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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)

PROFIT WARNING

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

The board of directors (“**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the information currently available to the Company and a preliminary estimation by the Board based on the latest unaudited consolidated management accounts of the Group, the Group is expected to record a loss after income tax of around HK\$15.0 million for the year ended 31 December 2020 (the “**Year**”), as compared to a profit after income tax of approximately HK\$86.2 million for the year ended 31 December 2019, notwithstanding that revenue of the Group for the Year increased by approximately 12.0% as compared to the year ended 31 December 2019 due to mass sales of braid products and that revenue of the Group for the second half of 2020 increased by approximately 35.0% when compared to the first half of 2020. The expected drop in profit after income tax for the Year is mainly attributable to the significant negative impact from the outbreak of COVID-19, which has resulted in:

- (i) special discounts on sales of products having been offered to customers; and
- (ii) a shift of product mix from less sales of human hair extension products and lace wig products with high margin to more sales of braid products with low margin during the Year when compared to the corresponding period in 2019 as a result of the adverse market conditions during the Year.

The Group has closely monitored the market conditions and adjusted its business strategies and operations to minimize the negative impact, including proactive cost control measures on factory operating costs and staff costs. Such measures will nonetheless take time to reflect in the Group's financial performance.

The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available to the Company and the unaudited consolidated management accounts of the Group, which have not been finalised nor reviewed by the auditors and the audit committee of the Company and are subject to adjustments.

Shareholders and potential investors should read the annual results of the Group for the Year carefully, which are expected to be announced on or before 31 March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Evergreen Products Group Limited
Chang Yoe Chong Felix
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 January 2021

As at the date of this announcement, the executive Directors are Mr. Chang Yoe Chong Felix, Mr. Kwok Yau Lung Anthony, Mr. Chan Kwok Keung, Mr. Hui Wing Ki, 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. Lau Ip Keung Kenneth, Mr. Sin Hendrick, Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa.