



Evergreen Products Achieves Turnaround Net Profit of HK\$57.1 Million in 2021 Financial Year

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Market Picking Up All Financial Figures Improving

(Hong Kong, 28 March 2022) – **Evergreen Products Group Limited** (“Evergreen” or the “Group”; HKEX stock code: 1962), a leading wholesaler of synthetic and real hair wigs and extensions, today announced its financial results for the year ended 31 December 2021 (the “Year”). The Year has been highlighted by a strong improvement in all major financial figures, with net profit of HK\$57.1 million indicative of turnaround.

Despite the challenging environment created by the pandemic, the hair wig industry has been witnessing positive demand which has translated into greater sales across all key regions around the world. With respect to the Group, its revenue increased by 35.6% year-on-year to HK\$1,207.4 million. Gross profit rose significantly by 62.9% to HK\$248.8 million, with gross profit margin at 20.6%, up by 3.4 percentage points. Most notably, net profit for the year reached HK\$57.1 million, thus recovering from a loss position of HK\$18.0 million a year ago. EPS for the Year was HK8 cents. Such encouraging results can be attributed to the gradual rebound in demand for the Group’s human hair extension products and lace products which have higher profit margins. Moreover, strong sales of braid products were recorded since the COVID-19 outbreak.

The Board has recommended the payment of a final dividend of HK1.1 cents per share. Together with an interim dividend of HK1.3 cents per share already declared and paid, the total dividend will amount to HK2.4 cents per share for the Year. This represents a payout ratio of approximately 28.8%.

Mr. Felix Chang, Chairman, Chief Executive Officer and Executive Director of Evergreen, said, “While the COVID-19 pandemic has brought unprecedented challenges to all industries, we are pleased to see a gradual recovery in the hair wig industry. By seizing opportunities during the Year, we have been able to achieve a significant turnaround as reflected by the Group’s overall financial performance. The upturn can also be attributed to our stable supply chain and production which were not significantly impacted by the government’s epidemic prevention measures. It is worth noting as well that we further enhanced our production capabilities, which allowed us to satisfy strong market demand.”

Business Review

During the Year, the combination of lockdowns, capacity restrictions and social distancing measures in countries across the globe played a significant role in creating pent demand. The closure of salons amid the pandemic has changed the consumption habit of its target customers. During the social isolation period, many women of African descent, who are the primary patrons of African hair braiding salons, turned to the internet to learn how to style and braid their own hair to help achieve their desired look. This resulted in strong sales of braid products since the second half of 2020 and all of 2021.

As more people received vaccinations, consumers gradually returned to hair salons for upkeep and styling. Moreover, they resumed purchases of hair and lace products which are of higher margins. Lace closures, which are newly launched products of Evergreen, were the major revenue drivers of the Year. Meanwhile, sale of human hair products, which also possess high margins, achieved a recovery. To satisfy such strong market demand, production capabilities at the Bangladesh factory have been continuously enhanced. Revenue generated from hair products produced at the Bangladesh factory consequently accounted for 95.2% of the Group’s total revenue.

Wig, hair accessories and others remained as the Group’s key product segment. For the Year, the segment generated HK\$1,026.4 million in revenue, up a significant 43.9% year-on-year, and accounted for 85.0% of the Group’s total revenue. The strong performance was primarily due to increased sales of braids products and sales from lace closures. Revenue of **high-end human hair extensions** also increased, up 8.0% to HK\$157.5 million, while revenue from **Halloween products** amounted to HK\$23.6 million. The United States remained as the Group’s principal market during the Year, accounting for 87.6% of its total revenue.

Mr. Chang concluded, “While uncertainties exist, we have been closely monitoring market conditions and adjusting our business strategies and operations to mitigate risk. Also, to minimize any negative impacts, we have directed greater focus on bolstering our core businesses. Going forward, we will continue executing initiatives to enhance the financial performance of all our operations. Such initiatives will include improving margins, optimising costs, increasing operational efficiency, and digitalise and equip our businesses with automated production machines, all in a bid to create value for our stakeholders and drive sustainable growth.”

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About Evergreen Products Group Limited

Founded in 1962, Evergreen is one of the leading global manufacturers of hair goods. Since its establishment, the Group has gained unique competitive advantages in the global hair goods market by capitalising on its extensive industry knowledge, reputation for quality products and comprehensive product portfolio. Headquartered in Hong Kong, the Group has three production centres in China and five production centres in Bangladesh. The Group employs more than 25,000 people around the world and operates in Bangladesh, China, Hong Kong, Japan and the United States.

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