

# 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**

**2024**  
**INTERIM REPORT**

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# Corporate Information

## DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Chang Yoe Chong Felix  
*(Chairman and Chief Executive Officer)*  
Mr. Chan Kwok Keung  
Ms. Jia Ziyang  
Mr. Li Yanbo

### NON-EXECUTIVE DIRECTOR

Mr. Chan Lau Yui Kevin

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Hendrick *M.H.*  
Mr. Szeto Yuk Ting  
Ir. Cheung Siu Wa

## COMPANY SECRETARY

Mr. Siu Ching Hung *(ACG, HKACG)*

## AUTHORIZED REPRESENTATIVES

Mr. Chan Kwok Keung  
Mr. Siu Ching Hung *(ACG, HKACG)*

## AUDIT COMMITTEE

Mr. Sin Hendrick *M.H. (Chairman)*  
Mr. Szeto Yuk Ting  
Ir. Cheung Siu Wa

## REMUNERATION COMMITTEE

Mr. Szeto Yuk Ting *(Chairman)*  
Mr. Chang Yoe Chong Felix  
Mr. Sin Hendrick *M.H.*  
Ir. Cheung Siu Wa

## NOMINATION COMMITTEE

Mr. Chang Yoe Chong Felix *(Chairman)*  
Mr. Sin Hendrick *M.H.*  
Mr. Szeto Yuk Ting  
Ir. Cheung Siu Wa

## AUDITOR

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

## Corporate Information

### PRINCIPAL BANKS

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Fubon Bank (Hong Kong) Limited

### HONG KONG LEGAL ADVISER

Woo Kwan Lee & Lo

### REGISTERED OFFICE

P.O. Box 472, 2nd Floor  
Harbour Place, 103 South Church Street  
George Town, Grand Cayman KY1-1106  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

11th Floor, Chiap Luen Industrial Building  
30–32 Kung Yip Street  
Kwai Chung, New Territories  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.  
P.O. Box 472, 2nd Floor  
Harbour Place, 103 South Church Street  
George Town, Grand Cayman KY1-1106  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PLACE OF LISTING

The Stock Exchange of Hong Kong Limited  
(stock code: 1962)

### COMPANY WEBSITE

[www.epfhk.com](http://www.epfhk.com)

# Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of Evergreen Products Group Limited (the “**Company**”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023.

## BUSINESS REVIEW

The global economy remained remarkably resilient, with growth holding steady as inflation descended from the peak and growth in employment and income holding steady, resulting in the consumer purchasing power on hair products beginning to stabilise.

In the current complex and ever-changing environment, the Group has continuously enhanced the operation and further increased the cooperative relationship with the key customers, gaining more understanding of their needs and adjusting the products research and development, ensuring the process of mass production and operation to be effective and efficient. In the meanwhile, the Group intensified its cross-border e-commerce expansion efforts to reduce the impact on the Group caused by the periodic reduction in inventory orders from traditional offline channel customers.

The revenue of the Group amounted to HK\$525.2 million for the Period, representing an increase of approximately 9.6% as compared to the corresponding period in 2023. The growth of the sales of braid and special braid products with lower margin remained strong while the sales of human hair extension products with higher margin were also steadily rebounded during the Period. The gross profit margin slightly decreased to 22.4% which was impacted by the implementation of a new minimum gross wage in Bangladesh, however, the continuous devaluation of the Bangladeshi Taka against the US dollar offset the impact of rising labour costs. Net profit margin decreased to 4.5% when compared to 6.2% for the corresponding period in 2023, which is mainly a result of the increase in the finance cost due to the continuous high interest rate, the increase in the start-up cost and on-going expense of the new hairstyling business, and the increase in the income tax and deferred tax expense due to the expiry of tax holiday of income tax in Bangladesh.

## OUTLOOK

Amidst the persistently high interest rate environment, the Group has been continuously promoted the growth strategies while closely monitored the market and environmental conditions to adjust its business plan to manage any negative impacts to the Group.

The Group will continue to enhance the financial performance improvement initiatives across its operations and further setup more online stores on some well-known cross-border e-commerce platforms and begin to enter the hairstyling business to enlarge sales channels and customer bases. The Board believes that the Group has managed the challenges from the complex and ever-changing environment and expects that the market demand for products with higher margin will continuously restore towards the end of this year. The Group will continue to focus on its core business, closely monitor the latest development in the industry and adjust its strategies to provide the best interest of the shareholders of the Company in the medium to longer term.

# Management Discussion and Analysis

## FINANCIAL REVIEW

During the Period, the Group's financial results primarily dropped compared with the same period in 2023, mainly due to the increase in the finance cost due to the continuous high interest rate, the increase in the start-up cost and on-going expense of the new hairstyling business, and the increase in the income tax and deferred tax expense due to the expiry of tax holiday of income tax in Bangladesh.

## 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\$525.2 million, representing an increase of HK\$46.0 million, or 9.6%, as compared to HK\$479.2 million for the corresponding period in 2023. The increase was primarily due to the fact that the market demand of the braid products with lower margin remained strong while the sales of lace wigs and closures and human hair extension products with higher margin were also steadily rebounded. During the Period, the revenue generated from hair goods made at the Bangladesh factory accounted for 98.9% of the Group's total revenue as compared to 98.6% for the corresponding period in 2023.

The United States remained as the Group's principal market during the Period with revenue contribution accounting for 92.1% of the Group's total revenue during the Period as compared to 89.6% for the corresponding period in 2023. In terms of product segment, wigs, hair accessories and others remained as the Group's key product segment accounting for 84.1% of its total revenue during the Period as compared to 82.2% for the corresponding period in 2023.

*Wigs, hair accessories and others.* Revenue for wigs, hair accessories and others steadily rebounded by HK\$47.8 million, or 12.1%, from HK\$394.0 million for the six months ended 30 June 2023 to HK\$441.8 million for the Period. The increase was primarily due to a rise in sales of braid and special braid items which was one of the popular products while the sales of lace wig item also slightly increased and the revenue on the new hairstyling business beginning to contribute.

*High-end human hair extensions.* Revenue for high-end human hair extensions increased by HK\$10.9 million, or 20.1%, from HK\$54.2 million for the six months ended 30 June 2023 to HK\$65.1 million for the Period, primarily due to the recovery of consumers' purchasing power on the human hair extension products.

## Management Discussion and Analysis

*Halloween products.* Revenue for Halloween products decreased by HK\$12.7 million, or 41.0%, from HK\$31.0 million for the six months ended 30 June 2023 to HK\$18.3 million for the Period, primarily due to a decrease in sales volume due to the continuous of de-stocking pressure from customer.

### COST OF GOODS SOLD

The Group's cost of goods sold increased by HK\$38.4 million, or 10.4%, from HK\$369.2 million for the six months ended 30 June 2023 to HK\$407.6 million for the Period. The increase was in line with the increase in revenue and also an increase in direct labour cost by the implementation of a new minimum gross wage in Bangladesh.

*Wigs, hair accessories and others.* Cost of goods sold for wigs, hair accessories and others increased by HK\$39.2 million, or 12.6%, from HK\$312.0 million for the six months ended 30 June 2023 to HK\$351.2 million for the Period. The increase was in line with the increase 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 increased by HK\$7.4 million, or 19.8%, from HK\$36.8 million for the six months ended 30 June 2023 to HK\$44.2 million for the Period. The increase was in line with the increase in revenue from high-end human hair extensions products during the Period.

*Halloween products.* Cost of goods sold for Halloween products decreased by HK\$8.2 million, or 40.2%, from HK\$20.3 million for the six months ended 30 June 2023 to HK\$12.1 million for the Period. The decrease was in line with the decrease in revenue from Halloween products during the Period.

### GROSS PROFIT

During the Period, the Group's gross profit amounted to HK\$117.6 million, representing an increase of HK\$7.6 million, or 6.9%, as compared to HK\$110.0 million for the corresponding period in 2023. The gross profit remained stable primarily due to a rise in sale and the continuous devaluation of the Bangladeshi Taka against the US dollar, which offset with the increase in the labour cost due to the implementation of a new minimum gross wage in Bangladesh during the Period. During the Period, the Group's gross profit margin was 22.4%, representing a slightly decrease of 0.6% from 23.0% for the corresponding period in 2023.

*Wigs, hair accessories and others.* Gross profit for wigs, hair accessories and others increased by HK\$8.6 million, or 10.5%, from HK\$82.0 million for the six months ended 30 June 2023 to HK\$90.6 million for the Period. Gross profit margin for wigs, hair accessories and others decreased from 20.8% for the six months ended 30 June 2023 to 20.5% for the Period, primarily due to an increase in total production overheads for the Period.

## Management Discussion and Analysis

*High-end human hair extensions.* Gross profit for high-end human hair extensions increased by HK\$3.5 million, or 20.4%, from HK\$17.4 million for the six months ended 30 June 2023 to HK\$20.9 million for the Period. Gross profit margin for high-end human hair extensions slightly increased from 32.0% for the six months ended 30 June 2023 to 32.1% for the Period, primarily due to a slight decrease in total production costs of Human hair extension products during the Period.

*Halloween products.* Gross profit for Halloween products decreased by HK\$4.6 million, or 42.5%, from HK\$10.7 million for the six months ended 30 June 2023 to HK\$6.1 million for the Period. Gross profit margin for Halloween products decreased from 34.4% for the six months ended 30 June 2023 to 33.5% for the Period, primarily due to an increase in total production costs of Halloween products during the Period.

### OTHER INCOME

Other income increased by HK\$1.2 million, or 40.7%, from HK\$2.9 million for the six months ended 30 June 2023 to HK\$4.1 million for the Period, primarily due to an increase in bank interest income and rental income during the Period.

### OTHER GAINS AND LOSSES

Other gains and losses increased by HK\$0.3 million, or 11.9%, from gains of HK\$2.6 million for the six months ended 30 June 2023 to HK\$2.9 million for the Period. The other gains and losses primarily comprised a loss amounting to HK\$0.2 million from the fair value change of the financial assets at fair value through profit and loss and a gain amounting to HK\$3.2 million from the foreign currency conversion during the Period.

### IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

During the Period, the Group provided approximately HK\$0.1 million of an impairment allowance in respect of trade receivables (2023: The Group provided HK\$0.1 million).

### DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses increased by HK\$1.8 million, or 15.3%, from HK\$11.4 million for the six months ended 30 June 2023 to HK\$13.2 million for the Period, primarily due to an increase in shipping expenses and commission expenses during the Period.

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by HK\$0.6 million, or 1.0%, from HK\$60.9 million for the six months ended 30 June 2023 to HK\$61.5 million for the Period, primarily due to an increase in salaries and staff benefit (including director's remuneration) due to an increase in manpower in the new hairstyling business.

## Management Discussion and Analysis

### OTHER EXPENSES

Other expenses decreased by HK\$0.2 million, or 55.9%, from HK\$0.4 million for the six months ended 30 June 2023 to HK\$0.2 million for the Period, primarily due to a decrease in donation made during the Period.

### FINANCE COSTS

Finance costs increased by HK\$4.6 million, or 27.6%, from HK\$16.9 million for the six months ended 30 June 2023 to HK\$21.5 million during the Period, it was mainly due to the continuous high interest rate.

### TAXATION

Income tax expenses of the Group increased by approximately HK\$3.7 million, or 581.2%, from a taxation of HK\$0.6 million for the six months ended 30 June 2023 to a taxation of approximately HK\$4.3 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\$1.6 million for the Period (2023: included a reversal of deferred taxation in the amount of HK\$0.1 million).

### NET PROFIT

The Group's net profit for the Period was HK\$23.9 million, representing a decrease of HK\$6.2 million, or 19.6%, as compared to HK\$29.7 million for the corresponding period in 2023, which was primarily attributable to the increase in the finance cost due to the continuous high interest rate, the increase in the start-up cost and on-going expense of the new hairstyling business, and the increase in the income tax and deferred tax expense due to the expiry of tax holiday of income tax in Bangladesh.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's bank balances, pledged bank deposits and cash increased by HK\$11.5 million or 6.2% from HK\$184.2 million as at 31 December 2023 to HK\$195.6 million as at 30 June 2024. The increase in cash and bank balances for the Period was primarily due to an increase in the trade receivable collection and the proceed from disposal of subsidiaries during the Period.

The Group's trade and other receivables decreased by HK\$2.4 million or 0.8% from HK\$274.3 million as at 31 December 2023 to HK\$271.9 million as at 30 June 2024. The decrease was primarily due to the proceed from disposal of subsidiaries.

## Management Discussion and Analysis

### BORROWINGS AND GEARING RATIO

As at 30 June 2024, the Group's banking facilities amounted to HK\$840.1 million, of which HK\$182.3 million remained unutilised. As at 30 June 2024, 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 74.4% as compared to 72.8% as at 31 December 2023. 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\$13.3 million on additions to fixed assets as compared to HK\$13.9 million for the corresponding period in 2023, mainly due to maintain its manufacturing capabilities in Bangladesh. As at 30 June 2024, the Group had capital commitments of HK\$1.0 million in respect of property, plant and equipment (31 December 2023: HK\$0.6 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 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 98.9% during the Period (30 June 2023: 98.6%)) 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.

For the Period, 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 2024, the Group did not have any material contingent liabilities.

## Management Discussion and Analysis

### PLEDGE OF ASSETS

As at 30 June 2024, the Group's banking borrowing facilities were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$85.2 million (31 December 2023: HK\$87.1 million);
- (b) the Group's land and buildings and carparks in Hong Kong of approximately HK\$85.7 million (31 December 2023: HK\$84.5 million);
- (c) the Group's land and buildings of approximately HK\$26.0 million (31 December 2023: HK\$22.3 million);
- (d) negative pledge on the assets of certain subsidiaries in the PRC and Bangladesh; and
- (e) certain life insurance contracts classified as financial assets at fair value through profit and loss of the Group.

As at 30 June 2024, the Group's other borrowing was secured by the Group's bank deposits of approximately HK\$6.5 million (31 December 2023: HK\$6.5 million).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 23,851 employees, as compared to 24,454 employees as at 30 June 2023.

Total employee expenditures during the Period amounted to HK\$182.1 million as compared to HK\$151.9 million for the corresponding period in 2023. 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.

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

## Management Discussion and Analysis

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

Save as disclosed in this Management Discussion and Analysis and in the condensed consolidated financial statements, (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 2024.

### **INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of HK\$3.0 cent per Share for the Period (30 June 2023: HK\$4.2 cent per share of an interim dividend declared), totally approximately HK\$19.7 million based on a total of 655,652,000 Shares in issue as at the date of this report.

The interim dividend payout ratio is 83.6% for the Period (2023: interim dividend payout ratio: 97.0%).

The interim dividend will be payable on Friday, 20 September 2024 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 13 September 2024.

### **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, 11 September 2024 to Friday, 13 September 2024, both dates 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, 10 September 2024.

# Corporate Governance and Other Information

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining 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 (the “**Listing Rules**”). The Board is of the view that, the Company has complied with all 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 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 in 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 (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All 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.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (I) LONG POSITION IN THE SHARES OF THE COMPANY

Name of Director/chief executive	Capacity/nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company <sup>(7)</sup>
Mr. Chang Yoe Chong Felix	(i) Beneficiary of a trust/ Founder of a discretionary trust	343,369,803 <sup>(1)</sup>	52.37%
	(ii) Beneficial owner	12,790,000 <sup>(2)</sup>	1.95%
Mr. Chan Kwok Keung	Beneficial owner	1,000,000 <sup>(3)</sup>	0.15%
Ms. Jia Ziyang	(i) Beneficial owner	394,000 <sup>(4)</sup>	0.06%
	(ii) Interest of spouse	100,000 <sup>(6)</sup>	0.02%
Mr. Li Yanbo	(i) Beneficial owner	100,000 <sup>(5)</sup>	0.02%
	(ii) Interest of spouse	394,000 <sup>(6)</sup>	0.06%

## Corporate Governance and Other Information

### Notes:

- (1) These Shares are held directly by Evergreen Enterprise Holdings Limited ("**Evergreen Holdings**"), a direct wholly-owned subsidiary of Golden Evergreen Limited ("**Golden Evergreen**"). 49% and 51% of the issued share capital of Golden Evergreen are owned by FC Investment Worldwide Limited ("**FC Investment**") (a direct wholly-owned subsidiary of FC Management Limited ("**FC Management**")) and CLC Investment Worldwide Limited ("**CLC Investment**") (a direct wholly-owned subsidiary of CLC Management Limited ("**CLC Management**")), respectively. FC Management is directly and wholly-owned by HSBC International Trustee Limited as the trustee of a discretionary trust established on 17 February 2010 by Mr. Chang Yoe Chong Felix as the settlor for the benefit of the late Mr. Chang Chih Lung (who passed away in March 2022), Mr. Chang Ka Wai Aidan and Mr. Chang Yoe Chong Felix's issue (the "**Felix Family Trust**"). CLC Management is directly and wholly-owned by HSBC International Trustee Limited as the trustee of a discretionary trust established on 9 July 2013 by the late Mr. Chang Chih Lung as the settlor for the benefit of Mr. Chang Yoe Chong Felix and his issue (the "**CLC Family Trust**"). Accordingly, the late Mr. Chang Chih Lung ceased to be interested in the Shares and Mr. Chang Yoe Chong Felix is deemed to be interested in the Shares which are interested by HSBC International Trustee Limited under the SFO.
- (2) These Shares are beneficially owned by Mr. Chang Yoe Chong Felix.
- (3) These Shares were granted by the Company to Mr. Chan Kwok Keung on 16 January 2018 pursuant to the Share Award Scheme.
- (4) These Shares were granted by the Company to Ms. Jia Ziyang on 16 January 2018 pursuant to the Share Award Scheme.
- (5) These Shares were granted by the Company to Mr. Li Yanbo on 16 January 2018 pursuant to the Share Award Scheme.
- (6) Ms. Jia Ziyang is the spouse of Mr. Li Yanbo. As such, Ms. Jia Ziyang and Mr. Li Yanbo are deemed to be interested in each other's interest.
- (7) Based on a total of 655,652,000 issued Shares as at 30 June 2024.

## Corporate Governance and Other Information

### (II) LONG POSITION IN THE SHARES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director/ chief executive	Name of our associated corporations	Capacity/nature of interest	Number of shares interested	Approximate percentage of shareholding
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Evergreen Holdings <sup>(1)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	20,000	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Golden Evergreen <sup>(1)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	100	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	CLC Investment <sup>(1)</sup>	Beneficiary of a trust	2	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	CLC Management <sup>(1)</sup>	Beneficiary of a trust	2	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Evergreen Group Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	100,000,000	73.04%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Ventures Day Investments Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	100	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Acemaster Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Cowden Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%

## Corporate Governance and Other Information

Name of Director/ chief executive	Name of our associated corporations	Capacity/nature of interest	Number of shares interested	Approximate percentage of shareholding
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Fast Track Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Golden Image Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Market Focus Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Punchline Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Smart Plus Ventures Limited <sup>(2)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Eastern Earnings (China) Company Limited <sup>(4)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	1,000,000	100%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Sunleaf Holdings Limited <sup>(4)</sup>	Beneficiary of a trust/ Founder of a discretionary trust	7,000	70%
		Interest of controlled corporation <sup>(5)</sup>	3,000	30%
Mr. Chang Yoe Chong Felix <sup>(3)</sup>	Evergreen Housekeepers Training Center Limited <sup>(4)</sup>	Founder of a discretionary trust	999	99%

## Corporate Governance and Other Information

*Notes:*

- (1) Evergreen Holdings, a direct wholly-owned subsidiary of Golden Evergreen, holds approximately 52.37% of the issued share capital of the Company. 49% and 51% of the issued share capital of Golden Evergreen are owned by FC Investment (a direct wholly-owned subsidiary of FC Management) and CLC Investment (a direct wholly-owned subsidiary of CLC Management), respectively. Accordingly, each of Evergreen Holdings, Golden Evergreen, CLC Investment and CLC Management is a holding company and an associated corporation of the Company.
- (2) Approximately 73.04% of the issued share capital of Evergreen Group Limited is owned by Evergreen Holdings. Evergreen Group Limited holds the entire issued share capital of Ventures Day Investments Limited. Ventures Day Investments Limited holds the entire issued share capital of each of Acemaster Ventures Limited, Cowden Ventures Limited, Fast Track Ventures Limited, Golden Image Ventures Limited, Market Focus Ventures Limited, Punchline Ventures Limited and Smart Plus Ventures Limited. Accordingly, each of Evergreen Group Limited, Ventures Day Investments Limited, Acemaster Ventures Limited, Cowden Ventures Limited, Fast Track Ventures Limited, Golden Image Ventures Limited, Market Focus Ventures Limited, Punchline Ventures Limited and Smart Plus Ventures Limited is a subsidiary of Evergreen Holdings and an associated corporation of the Company.
- (3) Each of FC Management and CLC Management is directly and wholly owned by HSBC International Trustee Limited, the trustee of the Felix Family Trust and the CLC Family Trust. The CLC Family Trust is a discretionary trust established by the late Mr. Chang Chih Lung (who passed away in March 2022) (the father of Mr. Chang Yoe Chong Felix) as the settlor, with Mr. Chang Yoe Chong Felix and his issue being the beneficiaries. The Felix Family Trust is a discretionary trust established by Mr. Chang Yoe Chong Felix as the settlor, with the late Mr. Chang Chih Lung, Mr. Chang Ka Wai Aidan (the son of Mr. Chang Yoe Chong Felix and a minor) and Mr. Chang Yoe Chong Felix's issues being the beneficiaries. Accordingly, Mr. Chang Yoe Chong Felix is deemed to be interested in the above associated corporations of the Company under the SFO.
- (4) Evergreen Housekeepers Training Center Limited is 100% owned by Sunleaf Holdings Limited, which is 70% owned by Eastern Earnings (China) Company Limited. Eastern Earnings (China) Company Limited is 51% owned by FC Investment, which is 100% held by FC Management. Accordingly, Mr. Chang Yoe Chong Felix is deemed to be interested in the above associated corporations of the Company under the SFO.
- (5) Such shares are held by Prince Orchid Limited, which is 100% owned by Mr. Chang Yoe Chong Felix.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, none of the Directors or the chief executives of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as the Directors are aware, as at 30 June 2024, the following corporations/persons had interests of 5% or more in the issued Shares which shall be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

## Corporate Governance and Other Information

## INTEREST IN THE SHARES OF THE COMPANY

Name of shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company <sup>(4)</sup>
Evergreen Holdings <sup>(1)</sup>	Beneficial owner	343,369,803 (Long position)	52.37%
Golden Evergreen <sup>(1)</sup>	Interest of controlled corporation	343,369,803 (Long position)	52.37%
FC Investment <sup>(1)</sup>	Interest of controlled corporation	343,369,803 (Long position)	52.37%
FC Management <sup>(1)</sup>	Interest of controlled corporation	343,369,803 (Long position)	52.37%
CLC Investment <sup>(1)</sup>	Interest of controlled corporation	343,369,803 (Long position)	52.37%
CLC Management <sup>(1)</sup>	Interest of controlled corporation	343,369,803 (Long position)	52.37%
HSBC International Trustee Limited <sup>(1)</sup>	Trustee of a trust	343,369,803 (Long position)	52.37%
Ms. Wong Hor Yan <sup>(2)</sup>	Interest of spouse	356,159,803 (Long position)	54.32%
SEAVI Advent Investments Ltd. (“SEAVI Advent”) <sup>(3)</sup>	Beneficial owner	46,132,196 (Long position)	7.04%
SEAVI Advent Equity V (A) Ltd	Interest of controlled corporation	46,132,196 (Long position)	7.04%
Precision Global Capital Management LLC	Beneficial owner	56,464,000 (Long position)	8.61%

## Corporate Governance and Other Information

*Notes:*

- (1) Evergreen Holdings is a direct wholly-owned subsidiary of Golden Evergreen. 49% and 51% of issued share capital of Golden Evergreen are owned by FC Investment (a direct wholly owned subsidiary of FC Management) and CLC Investment (a direct wholly-owned subsidiary of CLC Management), respectively. Each of FC Management and CLC Management is directly and wholly-owned by HSBC International Trustee Limited, the trustee of the Felix Family Trust and the CLC Family Trust. The late Mr. Chang Chih Lung ceased to be interested in the CLC Family Trust and the Felix Family Trust on 20 November 2023. Accordingly, each of Golden Evergreen, FC Investment, FC Management, CLC Investment, CLC Management and HSBC International Trustee Limited is deemed to be interested in the Shares held by Evergreen Holdings under the SFO.
- (2) Ms. Wong Hor Yan is the spouse of Mr. Chang Yoe Chong Felix, and is deemed to be interested in the Shares which are interested by Mr. Chang Yoe Chong Felix under the SFO.
- (3) SEAVI Advent is wholly-owned by SEAVI Advent Equity V (A) Ltd. SEAVI Advent Equity V (A) Ltd is therefore deemed to be interested in the Shares held by SEAVI Advent under the SFO.
- (4) Based on a total of 655,652,000 issued Shares as at 30 June 2024.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, the Directors have not been notified by any person who had interests or short position in Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### 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 2024, no option has been granted or agreed to be granted under the share option scheme.

## Corporate Governance and Other Information

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

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

### **CHANGES IN INFORMATION OF DIRECTORS**

There is no change in information of the Directors since the publication of the annual report of the Company for the year ended 31 December 2023, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") has reviewed together with the Board and Deloitte Touche Tohmatsu, 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.

By Order of the Board

**Evergreen Products Group Limited**

**Chang Yoe Chong Felix**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 23 August 2024

# Report on Review of Condensed Consolidated Financial Statements

**Deloitte.**

**德勤**

## TO THE BOARD OF DIRECTORS OF EVERGREEN PRODUCTS GROUP LIMITED

訓修實業集團有限公司

(incorporated in Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Evergreen Products Group Limited (the “**Company**”) and its subsidiaries set out on pages 22 to 44, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ‘Interim Financial Reporting’ (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

23 August 2024

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended	
		30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Revenue	3	525,178	479,193
Cost of sales		(407,551)	(369,190)
Gross profit		117,627	110,003
Other income		4,080	2,899
Other gains and losses	4	2,922	2,611
Impairment losses recognised on trade receivables under expected credit loss model, net of reversal	5	(7)	(4)
Distribution and selling expenses		(13,194)	(11,441)
Administrative expenses		(61,508)	(60,901)
Other expenses	6	(164)	(372)
Finance costs	7	(21,528)	(16,870)
Gain on disposal of an investment in a subsidiary		–	4,414
Profit before tax		28,228	30,339
Income tax expense	8	(4,346)	(638)
Profit for the period	9	23,882	29,701
<b>Other comprehensive (expense) income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Deficit on revaluation of properties		(2,731)	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(21,347)	(13,806)
Reclassification of cumulative reserve to profit and loss upon disposal of a subsidiary		–	1,272
Other comprehensive expense for the period, net of income tax		(21,347)	(12,534)
		(24,078)	(12,534)
Total comprehensive (expense) income for the period		(196)	17,167

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended	
		30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		<b>24,882</b>	31,621
Non-controlling interests		<b>(1,000)</b>	(1,920)
		<b>23,882</b>	29,701
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>1,058</b>	19,619
Non-controlling interests		<b>(1,254)</b>	(2,452)
		<b>(196)</b>	17,167
Earnings per share (HK\$)	11		
– basic		<b>0.04</b>	0.05
– diluted		<b>N/A</b>	N/A

# Condensed Consolidated Statement of Financial Position

At 30 June 2024

		30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	<b>546,467</b>	580,600
Investment properties	12	<b>14,582</b>	15,043
Financial assets at fair value through profit or loss ("FVTPL")		<b>44,137</b>	43,800
Non-current deposits	14	<b>17,621</b>	7,553
		<b>622,807</b>	646,996
<b>CURRENT ASSETS</b>			
Inventories	13	<b>496,276</b>	521,359
Trade and other receivables	14	<b>271,934</b>	274,262
Tax recoverable		<b>8,074</b>	4,782
Pledged bank deposits	15	<b>91,673</b>	93,584
Cash and cash equivalents		<b>103,974</b>	90,583
		<b>971,931</b>	984,570
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	<b>119,017</b>	131,629
Contract liabilities		<b>9,155</b>	10,832
Amount due to a related company		<b>2,350</b>	6,150
Amount due to a non-controlling shareholder of a subsidiary		<b>2,416</b>	2,376
Tax payable		<b>12,264</b>	12,660
Secured bank and other borrowings	17	<b>572,372</b>	568,563
Lease liabilities		<b>1,544</b>	1,844
		<b>719,118</b>	734,054
<b>NET CURRENT ASSETS</b>		<b>252,813</b>	250,516
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>875,620</b>	897,512

## Condensed Consolidated Statement of Financial Position

At 30 June 2024

		<b>30.6.2024</b>	31.12.2023
		<b>HK\$'000</b>	HK\$'000
	<i>Notes</i>	<b>(unaudited)</b>	(audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	18	<b>51,010</b>	51,010
Reserves		<b>782,660</b>	800,616
<hr/>			
Equity attributable to owners of the Company		<b>833,670</b>	851,626
Non-controlling interests		<b>(7,780)</b>	(6,526)
<hr/>			
<b>TOTAL EQUITY</b>		<b>825,890</b>	845,100
<hr/>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>8,986</b>	7,817
Secured bank and other borrowings	17	<b>31,939</b>	35,172
Lease liabilities		<b>8,805</b>	9,423
<hr/>			
		<b>49,730</b>	52,412
<hr/>			
		<b>875,620</b>	897,512
<hr/>			

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note (a))	Property revaluation reserve HK\$'000	Other reserve HK\$'000 (Note (b))	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2024 (audited)	51,010	449,373	(53,992)	124,378	(5,364)	(128,013)	414,234	851,626	(6,526)	845,100
Profit for the period	-	-	-	-	-	-	24,882	24,882	(1,000)	23,882
Deficit on revaluation of properties	-	-	-	(2,731)	-	-	-	(2,731)	-	(2,731)
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(21,093)	-	(21,093)	(254)	(21,347)
Total comprehensive income (expense) for the period	-	-	-	(2,731)	-	(21,093)	24,882	1,058	(1,254)	(196)
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	(19,014)	(19,014)	-	(19,014)
At 30 June 2024 (unaudited)	51,010	449,373	(53,992)	121,647	(5,364)	(149,106)	420,102	833,670	(7,780)	825,890

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note (a))	Property revaluation reserve HK\$'000	Other reserve HK\$'000 (Note (b))	Translation reserve HK\$'000	Amount recognised in other comprehensive income for assets held for sale HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	53,377	466,772	(53,992)	118,167	(76)	(103,415)	(1,272)	416,848	896,409	(8,321)	888,088
Profit for the period	-	-	-	-	-	-	-	31,621	31,621	(1,920)	29,701
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(13,274)	-	-	(13,274)	(532)	(13,806)
Reclassified of cumulative reserve to profit and loss upon disposal of a subsidiary	-	-	-	-	-	-	1,272	-	1,272	-	1,272
Total comprehensive income (expense) for the period	-	-	-	-	-	(13,274)	1,272	31,621	19,619	(2,452)	17,167
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	(25,385)	(25,385)	-	(25,385)
At 30 June 2023 (unaudited)	53,377	466,772	(53,992)	118,167	(76)	(116,689)	-	423,084	890,643	(10,773)	879,870

## Notes:

- (a) Capital reserve represents (i) the contribution from an intermediate holding company to Evergreen Products Factory Limited (“**Evergreen Factory**”), a wholly owned subsidiary of the Company; and (ii) the difference between the nominal value of the share capital of Evergreen Factory at the date on which it was acquired by the Group, and the deemed consideration pursuant to the group reorganisation in prior years.
- (b) Other reserve represents the effect of change in ownership in a subsidiary when there was no change in control in prior years.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Operating activities		
Profit before tax	28,228	30,339
Adjustment for:		
Decrease in inventories	25,083	33,748
Increase in trade and other payables	117,301	114,187
Other operating activities	42,140	(962)
Net cash from operating activities	212,752	177,312
Investing activities		
Proceed from disposal of subsidiaries	3,500	–
Withdrawal of pledged bank deposits	1,911	–
Interest received	1,383	929
Purchase of property, plant and equipment	(16,605)	(13,811)
Deposits paid for acquisition of subsidiaries	(10,000)	–
Payment for new insurance contracts	(567)	(567)
Purchase of investment funds	–	(1,680)
Placement of pledged bank deposits	–	(3,873)
Payment for property rental deposits	244	(12)
Net cash used in investing activities	(20,134)	(19,014)
Net cash from financing activities		
New secured bank and other borrowings raised	555,057	557,602
New bank overdrafts raised	27,270	100,365
Repayment of secured bank and other borrowings	(512,852)	(547,013)
Repayment of bank borrowings under supplier financing arrangement	(170,480)	(91,920)
Dividend paid	(19,014)	(25,385)
Interest paid	(37,721)	(16,540)
Repayment to a related company	(3,800)	(4,200)
Advance from a non-controlling shareholder of a subsidiary	40	938
Repayment of bank overdrafts	(26,421)	(107,330)
Repayments of lease liabilities	(918)	(1,424)
Net cash used in financing activities	(188,839)	(134,907)
Net increase in cash and cash equivalents	3,779	23,391
Cash and cash equivalents at beginning of the period	90,583	78,612
Effect of foreign exchange rate changes	9,612	(2,736)
Cash and cash equivalents at end of the period, represented by bank balances and cash	103,974	99,267

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have 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.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

### APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### APPLICATION OF AMENDMENTS TO HKFRSs (continued)

#### 2.1 Impacts of Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

The Group will apply amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2024.

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The application of the amendments is expected to affect the disclosures of the Group's liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group in the annual consolidated financial statements for the year ending 31 December 2024.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Wigs, hair accessories and others	441,842	394,009
High-end human hair extensions	65,055	54,213
Halloween products	18,281	30,971
	<b>525,178</b>	479,193

##### Group revenue by location of delivery to customers

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
United States of America	483,924	429,571
Germany	15,215	22,008
United Kingdom	11,046	10,146
Japan	3,342	7,544
The People's Republic of China (“ <b>the PRC</b> ”)	5,368	6,480
Others	6,283	3,444
	<b>525,178</b>	479,193

All revenue is recognised at a point of time.

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. A contract liability is recognised for receipt in advance for sales in which revenue has yet been recognised.

All the Group's sales contracts are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

In the view of the Group's CODM, there is no seasonality of operations.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

**4. OTHER GAINS AND LOSSES**

	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Losses on financial assets at FVTPL, net	<b>(230)</b>	(206)
Net foreign exchange gains	<b>3,152</b>	2,817
	<b>2,922</b>	2,611

**5. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES UNDER EXPECTED CREDIT LOSS MODEL**

	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Impairment losses recognised on trade receivables under expected credit loss model, net of reversal	<b>7</b>	4

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

**6. OTHER EXPENSES**

	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Donation expense	<b>164</b>	372

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 7. FINANCE COSTS

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Interest on bank borrowings	19,899	15,847
Interest on lease liabilities	336	324
Interest on other borrowings	494	516
Interest on amount due to a related company	73	183
Others	726	–
	<b>21,528</b>	16,870

## 8. INCOME TAX EXPENSE

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
The taxation charge comprises:		
Current tax:		
Bangladesh	916	552
Other jurisdictions	81	70
	<b>997</b>	622
Under-provision in prior year:		
Other jurisdictions	1,753	76
	<b>2,750</b>	698
Deferred tax:		
Current period	1,596	(60)
	<b>4,346</b>	638

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	19,443	24,184
Interest income	(1,383)	(929)
Government grants (included in other income) (Note)	(205)	–

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.

### 10. DIVIDENDS

During the six months ended 30 June 2024, a final dividend of HK\$2.9 cents per share (2023: HK\$3.7 cents per share in respect of the year ended 31 December 2022) in respect of the year ended 31 December 2023 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared in the prior year amounted to approximately HK\$19,014,000 (2023: HK\$25,385,000).

Subsequent to the end of the current interim period, the directors of the Group have determined that an interim dividend of HK\$3.0 cents per share amounting to HK\$19,670,000 in aggregate will be paid to owners of the Company whose names appear on the register of members of the Company on 13 September 2024.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 11. 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:

	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings attributable to owners of the Company:		
Earnings for the purpose of calculating basic and diluted earnings per share	<b>24,882</b>	31,621
	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>'000</b>	<b>'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>655,652</b>	686,082

No diluted earnings per share is presented for the six months ended 30 June 2024 and 2023 as there were no potential ordinary shares in issue for the six months ended 30 June 2024 and 2023.

### 12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2024, the Group acquired certain property, plant and equipment of HK\$13,260,000 (for the six months ended 30 June 2023: HK\$13,853,000).

During the interim period ended 30 June 2024, a revaluation deficit of HK\$2,731,000 has been recognised in relation to the Group's industrial buildings, offices and car parks that are carried at revalued amounts while no revaluation surplus or deficit has been recognised in the interim period ended 30 June 2023 because the revalued amounts do not differ significantly from their respective estimated fair values.

During the six months ended 30 June 2024, the Group entered into a new lease agreement with lease term of 2 years and lease renewal agreement with additional lease term of nine months to 5 years (for the six months ended 30 June 2023: entered into a new lease agreement with lease term of 3 years). The Group is required to make fixed monthly payments during the contract period. On lease commencement, or effective date of lease modification, the Group recognised right-of-use assets of HK\$216,000 (for the six months ended 30 June 2023: HK\$1,624,000) and lease liabilities of HK\$216,000 (for the six months ended 30 June 2023: HK\$1,624,000).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 13. INVENTORIES

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Raw materials	322,907	352,177
Work in progress	81,217	98,470
Finished goods	92,152	70,712
	<b>496,276</b>	521,359

## 14. TRADE AND OTHER RECEIVABLES

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Trade receivables – contracts with customers	226,991	215,131
Less: allowance for credit loss	(212)	(205)
	<b>226,779</b>	214,926
Other receivables	19,201	21,840
Consideration receivables	8,497	11,997
Other tax receivables	7,245	6,847
Prepayments	5,206	6,881
Deposits paid to suppliers	5,006	11,771
Deposits for acquisition of subsidiaries ( <i>Note</i> )	10,000	–
Deposits for acquisition of property, plant and equipment	6,854	6,542
Property rental deposits	767	1,011
	<b>289,555</b>	281,815
Analysis for reporting purpose as:		
Non-current assets	17,621	7,553
Current assets	271,934	274,262
	<b>289,555</b>	281,815

*Note:* In June 2024, the Group has entered into two sales and purchase agreements to acquire 80% equity interests in two companies for aggregate considerations of HK\$10,000,000. Refundable deposits amounting to HK\$10,000,000 has been paid to the respective vendors. As at the date of approval of these condensed consolidated financial statements, the acquisitions have not been completed.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 14. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period of 90 days to its trade customers.

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

	<b>30.6.2024</b>	31.12.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0–60 days	<b>159,614</b>	150,053
61–90 days	<b>43,427</b>	46,294
91–120 days	<b>10,792</b>	10,888
Over 120 days	<b>12,946</b>	7,691
	<b>226,779</b>	214,926

### 15. PLEDGED BANK DEPOSITS

The amounts represent deposits pledged to banks and financial institutions to secure bank and other borrowings and are therefore classified as current assets. The pledged bank deposits will be released upon the repayment of relevant bank and other borrowings.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 16. TRADE AND OTHER PAYABLES

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Trade payables	56,933	73,729
Accrued staff costs	32,229	32,671
Accruals and other payables	13,151	7,837
Other employee liabilities	16,704	17,392
	<b>119,017</b>	131,629

The following is an aged analysis of trade payables presented based on invoice date.

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
0–60 days	26,195	39,934
61–120 days	40	2
Over 120 days ( <i>Note</i> )	30,698	33,793
	<b>56,933</b>	73,729

*Note:* During the year ended 31 December 2023, certain suppliers have initiated lawsuits against Evergreen Products Factory (YZ) Co. Ltd, a wholly-owned subsidiary of the Company in the PRC (the “**Subsidiary**”) to demand immediate settlement of trade payables with a carrying amount of HK\$33,793,000 plus interest for late payment. The decision of the second-trial instance of the People’s Court in the PRC was made during the year ended 31 December 2023 and the Subsidiary were required to pay all the outstanding trade payables and the related interest of HK\$1,707,000 and certain right-of-use assets with a carrying amount of HK\$4,537,000 and other property, plant and equipment with a carrying amount of HK\$2,226,000 were frozen. The management are in the process of negotiation with the corresponding suppliers to settle these amounts out of court. Based on legal opinion, the directors of the Company opine that the possibility of an additional outflow of economic resources is remote. Hence, no further accrual of potential interest or other penalties was made.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

**17. SECURED BANK AND OTHER BORROWINGS/BANK OVERDRAFTS**

	<b>30.6.2024</b>	31.12.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Secured:		
Bank overdrafts	<b>665</b>	–
Bank borrowings	<b>502,937</b>	454,243
Bank borrowings under supplier financing arrangement	<b>89,467</b>	130,034
Other borrowing	<b>11,242</b>	19,458
	<b>604,311</b>	603,735

The Group's bank borrowings arranged at floating rates are with average effective interest rates ranging from 3.25% to 8.85% (31 December 2023: 3.90 % to 8.77 %) per annum. The bank borrowings arranged at fixed rate are ranging from 0.90% to 4.25% (31 December 2023: ranging from 0.9 % to 4.25 %) per annum.

The other borrowing carries interest at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.5% (31 December 2023: HIBOR plus 1.5 %) per annum and was secured by the Group's bank deposits of approximately HK\$6,500,000 (31 December 2023: HK\$6,500,000).

As at 30 June 2024 and 31 December 2023, the Group's banking facilities were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$85,173,000 (31 December 2023: HK\$87,084,000);
- (b) the Group's land and buildings and car parks in Hong Kong of approximately HK\$85,701,000 (31 December 2023: HK\$84,501,000);
- (c) the Group's land and buildings of approximately HK\$26,017,000 (31 December 2023: HK\$22,291,000);
- (d) negative pledge on the assets of certain subsidiaries in the PRC and Bangladesh; and
- (e) certain life insurance contracts classified as financial assets at FVTPL of the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 17. SECURED BANK AND OTHER BORROWINGS/BANK OVERDRAFTS (continued)

#### LOAN COVENANTS

The Group is required to comply with the financial covenants throughout the continuance of the relevant borrowings and/or as long as the borrowings is outstanding with a carrying amount of HK\$75,687,681 as at 30 June 2024 (31 December 2023: HK\$120,116,000). The Group has complied with these covenants at the reporting period end and classified the related borrowing balance as non-current.

### 18. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital <i>US\$'000</i>
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<b>1,000,000,000</b>	<b>10,000</b>
Issued and fully paid:		
At 1 January 2023 and 30 June 2023	686,082,000	6,861
At 1 January 2024 and 30 June 2024	<b>655,652,000</b>	<b>6,557</b>

Shown in the condensed consolidated financial statement as:

	Amount <i>HK\$'000</i>
At 31 December 2023 and 30 June 2024	<b>51,010</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 19. SHARE BASED PAYMENT TRANSACTIONS

#### SHARE OPTION SCHEME

The Group adopted a share option scheme on 19 June 2017 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to provide any directors and full-time employees of any members of the Group who have contributed or will contribute to the Group (the “**Participants**”) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite the Participants to take up options at a price determined by the board of directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited’s daily quotations sheet on the date on which an offer is made by the Company to the grantee (which must be a business day, the “**Offer Date**”); (b) a price being the average of the closing prices of the shares of the Company as stated in The Stock Exchange of Hong Kong Limited’s daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at 12 July 2017 unless the Company obtains a fresh approval from the shareholders to refresh the limit.

As at 1 January 2024 and 30 June 2024, the total number of Shares available for issue under the Share Option Scheme was 61,500,000 Shares respectively.

The maximum entitlement for any one Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the board of directors to the grantee at the time of making an offer.

No share options have been granted by the Group up to the date of issuance of these condensed consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

#### FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

In estimating the fair value, the Group uses market-observable data to the extent it is available. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

**20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS** (continued)**FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS**

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)		
Investment funds classified as financial assets at FVTPL	<b>Assets - 1,334</b>	Assets - 2,010	Level 3	Based on the net asset values of the investment fund
Life insurance contracts classified as financial assets at FVTPL (Note)	<b>Assets - 42,803</b>	Assets - 41,790	Level 3	Account values quoted by insurance companies.

*Note:* The returns of these financial assets represent the guaranteed interest plus a premium determined by the insurance companies and the related surrender charge is for termination of the life insurance contracts including the investment component. The directors of the Company consider the account values, which represents the surrender rate, quoted by the insurance companies as at 30 June 2024 and 31 December 2023 as an appropriate the fair value.

There is no transfers between Level 1 and Level 2 at the end of the reporting period.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

#### FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS (continued)

##### Reconciliation of Level 3 fair value measurements

	Investments funds <i>HK\$'000</i>	Life insurance contracts <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024 (audited)	2,010	41,790	43,800
Purchased	–	567	567
Change in fair value charged to profit or loss	(676)	446	(230)
At 30 June 2024	1,334	42,803	44,137

#### FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

### 21. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2024, bank borrowings under supply chain financing arrangements of approximately HK\$129,913,000 (six months ended 30 June 2023: HK\$88,667,000) represent the payments to the suppliers by the relevant banks directly.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 22. RELATED PARTY TRANSACTIONS

Other than balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties for both periods:

(a)	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Computer product and service expenses (Note)	540	540

*Note:* For both periods, the Group entered into transactions with Hopcom Software Company Limited which is controlled by Mr. Chang Yoe Chong, Felix, who is also the director and controlling shareholder of the Company.

#### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	2,905	2,779
Post-employment benefits	33	29
	2,938	2,808

The remuneration of directors and other members of key management is determined having regard to the performance of individuals and market trends.