		–	(2,731)

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
	<i>Notes</i>	(unaudited)	(unaudited)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u>(3,895)</u>	<u>(21,347)</u>
Other comprehensive expense for the period		<u>(3,895)</u>	<u>(24,078)</u>
Total comprehensive income (expense) for the period		<u>14,936</u>	<u>(196)</u>
Profit (Loss) for the period attributable to:			
Owners of the Company		15,505	24,882
Non-controlling interests		<u>3,326</u>	<u>(1,000)</u>
		<u>18,831</u>	<u>23,882</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		11,775	1,058
Non-controlling interests		<u>3,161</u>	<u>(1,254)</u>
		<u>14,936</u>	<u>(196)</u>
Earnings per share attributable to owners of the Company	7		
– basic and diluted (HK\$)		<u>0.02</u>	<u>0.04</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	8	526,795	532,459
Investment properties		15,132	14,564
Goodwill		575	575
Customer relationship		310	310
Financial assets at fair value through profit or loss (“FVTPL”)		45,744	44,766
Non-current deposits	9	15,394	10,238
		<u>603,950</u>	<u>602,912</u>
CURRENT ASSETS			
Inventories		523,194	488,501
Trade and other receivables	9	268,590	264,769
Tax recoverable		7,012	4,360
Pledged bank deposits		55,247	58,685
Cash and cash equivalents		142,269	115,712
		<u>996,312</u>	<u>932,027</u>
CURRENT LIABILITIES			
Trade and other payables	10	138,143	135,328
Contract liabilities		7,287	2,958
Amount due to a related company		3,984	8,184
Amount due to a non-controlling shareholder of a subsidiary		2,716	2,471
Tax payables		15,905	11,502
Secured bank and other borrowings	11	578,232	507,156
Lease liabilities		1,614	1,318
		<u>747,881</u>	<u>668,917</u>
NET CURRENT ASSETS		<u>248,431</u>	<u>263,110</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>852,381</u>	<u>866,022</u>

		30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
	<i>Notes</i>		
CAPITAL AND RESERVES			
Share capital		49,495	50,311
Reserves		737,775	749,828
		<hr/>	<hr/>
Equity attributable to owners of the Company		787,270	800,139
Non-controlling interests		(1,748)	(4,909)
		<hr/>	<hr/>
TOTAL EQUITY		785,522	795,230
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		8,351	6,905
Secured bank and other borrowings	11	46,610	55,176
Lease liabilities		11,898	8,711
		<hr/>	<hr/>
		66,859	70,792
		<hr/>	<hr/>
		852,381	866,022
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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**”). In the opinion of the directors of the Company, its immediate holding company is Evergreen Enterprise Holdings Limited, a company which was incorporated in the British Virgin Islands (the “**BVI**”) with limited liabilities, and its ultimate holding company is Golden Evergreen Limited (“**GEL**”), a company incorporated in the BVI with limited liabilities. 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 settlor 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 Company and its subsidiaries (hereinafter collectively refer as the “**Group**”) are principally engaged in the manufacturing and trading of hair products.

The condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand except when otherwise indicated, 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. The functional currency of the Company is the United States dollars (“**US\$**”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to Rules Governing the Listing of Securities on the Stock Exchange.

Preparation of the condensed consolidated interim financial information requires the directors of the Company to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The condensed consolidated interim financial information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024 and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024 (the “**2024 Audited Financial Statements**”).

In preparing the condensed consolidated interim financial information, significant judgements made by the directors of the Company in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2024 Audited Financial Statements.

The condensed consolidated interim financial information is unaudited but has been reviewed by the Company's audit committee and the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for certain financial instruments and properties, which are measured at fair value or revalued amounts, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 June 2025 are consistent with those followed in the preparation of the 2024 Audited Financial Statements.

The adoption of the new/revised HKFRS Accounting Standards which are relevant to the Group and effective for current period does not have any significant impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

At the date of authorisation of the condensed consolidated interim financial information, the HKICPA has issued a number of new/revised HKFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment focuses on revenue analysis by products including wigs, hair accessories and others, high-end human hair extensions and Halloween products. No other discrete financial information is provided other than the profit for the period of the Group as a whole. Accordingly, no further segment information is disclosed.

Disaggregation of revenue from contracts with customers

Group revenue by products

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Wigs, hair accessories and others	423,305	441,842
High-end human hair extensions	21,750	65,055
Halloween products	20,644	18,281
	<u>465,699</u>	<u>525,178</u>

Group revenue by location of delivery to customers

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
The United States of America	421,506	483,924
Germany	10,309	15,215
The United Kingdom	14,746	11,046
Japan	2,065	3,342
The People's Republic of China (the "PRC")	8,439	5,368
Others	8,634	6,283
	<u>465,699</u>	<u>525,178</u>

All revenue is recognised at a point of time.

4. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Cost of inventories sold	352,955	407,551
Depreciation of property, plant and equipment	17,288	19,443
Interest income	(1,205)	(1,383)
Government grants (included in "Other income") (Note)	–	(205)
	<u>–</u>	<u>(205)</u>

Note: During the six months ended 30 June 2024, government grants represent subsidies under the Technology Voucher Programme under the Innovation and Technology Fund provided by the Hong Kong government.

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The income tax expenses comprise:		
Current tax:		
Bangladesh	5,339	916
Other jurisdictions	8	81
	<u>5,347</u>	<u>997</u>
(Over) Under-provision in prior years:		
Other jurisdictions	(715)	1,753
	<u>4,632</u>	<u>2,750</u>
Deferred tax:		
Current period	1,535	1,596
	<u>6,167</u>	<u>4,346</u>

6. DIVIDENDS

During the six months ended 30 June 2025, a final dividend of HK\$2.8 cents per share (2024: HK\$2.9 cents per share in respect of the year ended 31 December 2023) in respect of the year ended 31 December 2024 was declared and paid to the owners of the Company. The aggregate amount of the such final dividend declared and paid amounted to approximately HK\$18,107,000 (2024: HK\$19,014,000).

Subsequent to the end of the current interim period, the directors of the Group have determined that an interim dividend of HK\$2.0 cents per share amounting to approximately HK\$12,724,000 in aggregate will be paid to owners of the Company whose names appear on the register of members of the Company on 12 September 2025.

7. 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:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit attributable to owners of the Company:		
Profit for the purpose of calculating basic and diluted earnings per share	<u>15,505</u>	<u>24,882</u>

	Six months ended 30 June	
	2025	2024
	'000	'000
	(unaudited)	(unaudited)

Number of shares:

Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>644,645</u>	<u>655,652</u>
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There were no dilutive potential ordinary shares during the six months ended 30 June 2025 and 2024, and therefore, diluted earnings per share is the same as the basic earnings per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired certain property, plant and equipment of approximately HK\$16,614,000 (30 June 2024: HK\$13,260,000).

During the six months ended 30 June 2025, in the opinion of the directors of the Company, no revaluation surplus or deficit has been recognised as the revalued amounts in relation to the Group's industrial buildings, offices and car parks that are carried at revalued amount because the revalued amounts do not differ significantly from their respective estimated fair values while a revaluation deficit of approximately HK\$2,731,000 had been recognised for the six months ended 30 June 2024.

During the six months ended 30 June 2025, the Group entered into new lease agreements with lease term of 2 years to 5 years (30 June 2024: entered into a new lease agreement with lease term of 2 years). The Group is required to make fixed monthly payments during the contract period. At lease commencement date, or effective date of lease modification, the Group recognised right-of-use assets and lease liabilities of approximately HK\$6,200,000 (30 June 2024: HK\$216,000).

9. TRADE AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade receivables		
– contracts with customers	215,374	211,491
Less: Allowance for credit losses	(1,354)	(1,354)
	<u>214,020</u>	<u>210,137</u>
Other receivables	16,787	19,330
Consideration receivables	4,497	8,497
Other tax receivables	6,941	5,409
Prepayments	13,360	8,555
Deposits paid to suppliers	12,985	12,841
Deposits for acquisition of property, plant and equipment	14,244	9,429
Property rental deposits	1,150	809
	<u>283,984</u>	<u>275,007</u>
Analysis for reporting purpose as:		
Non-current assets	15,394	10,238
Current assets	268,590	264,769
	<u>283,984</u>	<u>275,007</u>

The Group normally allows a credit period 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.

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

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
0 – 60 days	144,771	147,064
61 – 90 days	42,227	37,026
91 – 120 days	10,878	11,632
Over 120 days	16,144	14,415
	<u>214,020</u>	<u>210,137</u>

10. TRADE AND OTHER PAYABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade payables	64,870	61,418
Accrued staff costs	36,141	36,162
Other employee liabilities	10,622	15,879
Accruals and other payables	26,510	21,869
	<u>138,143</u>	<u>135,328</u>

The following is the ageing analysis of trade payables presented based on invoice date.

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
0–60 days	26,183	27,304
61–120 days	1,135	2
Over 120 days (<i>Note</i>)	37,552	34,112
	<u>64,870</u>	<u>61,418</u>

Note: During the year ended 31 December 2023, certain suppliers had initiated lawsuits against Evergreen Products Factory (YZ) Co. Ltd, a wholly-owned subsidiary of the Company in the PRC (“**Evergreen (YZ)**”) to demand immediate settlement of trade payables with a carrying amount of approximately HK\$33,793,000 (equivalent to approximately RMB30,826,000) plus interest for late payment. The second-trial instance of the People’s Court in the PRC had made a decision during the year ended 31 December 2023 that Evergreen (YZ) was required to pay all the outstanding trade payables and the related interest for late payment and certain right-of-use assets and other property, plant and equipment were frozen.

At 30 June 2025, the carrying amount of trade payables and related interest for late payment are approximately HK\$28,948,000 (equivalent to approximately RMB26,395,000) and approximately HK\$3,174,000 (equivalent to approximately RMB2,917,000), respectively. The carrying amounts of the right-of-use assets and other property, plant and equipment being frozen are approximately HK\$4,381,000 (equivalent to approximately RMB4,132,000) and approximately HK\$2,070,000 (equivalent to approximately RMB1,952,000), respectively. 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 after the court decision was made.

11. SECURED BANK AND OTHER BORROWINGS

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Secured:		
Bank overdrafts	199	–
Bank borrowings	504,169	472,194
Bank borrowings under supplier financing arrangement	111,274	72,850
Other borrowings	9,200	17,288
	624,842	562,332
	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Analysis for reporting purposes as:		
Non-current	46,610	55,176
Current	578,232	507,156
	624,842	562,332

The Group's bank borrowings arranged at floating rates are with average effective interest rates ranging from 1.98% to 8.37% (31 December 2024: 2.90% to 7.59%) per annum. The bank borrowings arranged at fixed rate are ranging from 0.90% to 4.25% (31 December 2024: 0.90% to 4.25%) per annum.

The other borrowings carry interest at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.5% (31 December 2024: HIBOR plus 1.5%) per annum and were secured by the Group's bank deposits of approximately HK\$3,200,000 (31 December 2024: HK\$7,700,000).

At 30 June 2025 and 31 December 2024, the Group's banking borrowing facilities were secured by:

- pledge of the Group's bank deposits of approximately HK\$52,047,000 (31 December 2024: HK\$50,985,000);
- the Group's land, buildings and car parks located in Hong Kong of approximately HK\$69,332,000 (31 December 2024: HK\$70,513,000);
- the Group's land and buildings located in the United States and the PRC of approximately HK\$26,353,000 (31 December 2024: HK\$25,999,000);
- investment properties located in the PRC of approximately HK\$4,825,000 (31 December 2024: HK\$4,664,000);
- negative pledge on the assets of certain subsidiaries in the PRC and Bangladesh; and
- certain life insurance contracts classified as financial assets at FVTPL of the Group.

Loan covenants

In respect of the bank and other borrowings with carrying amount of approximately HK\$168,783,000 at 30 June 2025 (2024: HK\$146,300,000), the Group is required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

- (i) the consolidated tangible net worth at any time shall not be less than HK\$500,000,000;
- (ii) the consolidated bank borrowings less pledged bank deposits and bank balances and cash shall not be more than HK\$650,000,000; and
- (iii) the ratio of the consolidated net profits before interest, taxation, depreciation and amortisation and bank balances and cash in respect of any relevant period to the interests and principal repayment of bank borrowings of that relevant period shall not be less than 1:1.

In the opinion of directors of the Company, the Group has complied with these covenants at 30 June 2025 and 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The outlook for global trade has deteriorated sharply due to a surge in tariffs and trade policy uncertainty, which has had a negative impact on customers' sentiment and has led customers to adopt a cautious "wait-and-see" approach toward placing sales orders.

In response to the ongoing uncertainties in the evolving global trade landscape, the Group has continued to enhance its operations and strengthened the customers communication channel to gain a better understanding of customer needs. In the meantime, the Group actively explored new markets and accelerated the development of additional e-commerce platforms to mitigate the impact on the Group caused by the global trade volatilities.

The revenue of the Group amounted to HK\$465.7 million for the Period, representing a decrease of approximately 11.3% as compared to the corresponding period in 2024. The sales of braid and special products with lower margin remained stable while the sales of human hair extension products with higher margin declined during the Period. The gross profit margin increased to 24.2%, benefitting from the usability of raw materials, the focus on optimising the use of materials and the continuous devaluation of the Bangladeshi Taka against the United States dollar, and partially offset by the impact of rising labour costs. Net profit margin decreased to 4.0% when compared to 4.5% for the corresponding period in 2024, primarily due to the negative impact of trade policy uncertainty and increased United States (the "US") tariffs on customer sentiment, which led to reduced order shipments during the Period, as well as higher distribution and selling expenses owing to the costs associated with new overseas sales offices.

OUTLOOK

In response to the continuous uncertainty in the global trade policy environment, the Group has continuously adopted growth strategies while closely monitoring market changes and operating environment conditions to adjust its business development direction to manage any negative impact on the Group.

The Group will continue to enhance the financial performance improvement initiatives across its operations and continuously set up more online stores on some well-known cross-border e-commerce platforms and expand the sales team in its core business to drive revenue growth and cover the development of existing and new markets. The Board believes in the Group's ability to navigate the complexities of the global trade environment and expects a gradual recovery in demand for its core products towards the end of the year. The Group will continue to focus on its core business, closely monitor the latest development in the industry and adjust its strategies in the best interest of the shareholders of the Company in the medium to long term.

FINANCIAL REVIEW

During the Period, the Group's financial results primarily dropped compared with the same period in 2024, mainly due to the negative impact of trade policy uncertainty and increased US tariffs on customer sentiment as well as the higher distribution and selling expenses owing to the costs associated with new overseas sales offices, which led to a decrease in revenue during the Period.

REVENUE

Revenue of the Group is mainly generated from the manufacturing and sales of its products. Revenue represents the amount received by the Group and the receivables from the sales 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 Period, the Group's revenue amounted to HK\$465.7 million, representing a decrease of HK\$59.5 million, or 11.3%, as compared to HK\$525.2 million for the corresponding period in 2024. The decrease was primarily due to the fact that the market demand of the braid products with lower margin remained stable while the sales of human hair extension products with higher margin dropped. During the Period, the revenue generated from hair goods made at the Bangladesh factory accounted for 99.2% of the Group's total revenue as compared to 98.9% for the corresponding period in 2024.

The US remained as the Group's principal market during the Period with revenue contribution accounting for 90.5% of the Group's total revenue during the Period as compared to 92.1% for the corresponding period in 2024. In terms of product segment, wigs, hair accessories and others remained as the Group's key product segment accounting for 90.9% of its total revenue during the Period as compared to 84.1% for the corresponding period in 2024.

Wigs, hair accessories and others. Revenue from wigs, hair accessories and others dropped by HK\$18.5 million, or 4.2%, from HK\$441.8 million for the six months ended 30 June 2024 to HK\$423.3 million for the Period. The decrease was primarily due to a decrease in sales of lace wig item but offset by an increase in sales of weaving item.

High-end human hair extensions. Revenue from high-end human hair extensions decreased by HK\$43.3 million, or 66.6%, from HK\$65.1 million for the six months ended 30 June 2024 to HK\$21.8 million for the Period, primarily due to a decrease in orders from customers as a result of re-branding, product updates and inventory clearance, which led to a decrease in the sales volume of the human hair extension products.

Halloween products. Revenue from Halloween products slightly increased by HK\$2.4 million, or 12.9%, from HK\$18.3 million for the six months ended 30 June 2024 to HK\$20.6 million for the Period, primarily due to a gradual pick-up in the sales volume from customer.

Cost of Goods Sold

The Group's cost of goods sold decreased by HK\$54.6 million, or 13.4%, from HK\$407.6 million for the six months ended 30 June 2024 to HK\$353.0 million for the Period. The decrease was in line with the decrease in revenue during the Period.

Wigs, hair accessories and others. Cost of goods sold for wigs, hair accessories and others decreased by HK\$25.5 million, or 7.3%, from HK\$351.2 million for the six months ended 30 June 2024 to HK\$325.8 million for the Period. The decrease was in line with the decrease in revenue from wigs, hair accessories and others during the Period.

High-end human hair extensions. Cost of goods sold for high-end human hair extensions decreased by HK\$30.0 million, or 68.0%, from HK\$44.2 million for the six months ended 30 June 2024 to HK\$14.1 million for the Period. The decrease was in line with the decrease in revenue from high-end human hair extensions products during the Period.

Halloween products. Cost of goods sold for Halloween products increased by HK\$1.0 million, or 7.7%, from HK\$12.1 million for the six months ended 30 June 2024 to HK\$13.1 million for the Period. The increase was in line with the increase in revenue from Halloween products during the Period.

Gross Profit

During the Period, the Group's gross profit amounted to HK\$112.7 million, representing a decrease of HK\$4.9 million, or 4.2%, as compared to HK\$117.6 million for the corresponding period in 2024. The gross profit dropped primarily due to a decrease in the revenue for the Period due to the negative impact of trade policy uncertainty and increased US tariffs on customer sentiment. During the Period, the Group's gross profit margin was 24.2%, representing an increase of 1.8% from 22.4% for the corresponding period in 2024.

Wigs, hair accessories and others. Gross profit for wigs, hair accessories and others increased by HK\$6.9 million, or 7.7%, from HK\$90.6 million for the six months ended 30 June 2024 to HK\$97.5 million for the Period. Gross profit margin for wigs, hair accessories and others increased from 20.5% for the six months ended 30 June 2024 to 23.0% for the Period, primarily due to a decrease in total production overheads for the Period.

High-end human hair extensions. Gross profit for high-end human hair extensions decreased by HK\$13.3 million, or 63.5%, from HK\$20.9 million for the six months ended 30 June 2024 to HK\$7.6 million for the Period. Gross profit margin for high-end human hair extensions increased from 32.1% for the six months ended 30 June 2024 to 35.1% for the Period, primarily due to a decrease in total production costs of human hair extension products during the Period.

Halloween products. Gross profit for Halloween products increased by HK\$1.4 million, or 23.3%, from HK\$6.1 million for the six months ended 30 June 2024 to HK\$7.6 million for the Period. Gross profit margin for Halloween products increased from 33.5% for the six months ended 30 June 2024 to 36.6% for the Period, primarily due to a decrease in total production costs of Halloween products during the Period.

Other Income

Other income decreased by HK\$0.4 million, or 9.1%, from HK\$4.1 million for the six months ended 30 June 2024 to HK\$3.7 million for the Period, primarily due to a decrease in bank interest income and rental income during the Period.

Other Gains and Losses

Other gains and losses increased by HK\$1.6 million, or 55.6%, from gains of HK\$2.9 million for the six months ended 30 June 2024 to HK\$4.5 million for the Period. The other gains and losses primarily comprised a gain amounting to HK\$0.4 million from the fair value change of the financial assets at FVTPL and a gain amounting to HK\$4.1 million from the foreign currency conversion during the Period.

Impairment Losses under Expected Credit Loss Model

During the Period, the Group did not provide any impairment allowance in respect of trade receivables (2024: The Group provided HK\$0.1 million).

Distribution and Selling Expenses

Distribution and selling expenses increased by HK\$0.7 million, or 5.3%, from HK\$13.2 million for the six months ended 30 June 2024 to HK\$13.9 million for the Period, primarily due to an increase in advertisement and transportation expenses during the Period.

Administrative Expenses

Administrative expenses increased by HK\$2.6 million, or 4.3%, from HK\$61.5 million for the six months ended 30 June 2024 to HK\$64.2 million for the Period, primarily due to an increase in salaries and staff benefit due to an increase in manpower within a core business of the Group.

Other Expenses

Other expenses increased by HK\$0.2 million, or 129.9%, from HK\$0.2 million for the six months ended 30 June 2024 to HK\$0.4 million for the Period, primarily due to an increase in donation made during the Period.

Finance Costs

Finance costs decreased by HK\$4.0 million, or 18.4%, from HK\$21.5 million for the six months ended 30 June 2024 to HK\$17.6 million during the Period, it was mainly due to a slowdown in interest rate.

Taxation

Income tax expenses of the Group increased by approximately HK\$1.8 million, or 41.9%, from a taxation of HK\$4.3 million for the six months ended 30 June 2024 to a taxation of approximately HK\$6.2 million for the Period, primarily due to the expiring tax holiday for income tax in Bangladesh. Income tax expense included deferred taxation in the amount of HK\$1.5 million for the Period (2024: included deferred taxation in the amount of HK\$1.6 million).

Net Profit

The Group's net profit for the Period was HK\$18.8 million, representing a decrease of HK\$5.1 million, or 21.1%, as compared to HK\$23.9 million for the corresponding period in 2024, which was primarily attributable to the negative impact of trade policy uncertainty and increased US tariffs on customer sentiment, which led to reduced order shipments during the Period, as well as higher distribution and selling expenses due to the costs associated with new overseas sales offices.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances increased by HK\$26.6 million or 23.0% from HK\$115.7 million as at 31 December 2024 to HK\$142.3 million as at 30 June 2025. The increase in cash and bank balances as at 30 June 2025 was primarily due to an increase in the bank borrowings during the Period. The Group's pledged bank deposits decreased by HK\$3.4 million or 5.9% from HK\$58.7 million as at 31 December 2024 to HK\$55.2 million as at 30 June 2025. The decrease in pledged bank deposits was mainly due to the repayment on bank borrowings during the Period.

The Group's trade and other receivables increased by HK\$3.8 million or 1.4% from HK\$264.8 million as at 31 December 2024 to HK\$268.6 million as at 30 June 2025. The increase was primarily due to the increase in the other receivables, prepayments and deposits.

Borrowings and Gearing Ratio

As at 30 June 2025, the Group's banking facilities amounted to HK\$869.0 million, of which HK\$192.5 million remained unutilised. As at 30 June 2025, the gearing ratio of the Group, which is equivalent to total interest-bearing debt (including secured bank borrowings and lease liabilities) divided by total equity, was 81.1% as compared to 72.1% as at 31 December 2024. The Group considered that it has sufficient financial resources to meet its commitments and working capital requirements.

Capital Expenditure and Capital Commitments

During the Period, the Group spent approximately HK\$16.6 million on additions to fixed assets as compared to HK\$13.3 million for the corresponding period in 2024, mainly for the purpose of maintaining its manufacturing capabilities in Bangladesh. As at 30 June 2025, the Group had capital commitments of HK\$3.2 million in respect of property, plant and equipment (31 December 2024: HK\$6.6 million).

Foreign Exchange Risk

The Group has sales and purchases denominated in foreign currencies, such as the United States dollars and Renminbi, which expose the Group to foreign currency risk. The Group mainly operates in the People's Republic of China ("PRC") and Bangladesh where its operating expenses are denominated in Renminbi and Bangladeshi Taka, respectively, while the majority of the Group's sales are settled in the United States dollars. With the increase of the production of the Group in Bangladesh (revenue contributed by the Bangladesh factory having slightly rose to 99.2% during the Period (30 June 2024: 98.9%)) and the United States dollars being the main foreign currency used in the operations in Bangladesh and Hong Kong, the use of the United States dollars by the Group has increased as a whole. However, the Board considers that the Group is exposed to minimal currency risk as Hong Kong dollars are pegged to the United States dollars. The Group estimated that any 1% appreciation of Bangladeshi Taka or Renminbi is not expected to have a material impact on the Group's gross profit margin.

As at 30 June 2025, the Group did not have any outstanding foreign currency forward contracts to buy the United States dollars to hedge against any fluctuation in the exchange rate of the United States dollars.

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities (31 December 2024: nil).

Pledge of Assets

As at 30 June 2025, the Group's banking borrowing facilities were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$52.0 million (31 December 2024: HK\$51.0 million);
- (b) the Group's land and buildings and car parks located in Hong Kong of approximately HK\$69.3 million (31 December 2024: HK\$70.5 million);
- (c) the Group's land and buildings located in the United States and the PRC of approximately HK\$26.4 million (31 December 2024: HK\$26.0 million);
- (d) investment properties located in the PRC of approximately HK\$4.8 million (31 December 2024: HK\$4.7 million);
- (e) negative pledge on 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 30 June 2025, the Group's other borrowings were secured by the Group's bank deposits of approximately HK\$3.2 million (31 December 2024: HK\$7.7 million).

Employees and Remuneration Policies

As at 30 June 2025, the Group employed a total of 23,692 employees, as compared to 23,851 employees as at 30 June 2024.

Total employee expenditures during the Period amounted to HK\$184.2 million as compared to HK\$182.1 million for the corresponding period in 2024. The Group's remuneration policy has remained unchanged since the date of the Company's annual report for the year ended 31 December 2024. 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 respective subsidiaries of the Group in Bangladesh.

SHARE OPTION SCHEME

On 19 June 2017, a share option scheme was adopted by the Company, 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 ordinary shares of the Company (the “Shares”).

As at 30 June 2025, no option has been granted or agreed to be granted under the share option scheme.

As at 1 January 2025 and 30 June 2025, the total number of options available for grant under the share option scheme was 61,500,000.

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 Period; and (ii) no plans have been authorised by the Board for any material investments or additions of capital assets as at 30 June 2025.

IMPORTANT EVENTS AFFECTING THE GROUP SINCE 30 JUNE 2025

There were no important events affecting the Group which occurred after 30 June 2025 and up to the date of this announcement.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK\$2.0 cent per Share for the Period (30 June 2024: declared an interim dividend of HK\$3.0 cent per Share), totalling approximately HK\$12.7 million based on a total of 636,182,000 Shares in issue as at the date of this announcement.

The interim dividend payout ratio is 67.6% for the Period (2024: interim dividend payout ratio: 82.4%).

The interim dividend will be payable on Friday, 28 November 2025 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 12 September 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 10 September 2025 to Friday, 12 September 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim 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, 9 September 2025.

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

During the Period, the Company repurchased an aggregate of 10,492,000 Shares for an aggregate consideration of approximately HK\$6.5 million (before expenses) on the Stock Exchange. The repurchased Shares were subsequently cancelled. As at 30 June 2025, the total number of Shares in issue was 636,182,000. 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
May 2025	10,492,000	0.62	0.60	6.5

The Directors were of the view that the above Shares repurchase 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, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

The Company did not hold or sell any treasury shares during the Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code throughout the Period, save and except for code provision C.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual, details of which are set out below:

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 business strategy, decisions and operations, to perform both the functions of the chairman and 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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding 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 Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed together with the Board and Forvis Mazars CPA Limited, the Company’s external auditor, the unaudited condensed consolidated financial statements of the Group for the Period. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements of the Group for the Period were prepared in accordance with the applicable accounting standards and fairly present the Group’s financial position and results for the Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.epfhk.com). The interim report of the Company for the Period 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 August 2025

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