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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 2022

FINANCIAL HIGHLIGHTS

- Revenue for the Year amounted to HK\$1,100.4 million, representing a decrease of 8.9% from HK\$1,207.4 million for the year ended 31 December 2021.
- Gross profit margin for the Year was 23.4%, representing an increase of 2.8 percentage points from 20.6% for the year ended 31 December 2021.
- Net profit for the Year amounted to HK\$58.3 million, representing a slightly increase from a net profit of HK\$57.1 million for the year ended 31 December 2021.
- Basic earnings per Share attributable to equity shareholders of the Company for the Year were approximately HK10 cents, representing an increase of approximately 25.0%, as compared with the year ended 31 December 2021. No diluted earnings per Share attributable to equity shareholders of the Company were presented for the Year (2021: approximately HK8 cents).
- As at 31 December 2022, the gearing ratio of the Group, which is equivalent to total interest-bearing debt (including secured bank borrowings, bank overdraft and obligations under finance leases) divided by total equity, was 61.9% as compared to 72.8% as at 31 December 2021.
- The Board has recommended the payment of a final dividend of HK3.7 cents per Share for the Year, plus the interim dividend of HK1.7 cents per Share already declared and paid, making a total dividend of HK5.4 cents per Share (2021: final dividend of HK1.1 cents per Share and interim dividend of HK1.3 cents per Share). The dividend payout ratio for the Year was approximately 63.5% (2021: 28.8%).

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 2022 (the “**Year**”) as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	1,100,375	1,207,420
Cost of goods sold		(843,280)	(958,612)
Gross profit		257,095	248,808
Other income	6	5,449	4,501
Other gains and losses	7	(5,192)	(2,781)
Impairment losses (recognised) reversed on trade receivables under expected credit loss model, net of (provision) reversal		(179)	928
Distribution and selling expenses		(26,731)	(18,969)
Administrative expenses		(138,073)	(149,145)
Other expenses	8	(296)	(511)
Finance costs	9	(29,826)	(20,528)
Profit before tax	10	62,247	62,303
Income tax expense	11	(3,939)	(5,228)
Profit for the year		58,308	57,075
Other comprehensive income (expense) for the year:			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus (deficit) on revaluation of properties		19,598	(2,689)
Deferred tax arising from revaluation of properties		(2,454)	288
		17,144	(2,401)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(89,845)	2,361
Other comprehensive expense for the year, net of income tax		(72,701)	(40)
Total comprehensive (expense) income for the year		(14,393)	57,035

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		66,289	54,067
Non-controlling interests		(7,981)	3,008
		<u>58,308</u>	<u>57,075</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(2,169)	53,842
Non-controlling interests		(12,224)	3,193
		<u>(14,393)</u>	<u>57,035</u>
Earnings per share (<i>HK\$</i>)	13		
– Basic		<u>0.10</u>	<u>0.08</u>
– Diluted		<u>N/A</u>	<u>0.08</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	14	618,712	745,912
Investment properties	14	12,143	–
Financial assets at fair value through profit or loss		42,672	20,371
Non-current deposits	15	5,138	7,596
		678,665	773,879
Current assets			
Inventories		476,030	471,450
Trade and other receivables	15	234,558	294,315
Tax recoverable		1,545	1,320
Pledged bank deposits		91,852	106,568
Cash and cash equivalents		78,612	68,444
		882,597	942,097
Assets classified as held for sale		9,311	–
		891,980	942,097
Current liabilities			
Trade and other payables	16	87,649	72,783
Contract liabilities	17	7,100	8,791
Amount due to a related company		10,750	4,300
Amount due to a non-controlling shareholder of a subsidiary		12,093	6,021
Tax payable		7,511	8,519
Secured bank and other borrowings	18	507,732	575,240
Bank overdrafts		18,491	42,088
Lease liabilities		1,424	2,669
		652,750	720,411
Net current assets		239,158	221,686
Total asset less current liabilities		917,823	995,565

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Capital and reserves			
Share capital	19	53,377	53,377
Reserves		844,304	864,411
Amount recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sales		<u>(1,272)</u>	<u>–</u>
Equity attributable to owners of the Company		896,409	917,788
Non-controlling interests		<u>(8,321)</u>	<u>3,903</u>
Total equity		<u>888,088</u>	<u>921,691</u>
Non-current liabilities			
Deferred tax liabilities		7,480	5,777
Lease liabilities		8,224	9,417
Secured bank and other borrowings	18	14,031	41,224
Other employee benefits	16	<u>–</u>	<u>17,456</u>
		<u>29,735</u>	<u>73,874</u>
		<u>917,823</u>	<u>995,565</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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, including Mr. Chang Chih Lung (who passed away in March 2022), Mr. Chang Yoe Chong Felix and their family members, are considered as the controlling shareholders of the Company. The registered office of the Company is PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and the principal place of business of the Company is 11th Floor, Chiap Luen Industrial Building, 30–32 Kung Yip Street, Kwai Chung, New Territories, Hong Kong.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

In addition, the Group applied the agenda decision of the Committee of the International Accounting Standards Board issued in December 2020 on Supply Chain Financing Arrangements.

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

The Group has entered into certain supplier financing arrangements with banks in which the relevant banks pay suppliers directly for extinguishment of amounts owned by the Group. Upon application of the Committee's agenda decision in relation to Supply Chain Financing Arrangements, payments to suppliers by the banks are disclosed as non-cash transactions and repayments to the banks are included within financing cash flows. Certain comparative figures have been restated in the consolidated statement of cash flows to reflect the conclusion of the agenda decision which resulted in increase in "net cash from operating activities" as payments to suppliers on these arrangements are considered as non-cash and a corresponding increase in "net cash used in financing activities" with no effect on the Group's result for the years ended 31 December 2022 and 2021 and financial positions as at 31 December 2022 and 2021..

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2022 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Group revenue by products		
Wigs, hair accessories and others	872,398	1,026,367
High-end human hair extensions	184,486	157,500
Halloween products	43,491	23,553
	1,100,375	1,207,420

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	
	2022	2021
	HK\$'000	HK\$'000
The United States of America (the “USA”)	964,436	1,057,770
Germany	56,591	44,185
Japan	26,345	29,880
The People's Republic of China (the “PRC”)	24,129	44,778
The United Kingdom (the “UK”)	13,749	20,064
Others	15,125	10,743
	<u>1,100,375</u>	<u>1,207,420</u>

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

	2022	2021
	HK\$'000	HK\$'000
Bangladesh	466,179	580,691
Hong Kong	99,036	86,937
The PRC	43,491	44,851
The USA	17,642	17,729
Japan	1,940	1,987
Thailand	6,798	7,099
Ukraine	–	13,109
	<u>635,086</u>	<u>752,403</u>

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

Information about major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	366,251	504,634
Customer B ¹	<u>185,171</u>	<u>170,284</u>

¹ The owner of Customer A is a relative of the owner of Customer B.

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	395	155
Imputed interest income on property rental deposits	71	109
Processing income	–	84
Rental income	1,163	1,193
Government grant (<i>note</i>)	1,447	940
Sundry income	<u>2,373</u>	<u>2,020</u>
	<u>5,449</u>	<u>4,501</u>

Note: During the year ended 31 December 2022, included in government grants refers to an amount of HK\$1,248,000 in respect of COVID-19-related subsidies in relation to employment support scheme provided by the Hong Kong government. During the year ended 31 December 2021, the Group recognised government grants of HK\$940,000 in respect of COVID19-related subsidies and technology development funds in which no future related cost is required or expected to be made.

7. OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Losses on financial assets at FVTPL, net	(4,807)	(1,235)
Loss on disposal of property, plant and equipment	(10)	–
Net foreign exchange losses	(287)	(1,545)
Loss on change in fair value of investment properties	(88)	–
Loss on derivative liabilities, net	<u>–</u>	<u>(1)</u>
	<u>(5,192)</u>	<u>(2,781)</u>

8. OTHER EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Donation expense	<u>296</u>	<u>511</u>

9. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	27,942	25,138
Less: amount capitalised in the cost of qualifying assets	<u>–</u>	<u>(6,231)</u>
	27,942	18,907
Interest on other borrowing	756	647
Interest on amount due to a related company	330	97
Interest on lease liabilities	<u>798</u>	<u>877</u>
	<u>29,826</u>	<u>20,528</u>

10. PROFIT BEFORE TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	58,480	39,521
Capitalised in inventories	<u>(44,323)</u>	<u>(21,759)</u>
	<u>14,157</u>	<u>17,762</u>
Directors' emoluments		
– fee	4,800	4,401
– salaries and other benefits	4,068	3,689
– equity settled share-based expenses	–	375
– retirement benefits schemes contributions	<u>74</u>	<u>84</u>
	8,942	8,549
Staff's salaries and other benefits	365,881	372,019
Staff's equity settled share-based expenses	–	245
Staff's retirement benefits scheme contributions	<u>10,774</u>	<u>12,444</u>
Total staff costs (<i>Note</i>)	<u>385,597</u>	<u>393,257</u>
Auditor's remuneration	2,436	2,418
Cost of inventories recognised as expense (included in cost of sales)	<u>471,450</u>	<u>558,772</u>

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

11. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
Hong Kong	92	20
The PRC Enterprise Income Tax (“EIT”)	21	48
Bangladesh	1,779	3,029
Other jurisdictions	155	566
	<u>2,047</u>	<u>3,663</u>
Under-provision (over-provision) in prior year:		
Bangladesh	2,821	688
Hong Kong	(826)	–
	<u>1,995</u>	<u>688</u>
Deferred tax:		
Current year	(103)	877
	<u>3,939</u>	<u>5,228</u>

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

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

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

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

Bangladesh tax authority has published a regulation on 1 July 2022 with reference number “SRO No. 158-Law/Income Tax/2022” allowing 12% tax rate on export income. The definition of “export” includes supply of goods to outside Bangladesh and supply of goods to export oriented industry under internal back-to-back letter of credit. Minimum tax standard rate has also proportionately reduced as per applicable reduced income tax rate. For the year ended 31 December 2022, the subsidiaries operating in Bangladesh are subject to income tax rate of the higher of 0.24% of revenue or 12% on the assessable profit (2021: higher of 0.6% of revenue or 32.5% on the assessable profit) except Master Purple (BD) Limited. Master Purple (BD) Limited operating in Bangladesh is exempted from income tax for 3 financial years from the date of commencement of commercial operation (i.e. 9 March 2020) up to 8 March 2023, afterwards with 3 financial years of 50% exemption and subsequently with 1 financial year of 25% exemption.

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

12. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 interim dividend of HK1.7 cent (2021: HK1.3 cents) per share	11,663	8,919
2021 final dividend of HK1.1 cent (2021: 2020 final dividend of Nil) per share	<u>7,547</u>	<u>–</u>
	<u>19,210</u>	<u>8,919</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of HK3.7 cents per ordinary share, in an aggregate amount of HK\$25,385,000 (2021: HK1.1 cent per ordinary share dividend was proposed for ordinary shareholders of the Company in respect of the year ended 31 December 2021), 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings attributable to owners of the Company:		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>66,289</u>	<u>54,067</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	686,082,000	685,868,608
Effect of dilutive potential ordinary share:		
Share award scheme	<u>–</u>	<u>213,392</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>686,082,000</u>	<u>686,082,000</u>

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

The weighted average number of ordinary shares for the purpose of basic earnings per share shown above for the year ended 31 December 2021 has been arrived at after deducting the shares held by the trustee of the share award scheme of the Company. There were no other potential ordinary shares outstanding as at the end of 31 December 2021.

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

During the Year, the Group spent approximately HK\$29.0 million (2021: HK\$37.9 million) on property, plant and equipment.

The Group's industrial buildings, offices and car parks classified as property, plant and equipment were revalued by the third party qualified valuer engaged by the Company as at the end of the reporting period. The resulting revaluation increase of HK\$19,598,000 has been credited to the properties revaluation reserve for the year ended 31 December 2022 (2021: HK\$2,689,000).

During the year ended 31 December 2022, the Group leased out certain properties with lease terms of 1 to 6 years to earn rentals. Accordingly, the related properties, including the relevant leasehold lands presented as right-of-use assets of HK\$5,309,000 were revalued to the fair value of HK\$12,649,000 and transferred to investment properties. The gain on revaluation of properties at the date of transfer is accumulated in property revaluation reserve. 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 (2021: 2 to 30 years). The Group is required to make fixed monthly payment. In addition, lease liabilities of HK\$9,648,000 (2021: HK\$12,086,000) are recognised with related right-of-use assets of HK\$9,190,000 (2021: HK\$11,819,000) as at 31 December 2022.

15. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables		
– contracts with customers	195,639	236,425
Less: Allowance for credit losses	(151)	(1,772)
	195,488	234,653
Other receivables	22,152	36,132
Purchase rebate receivables	–	7,695
Other tax receivables	3,312	2,087
Prepayments	7,763	8,286
Deposits paid to suppliers	5,843	5,462
Deposits for acquisition of property, plant and equipment	4,231	6,491
Property rental deposits	907	1,105
	239,696	301,911
Analysis for reporting purpose as:		
Non-current assets	5,138	7,596
Current assets	234,558	294,315
	239,696	301,911

As at 1 January 2021, trade receivables from contracts with customers amounted to HK\$194,020,000.

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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 60 days	134,966	182,885
61 – 90 days	36,769	37,612
91 – 120 days	16,326	8,013
Over 120 days	7,427	6,143
	<u>195,488</u>	<u>234,653</u>

The Group normally allows a credit period up to 120 days to its customers. A longer credit period may be granted to large or long established customers with good payment history.

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

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$24,423,000 (2021: HK\$22,027,000) are past due at the reporting date. Out of the past due balance, HK\$3,150,000 (2021: HK\$266,000) has been past due 90 days or more and is not considered as in default due to long and on-going business relationship and good repayment record from these customers.

The Group does not hold any collateral over the balances.

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

16. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	35,380	44,551
Accrued staff costs	23,953	19,795
Accruals and other payables	9,991	8,437
Other employee liabilities	18,325	17,456
	<u>87,649</u>	<u>90,239</u>
Analysis for reporting purpose as:		
Non-current liabilities	–	17,456
Current liabilities	87,649	72,783
	<u>87,649</u>	<u>90,239</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 60 days	<u>35,380</u>	<u>44,551</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HK\$	<u>20,935</u>	<u>24,058</u>

17. CONTRACT LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receipt in advance for sale of hair products	<u>7,100</u>	<u>8,791</u>

As at 1 January 2021, contract liabilities amounted to HK\$15,610,000.

Contract liabilities represent amounts received in advance for sale of hair products. During the year ended 31 December 2022, the Group has recognised revenue of HK\$8,791,000 (2021: HK\$15,610,000) 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 decreased mainly due to the delivery of hair products during the year.

18. SECURED BANK AND OTHER BORROWINGS

During the Year, the Group obtained new bank and other borrowings amounting to HK\$993.4 million (2021: HK\$1,032.6 million) and repaid bank and other borrowings of HK\$1,304.0 million (2021: HK\$1,460.3 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 2022, the bank and other borrowings arranged at floating rate are with average effective interest rates interest ranging from 4.30% to 8.77% (2021: 1.86% to 5.50%) per annum. The bank and other borrowings arranged at fixed rate is ranging from 1.19% to 4.25% (2021: 1.19% to 4.25%) per annum.

19. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital
	<i>Notes</i>	<i>US\$'000</i>
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>1,000,000,000</u>	<u>1,000</u>
Issued and fully paid:		
At 1 January 2021	<u>686,082,000</u>	<u>6,861</u>
At 31 December 2022 and 2021	<u><u>686,082,000</u></u>	<u><u>6,861</u></u>
Shown in the consolidated financial statements as:		Amount
		<i>HK\$'000</i>
At 31 December 2022 and at 31 December 2021		<u><u>53,377</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the global outlook has deteriorated markedly amid the macroeconomic headwinds, persistent high oil price, high inflation, supply chain disruptions, bottlenecks in international freight movements and the lingering pandemic, with the hair wig industry still sustaining the growing demand across all regions. The segmental revenue of human hair extension products and lace products with a higher profit margin have lifted and the demand for Halloween products has risen tremendously during the Year, underpinned by strong market demand following the easing of pandemic control across the world, which permitted hair salons to reopen and mask-wearing is no longer compulsory. This resulted in a continuous growing demand for human hair extension products and lace products and a rebound on the demand for Halloween products.

After a tough two-year battle, most countries have returned to normal and the people are going to the salons which is driving the consumption for and hence the revenue of braid and special braid products with a lower profit margin have been dropped as there has been a decrease in demand for braid items. The revenue of the Group decreased to 1,100.4 million during the Year, representing a decrease of approximately 8.9% as compared with the corresponding year ended 31 December 2021, mainly due to the increase in the sale of human hair extension products and lace wig products offset with a drop in sales in the lower profit margin braid products during the Year. The newly launched products, such as the lace closures contributed to the revenue during the Year. Gross profit margin increased to 23.4% as compared to 20.6% for the year ended 31 December 2021, mainly due to the increase in demand for human hair extensions products and lace wig products with a higher profit margin since normalcy has resumed after the pandemic and the benefit from the currency depreciation on Bangladeshi Taka. However, the Group has progressively increased capital investment in production facilities in Bangladesh to support its ongoing market expansion over the years, which partially has led to an increase in depreciation expenses. These increases to the Group's gross profit margin were offset by an increase in depreciation expenses.

As a result of the above, the Group reported profits in the amount of HK\$58.3 million, representing a slightly increase of 2.2% as compared with the corresponding year ended 31 December 2021 and the gross profit margin of 23.4%, representing a marginal increase of 2.8% as compared with the corresponding year ended 31 December 2021.

FINANCIAL REVIEW

During the Year, the Group's financial results slightly dropped as compared with the corresponding year ended 2021, primarily due to the change in product mix caused by the strong market demand for high margin human hair extension products and Halloween products due to the resumption of festive activities but it was offset with the decrease in demand for the low margin braid products since normalcy has resumed after the pandemic across all regions.

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\$1,100.4 million, representing a decrease of HK\$107.0 million or 8.9% as compared with HK\$1,207.4 million for the year ended 31 December 2021. The decrease was primarily due to the strong market demand for its human hair products and lace products offset with the decrease in demand for braid products during the Year. The Bangladesh factory has consistent enhancement in its production capabilities to satisfy the strong market demand. During the Year, the revenue generated from hair products made at the Bangladesh Factory accounted for 97.9% of the Group's total revenue as compared to 95.2% for the year ended 31 December 2021.

The USA remained as the Group's principal market during the Year with revenue contribution accounting for 87.6% of the Group's total revenue during the Year as compared to 87.6% for the year ended 31 December 2021. In terms of product segments, wigs, hair accessories and others, which remained as the Group's key product segment, accounted for 79.3% of its total revenue during the Year as compared to 85.0% for the year ended 31 December 2021.

Wigs, hair accessories and others. Revenue from wigs, hair accessories and others decreased by HK\$154.0 million, or 15.0%, from HK\$1,026.4 million for the year ended 31 December 2021 to HK\$872.4 million for the Year, primarily due to the decreased sales on braid products during the Year.

High-end human hair extensions. Revenue from high-end human hair extensions increased by HK\$27.0 million, or 17.1%, from HK\$157.5 million for the year ended 31 December 2021 to HK\$184.5 million for the Year, primarily due to the strong market demand rebound since most countries returned to normalcy.

Halloween products. Revenue from Halloween products increased by HK\$19.9 million, or 84.7%, from HK\$23.6 million for the year ended 31 December 2021 to HK\$43.5 million for the Year, mainly due to the resumption of festive activities.

Cost of Goods Sold

The Group's cost of goods sold decreased by HK\$115.3 million, or 12.0%, from HK\$958.6 million for the year ended 31 December 2021 to HK\$843.3 million for the Year, which is in line with the decreased in revenue during the Year.

Wigs, hair accessories and others. Cost of goods sold for wigs, hair accessories and others decreased by HK\$146.1 million, or 17.6%, from HK\$828.4 million for the year ended 31 December 2021 to HK\$682.3 million for the Year, corresponding with a decrease in sales of these products during the Year.

High-end human hair extensions. Cost of goods sold for high-end human hair extensions increased by HK\$17.1 million, or 14.9%, from HK\$114.6 million for the year ended 31 December 2021 to HK\$131.7 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 increased by HK\$13.7 million, or 87.6%, from HK\$15.7 million for the year ended 31 December 2021 to HK\$29.4 million for the Year, corresponding with an increase in sales of these products during the Year.

Gross Profit

During the Year, the Group's gross profit amounted to HK\$257.1 million, representing an increase of HK\$8.3 million, or 3.3%, as compared with HK\$248.8 million for the year ended 31 December 2021, primarily due to a strong market demand for its human hair extension products and lace wig products and the benefit from the currency depreciation on Bangladeshi Taka. These increases to gross profit were partially offset by an increase in depreciation expenses which the construction project of the expansion productions facilities in Bangladesh carried forward as properties, plant and machinery and an increase in ocean freight cost since the pandemic led to a global surge of freight and cargo charges. During the Year, the Group's gross profit margin amounted to 23.4%, representing an increase of 2.8 percentage points from 20.6% for the year ended 31 December 2021.

Wigs, hair accessories and others. Gross profit for wigs, hair accessories and others largely decreased by HK\$7.9 million, or 4.0%, from HK\$198.0 million for the year ended 31 December 2021 to HK\$190.1 million for the Year. Gross profit margin for this segment increased from 19.3% for the year ended 31 December 2021 to 21.8% for the Year, primarily due to an increase in sales of the lace wig products and closure products with a high profit margin during the Year.

High-end human hair extensions. Gross profit for high-end human hair extensions increased by HK\$9.9 million, or 23.1%, from HK\$42.9 million for the year ended 31 December 2021 to HK\$52.8 million for the Year. Gross profit margin for this segment increased from 27.2% for the year ended 31 December 2021 to 28.6% for the Year, primarily due to the improvement on the production loss rate on the raw materials and an increase in the quality control on the purchase procurement during the Year as compared to the year ended 31 December 2021.

Halloween products. Gross profit for Halloween products increased by HK\$6.2 million, or 78.9%, from HK\$7.9 million for the year ended 31 December 2021 to HK\$14.1 million for the Year. Gross profit margin for Halloween products decreased from 33.5% for the year ended 31 December 2021 to 32.5% for the Year, primarily due to a rise in the cost of raw materials during the Year as compared to the year ended 31 December 2021.

Other Income

Other income increased by HK\$0.9 million, or 21.1%, from HK\$4.5 million for the year ended 31 December 2021 to HK\$5.4 million for the Year, primarily due to an increase in income from warehouse rental and government subsidies during the Year.

Other Gains And Losses

Other gains and losses increased by HK\$2.4 million, or 86.7%, from a loss of HK\$2.8 million for the year ended 31 December 2021 to a loss of HK\$5.2 million for the Year. The other gains and losses primarily comprises of a loss amount to HK\$4.8 million from the fair value change of the financial assets at fair value through profit and loss and HK\$0.3 million from the gain on the exchange conversion due to the repayment of a bank loan in HK\$ during the Year.

Impairment Losses Under Expected Credit Loss Model

During the Year, the Group provided impairment losses of HK\$0.2 million in respect of trade receivables (2021: Reversed impairment allowance of HK\$0.9 million). The impairment losses of HK\$0.2 million were provided on one customer which are unlikely to be recovered.

Distribution and Selling Expenses

Distribution and selling expenses increased by HK\$7.8 million, or 40.9%, from HK\$19.0 million for the year ended 31 December 2021 to HK\$26.7 million for the Year, was mainly arising from the reclassification of salaries and staff welfare of administrative staff from “administrative expenses” during the Year.

Administrative Expenses

Administrative expenses decreased by HK\$11.1 million, or 7.4%, from HK\$149.1 million for the year ended 31 December 2021 to HK\$138.1 million for the Year, was mainly arising from the reclassification of salaries and staff welfare of administrative staff to “selling expenses” during the Year.

Other Expenses

Other expenses decreased by HK\$0.2 million, or 42.1%, from HK\$0.5 million for the year ended 31 December 2021 to HK\$0.3 million for the Year. The donation made by the Group during the Year amounted to HK\$0.3 million (2021: HK\$0.5 million).

Finance Costs

Finance costs increased by HK\$9.3 million, or 45.3%, from HK\$20.5 million for the year ended 31 December 2021 to HK\$29.8 million for the Year. During the Year, the Group did not capitalise any interest on bank borrowings as the cost of qualifying assets (2021: HK\$6.2 million). The increase in finance is primarily due to an increase in the interest rate.

Taxation

Income tax expense of the Group decreased by HK\$1.3 million, or 24.7%, from HK\$5.2 million for the year ended 31 December 2021 to HK\$3.9 million for the Year. Income tax expense included reversed deferred taxation in the amount of HK\$0.1 million for the Year (2021: HK\$0.9 million).

Net Profit

The Group's net profit for the Year amounted to HK\$58.3 million, representing a slightly increase of HK\$1.2 million, or 2.2%, as compared with a net profit of HK\$57.1 million for the year ended 31 December 2021, primarily attributable to the decrease in employee retirement benefit and the decrease in deferred tax due to income tax change in Bangladesh during the Year which are mainly in non-cash nature.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's bank balances, pledged bank deposits and cash decreased by HK\$5.0 million or 2.6% from HK\$175.0 million as at 31 December 2021 to HK\$170.0 million as at 31 December 2022. The decrease in cash and bank balances as at 31 December 2022 was primarily due to the repayment of bank loans and trade facilities during the Year.

Borrowings and Gearing Ratio

As at 31 December 2022, the Group's banking facilities amounted to HK\$852.0 million, of which HK\$187.0 million remained unutilised. As at 31 December 2022, the gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank borrowings, bank overdrafts and obligations under finance leases) divided by total equity, was 61.9% as compared to 72.8% as at 31 December 2021. Moreover, the net gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank borrowings, bank overdrafts and obligations under finance leases) net of total cash and bank balances divided by total equity, was 42.7% as compared to 53.8% as at 31 December 2021. 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 2022.

Capital Expenditure and Capital Commitments

During the Year, the Group spent approximately HK\$29.0 million (including interest on bank borrowings of HK\$Nil million capitalised as the cost of qualifying assets) on additions to fixed assets as compared to HK\$37.9 million (including interest on bank borrowings of HK\$6.2 million capitalised as the cost of qualifying assets) for the year ended 31 December 2021 mainly to maintain its manufacturing capabilities in Bangladesh. As at 31 December 2022, the Group had capital commitments of HK\$0.6 million in respect of property, plant and equipment (2021: HK\$0.9 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, 87.6% (2021: 87.6%) of the Group's revenue was denominated in U.S. dollar ("US\$"). The Group mainly operates in Bangladesh and the PRC and most of the Group's operating expenses are denominated in Bangladeshi Taka ("Taka") and Renminbi ("RMB").

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

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 31 December 2022, the Group's banking facilities were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$85.2 million (2021: HK\$101.9 million);
- (b) the Group's land and buildings and car parks in Hong Kong of approximately HK\$89.4 million (2021: HK\$79.1 million);
- (c) the Group land and buildings of approximately HK\$28.4 million (2021: HK\$24.7 million);
- (d) investment properties in the PRC of approximately HK\$9.3 million (2021: HK\$Nil);
- (e) negative pledge of the assets of certain subsidiaries in the PRC and Bangladesh; and
- (f) certain life insurance contracts classified as financial assets at fair value through profit and loss of the Group.

As at 31 December 2022, the Group's other borrowing was secured by the Group's bank deposit of approximately HK\$6.7 million (2021: HK\$4.7 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed a total of (i) 25,199 employees in Bangladesh, as compared to 32,002 as at 31 December 2021, (ii) 253 employees in China, as compared to 294 as at 31 December 2021, (iii) 55 employees in Hong Kong, as compared to 58 as at 31 December 2021, and (iv) 29 employees in Japan, the USA, Thailand and Ukraine, as compared to 28 as at 31 December 2021.

Total employee expenditures during the Year amounted to HK\$385.6 million as compared to HK\$393.3 million for the year ended 31 December 2021. The Group determines the remuneration of its employees based on prevailing market conditions, the relevant local laws and regulations regarding wage protection and the performance of the employees. Remuneration includes salary, bonuses and benefits. The remuneration packages of the employees are reviewed annually. The Group operates a defined contribution retirement scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all qualified employees. Employees of the Group's factories in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. For employees in Bangladesh, the Group is currently not subject to any compulsory social insurance contribution, but they are covered by a self-managed provident fund operated by

the respective subsidiaries of the Group in Bangladesh. In addition, the Company has adopted the Share Option Scheme, details of which is set out in sub-sections headed “Share Option Scheme” in this announcement.

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

Share Option Scheme

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

During the Year, no option has been granted or agreed to be granted under the share option scheme.

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

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

IMPORTANT EVENTS AFTER THE END OF THE YEAR

There were no events after the reporting period that had significant impacts on the Group after 31 December 2022 and up to the date of this announcement.

OUTLOOK

Amidst the revival of globalization after the pandemic, the high inflation and interest rates and the lingering pandemic, the Group has been closely monitoring the market conditions and adjusting its business strategies and operations to minimize any negative impacts and strengthen its focus on its core business.

In the upcoming year, the Group will continue to enhance the financial performance improvement initiatives across its operations including the inventory control, cost optimization, refining the bank borrowing costs and equipping its business with some environmental facilities for energy saving and environmental protection and increase resource in research and development of new products to expand sales channels.

ANNUAL GENERAL MEETING

An annual general meeting (the “AGM”) of the Company is scheduled to be held on Thursday, 25 May 2023, 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 HK3.7 cents per Share for the Year (2021: HK1.1 cents) to the shareholders whose names appear on the register of members of the Company on Thursday, 1 June 2023. Upon approval by the shareholders at the AGM, it is expected that the final dividend will be payable on Friday, 16 June 2023.

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 Friday, 19 May 2023 to Thursday, 25 May 2023, 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 Thursday, 18 May 2023.

The record date for such purposes is Thursday, 25 May 2023.

- (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 Friday, 2 June 2023 to Thursday, 8 June 2023, both dates inclusive, during which period no transfer of Shares will be registered.

In order to qualify for the proposed final dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1 June 2023.

The record date for such purposes is Friday, 16 June 2023.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 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 10 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 2022 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 29 March 2023. 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) and the Company (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, 29 March 2023

As at the date of this announcement, the executive Directors are Mr. Chang Yoe Chong Felix, Mr. Chan Kwok Keung, Ms. Jia Ziyang 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, Ir. Cheung Siu Wa and Mr. Tseung Yuk Hei Kenneth.