

Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 1 Hold 0 Sell 0

|                         |            |
|-------------------------|------------|
| Current price:          | HK\$1.10   |
| Target price:           | HK\$1.27   |
| Previous target:        | HK\$1.00   |
| Up/downside:            | 15.7%      |
| CGI / Consensus:        | na         |
| Reuters:                | 1962.HK    |
| Bloomberg:              | 1962 HK    |
| Market cap:             | US\$96.19m |
|                         | HK\$754.7m |
| Average daily turnover: | US\$0.06m  |
|                         | HK\$0.48m  |
| Current shares o/s:     | 686.1m     |
| Free float:             | 35.0%      |

\*Source: Bloomberg

**Key changes in this note**

- 2022F and 2023F net profit forecasts decreased by 37.0% and 43.4%, respectively.



Source: Bloomberg

| Price performance | 1M   | 3M    | 12M  |
|-------------------|------|-------|------|
| Absolute (%)      | -7.6 | -15.4 | 7.8  |
| Relative (%)      | -1.1 | -1.5  | 38.1 |

| Major shareholders           | % held |
|------------------------------|--------|
| Mr Felix Chang               | 50.0   |
| SEAVI Advent Investments Ltd | 14.9   |

**Analyst**

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# Evergreen Products

## 2022 performance constrained by tight capacity and higher non-cash costs

- After a meaningful recovery in 2021, Evergreen Products' operations in 2022F are expected to be constrained by limited new capacity and higher non-cash costs.
- The Company will optimize its product portfolio by shifting more capacity to higher-margin products.
- The Company is expected to gain market share, given its geographical exposure. We expect it to resume capacity expansion in 2023 after improving in efficiency in 2021 and 2022.
- Despite a downward revision in its net profit forecasts for 2022F and 2023F because of higher-than-expected OPEX, Evergreen Products is back on the growth track and sees less risk ahead in terms of supply disruptions and slower downstream demand.
- We reiterate our ADD rating with a higher target price of HK\$1.27, based on 14x 2022F PER. Our new target PER is still in line with its historical average.

### Strategic location enables the Company to gain market share

Evergreen Products' major production base is in Bangladesh, which accounted for about 95.2% of revenue in 2021. As at 31 Dec 2021, Evergreen Products had 32,002 workers in Bangladesh, up from 26,699 workers a year earlier. Evergreen's production facilities in Bangladesh enable it to remain competitive with its peers in China. The Company's advantages are more prominent given the COVID-19 outbreak and lockdowns in China. The United States remained Evergreen Products' principal market in 2021, with its revenue contribution accounting for 87.6% of the Company's total revenue, compared to 88.1% in 2020. Since the recovery in 2021, the Company hasn't seen any slowdown in its major markets, given the pick-up in economic activity in US and other overseas markets, including the EU and Japan. We expect Evergreen Products to see less risk in terms of supply disruptions and slower downstream demand compared to its peers in China.

### 2022F operations to be constrained by tight capacity

The Company's order inflow remains resilient after a strong 2H21 performance. Despite the fact that the Bangladesh factory has continually expanded its production capacity to satisfy strong market demand, volume shipment growth in 2022 is expected to be constrained by no new capacity expansion in 2021. We believe that Evergreen Products will optimize its product mix and allocate more capacity to high-end hair-extension products. Despite limited yoy revenue growth in 2022, we still expect the Company to deliver positive yoy gross profit growth because of a more favourable product mix. Evergreen Products is expected to face higher financial expenses (because of higher interest rates) and higher non-cash costs in 2022. As a result, we expect the Company to report only slight yoy net profit growth in 2022. Evergreen Products intends to continue to expand its production capacity and increase the scope of its operations in Bangladesh. We expect the Company to resume capacity expansion in 2023 after improving efficiency in 2021 and 2022. The new capacity is expected to make more meaningful contribution in 2024. Evergreen Products also plans to increase its headcount outside the UPEZ for lower staff costs to improve overall profitability.

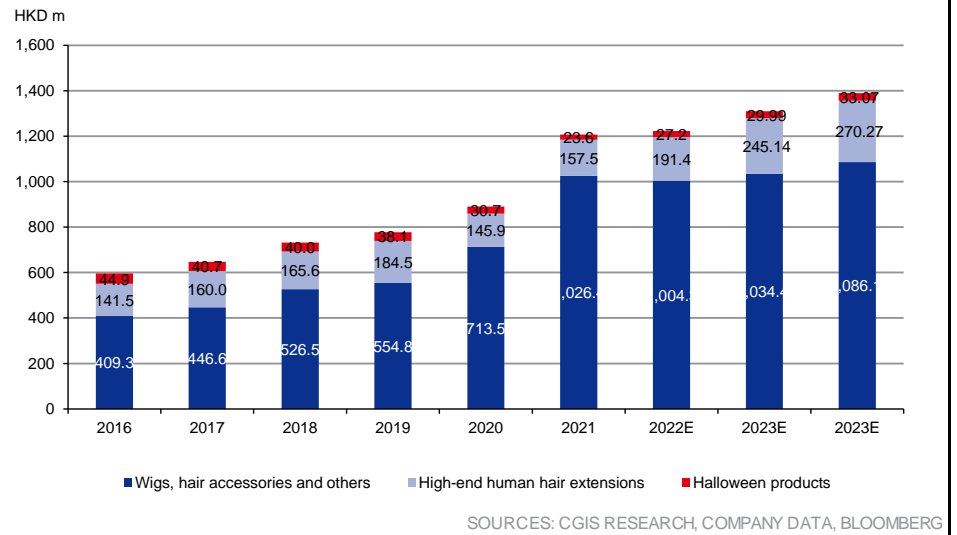
### Downward revision of forecasts

We lowered our 2022F and 2023F net profit forecasts by 37.0% and 43.4%, respectively, to reflect higher non-cash costs and financial expenses. We reiterate our ADD rating, with a higher target price of HK\$1.27, based on 14x 2022F PER. Our new target PER is still in line with its historical average.

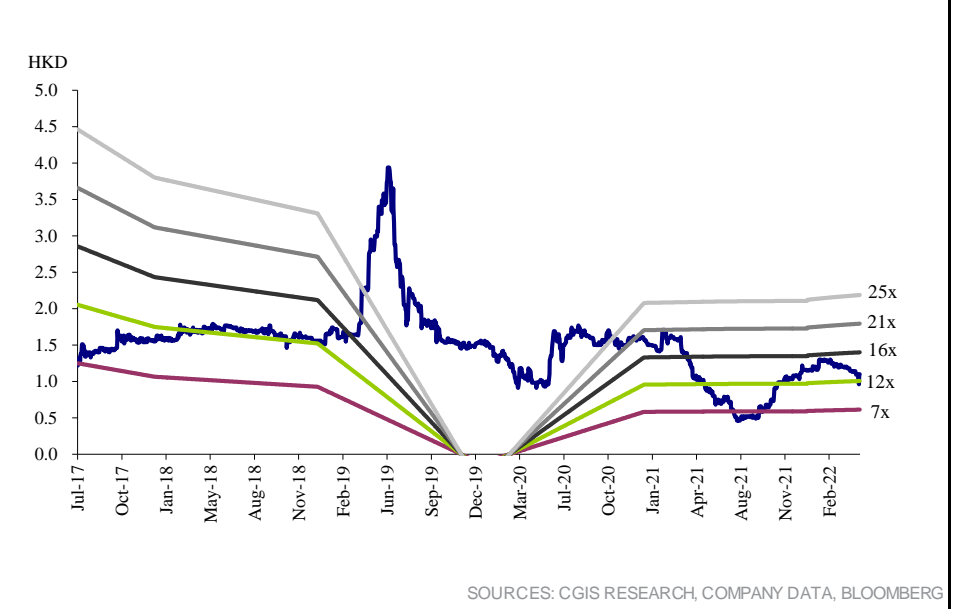
| Financial Summary                    | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|--------------------------------------|---------|---------|---------|---------|---------|
| Revenue (HK\$m)                      | 890     | 1,207   | 1,223   | 1,310   | 1,389   |
| Operating EBITDA (HK\$m)             | 54.3    | 116.9   | 132.2   | 155.1   | 175.1   |
| Net Profit (HK\$m)                   | (13.22) | 54.58   | 58.20   | 68.47   | 79.39   |
| Normalised EPS (HK\$)                | (0.02)  | 0.08    | 0.08    | 0.10    | 0.12    |
| Normalised EPS Growth                | (114%)  |         | 7%      | 18%     | 16%     |
| FD Normalised P/E (x)                | NA      | 13.83   | 12.97   | 11.02   | 9.51    |
| DPS (HK\$)                           | -       | 0.010   | 0.015   | 0.020   | 0.020   |
| Dividend Yield                       | 0.00%   | 0.91%   | 1.36%   | 1.82%   | 1.82%   |
| EV/EBITDA (x)                        | 24.32   | 10.75   | 9.26    | 8.05    | 7.19    |
| P/FCFE (x)                           | NA      | NA      | 215.4   | NA      | NA      |
| Net Gearing                          | 66.4%   | 54.1%   | 47.4%   | 46.6%   | 44.0%   |
| P/BV (x)                             | 0.87    | 0.82    | 0.78    | 0.73    | 0.69    |
| ROE                                  | (1.52%) | 6.10%   | 6.17%   | 6.86%   | 7.49%   |
| % Change In Normalised EPS Estimates |         |         | (37.0%) | (43.4%) |         |
| Normalised EPS/consensus EPS (x)     |         |         |         |         |         |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 1: Evergreen Products turnover breakdown**



**Figure 2: Evergreen Products PER band**

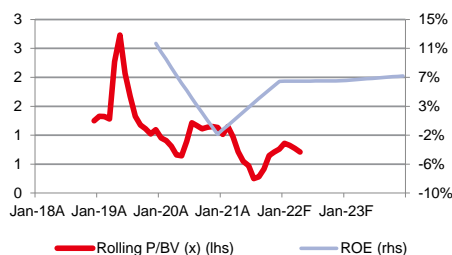
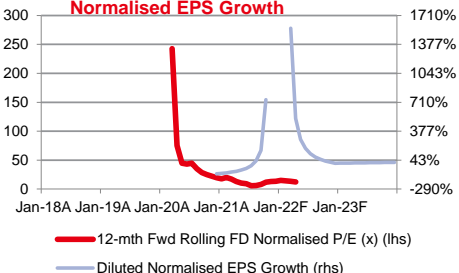


**Figure 3: Peer comparison**

| Ticker         | Company                      | Price<br>Lcy | Market Cap<br>US\$m | PE         |            | EV/EBITDA  |            | P/B        |            | ROE         |             | ROA        |            | Div yield  |            | Share Price Performance |             |             |              |
|----------------|------------------------------|--------------|---------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|-------------------------|-------------|-------------|--------------|
|                |                              |              |                     | 2022F      | 2023F      | 2022F      | 2023F      | 2021       | 2022F      | 2021        | 2022F       | 2021       | 2022F      | 2021       | 2022F      | 1M                      | 3M          | 6M          | YTD          |
| 1962 HK        | EVERGREEN PRODUCTS GROUP LTD | 1.1          | 96.2                | 13.0       | 11.0       | 9.3        | 8.1        | 0.8        | 0.8        | 6.2         | 6.9         | 3.1        | n.a.       | 0.9        | 1.4        | -7.6                    | -15.4       | 11.1        | -4.3         |
| 600439 CH      | HENAN REBECCA HAIR PRODUCT-A | 2.52         | 431.3               | n.a.       | n.a.       | n.a.       | n.a.       | 1.0        | n.a.       | n.a.        | n.a.        | 1.5        | n.a.       | n.a.       | n.a.       | -13.7                   | -11.3       | -3.1        | -16.3        |
| 2313 HK        | SHENZHOU INTERNATIONAL GROUP | 104.5        | 20021.0             | 25.2       | 19.7       | 18.7       | 15.1       | 4.8        | 4.3        | 12.3        | 17.2        | 8.5        | 12.0       | 1.9        | 2.2        | -1.4                    | -25.4       | -39.9       | -30.3        |
| 551 HK         | YUE YUEN INDUSTRIAL HLDG     | 11.48        | 2358.9              | 9.0        | 7.1        | 5.2        | 4.5        | 0.6        | 0.6        | 2.9         | 6.3         | 1.3        | 4.7        | 0.0        | 5.3        | -6.7                    | -9.9        | -30.4       | -12.0        |
| 1836 HK        | STELLA INTERNATIONAL         | 8.47         | 857.1               | 7.6        | 6.7        | 4.3        | 3.8        | 0.9        | 0.8        | 9.3         | 10.7        | 7.3        | 8.7        | 2.5        | 9.1        | 10.1                    | 0.2         | -9.1        | -10.2        |
| 2199 HK        | REGINA MIRACLE INTERNATIONAL | 4.83         | 753.6               | 11.9       | 8.2        | 7.8        | 6.6        | 1.8        | 1.7        | 4.2         | 15.4        | 4.7        | 5.5        | 1.4        | 3.3        | -1.2                    | -20.0       | 40.0        | -25.7        |
| 1382 HK        | PACIFIC TEXTILES HOLDINGS    | 3.48         | 625.9               | 7.3        | 6.4        | 5.5        | 4.9        | 1.4        | 1.4        | 22.8        | 19.9        | 12.7       | 12.8       | 12.4       | 11.9       | -4.4                    | -11.9       | -9.1        | -5.4         |
| 2232 HK        | CRYSTAL INTERNATIONAL GROUP  | 3.08         | 1119.9              | 6.1        | 5.5        | 3.0        | 2.6        | 0.9        | 0.8        | 13.3        | 13.2        | 8.7        | 9.9        | 4.5        | 5.1        | 5.8                     | 32.8        | 23.2        | 17.6         |
| 2678 HK        | TEXHONG TEXTILE GROUP LTD    | 9.43         | 1103.3              | 3.0        | 3.1        | 3.3        | 3.2        | 0.7        | 0.6        | 30.0        | 19.9        | 12.0       | 9.1        | 7.2        | 11.5       | -9.0                    | -7.0        | -18.3       | -8.4         |
| 2111 HK        | BEST PACIFIC INTERNATIONAL H | 2.2          | 291.6               | 4.9        | 4.1        | 4.2        | 3.7        | 0.7        | 0.6        | 12.9        | 13.6        | 6.0        | 6.6        | 5.4        | 7.3        | 0.9                     | -4.8        | -2.2        | 5.3          |
| 2698 HK        | WEIQIAO TEXTILE CO LTD-H     | 2.15         | 327.3               | n.a.       | n.a.       | n.a.       | n.a.       | 0.1        | n.a.       | 3.3         | n.a.        | 2.5        | n.a.       | 9.9        | n.a.       | -5.7                    | -18.6       | -25.1       | -17.9        |
| 1126 HK        | DREAM INTERNATIONAL LTD      | 2.6          | 224.3               | n.a.       | n.a.       | n.a.       | n.a.       | 0.7        | n.a.       | 7.4         | n.a.        | 5.0        | n.a.       | 4.6        | n.a.       | 16.1                    | -6.1        | -7.8        | -7.1         |
| 1982 HK        | NAMESON HOLDINGS LTD         | 0.42         | 122.0               | n.a.       | n.a.       | n.a.       | n.a.       | 0.4        | n.a.       | 14.9        | n.a.        | 5.4        | n.a.       | 10.0       | n.a.       | -9.7                    | -12.5       | -19.2       | -20.8        |
| 321 HK         | TEXWINCA HOLDINGS LTD        | 1.39         | 244.8               | n.a.       | n.a.       | n.a.       | n.a.       | 0.4        | n.a.       | 5.3         | n.a.        | 3.2        | n.a.       | 12.9       | n.a.       | -8.6                    | -7.9        | -12.0       | -10.3        |
| <b>Average</b> |                              |              |                     | <b>9.4</b> | <b>7.6</b> | <b>6.5</b> | <b>5.5</b> | <b>1.1</b> | <b>1.4</b> | <b>11.5</b> | <b>14.5</b> | <b>6.1</b> | <b>8.7</b> | <b>6.1</b> | <b>6.9</b> | <b>-2.1</b>             | <b>-7.9</b> | <b>-8.7</b> | <b>-10.9</b> |
| HSI Index      |                              | 20276.17     |                     |            |            |            |            |            |            |             |             |            |            |            |            | -6.5                    | -13.9       | -20.7       | -13.3        |
| HSCEI Index    |                              | 6918.62      |                     |            |            |            |            |            |            |             |             |            |            |            |            | -6.5                    | -15.7       | -23.6       | -16.0        |
| SHCOMP Index   |                              | 2975.485     |                     |            |            |            |            |            |            |             |             |            |            |            |            | -7.4                    | -11.5       | -15.4       | -18.3        |
| MXCN Index     |                              | 64.86        |                     |            |            |            |            |            |            |             |             |            |            |            |            | -9.7                    | -18.7       | -30.4       | -23.1        |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

## BY THE NUMBERS

**P/BV vs ROE**

**12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth**


### Profit & Loss

| (HK\$m)                                | Dec-20A       | Dec-21A        | Dec-22F        | Dec-23F        | Dec-24F        |
|--|---------------|----------------|----------------|----------------|----------------|
| <b>Total Net Revenues</b>              | <b>890.2</b>  | <b>1,207.4</b> | <b>1,222.9</b> | <b>1,309.6</b> | <b>1,389.5</b> |
| <b>Gross Profit</b>                    | <b>190.9</b>  | <b>285.1</b>   | <b>303.2</b>   | <b>338.3</b>   | <b>369.7</b>   |
| <b>Operating EBITDA</b>                | <b>54.3</b>   | <b>116.9</b>   | <b>132.2</b>   | <b>155.1</b>   | <b>175.1</b>   |
| Depreciation And Amortisation          | (38.3)        | (36.3)         | (39.6)         | (44.9)         | (50.3)         |
| <b>Operating EBIT</b>                  | <b>16.1</b>   | <b>80.7</b>    | <b>92.7</b>    | <b>110.2</b>   | <b>124.8</b>   |
| Financial Income/(Expense)             | (21.5)        | (20.4)         | (28.3)         | (34.2)         | (36.4)         |
| Pretax Income/(Loss) from Assoc.       | 0.0           | 0.0            | 0.0            | 0.0            | 0.0            |
| Non-Operating Income/(Expense)         | (9.0)         | 2.5            | 2.6            | 2.8            | 3.0            |
| <b>Profit Before Tax (pre-EI)</b>      | <b>(14.4)</b> | <b>62.8</b>    | <b>67.0</b>    | <b>78.8</b>    | <b>91.4</b>    |
| Exceptional Items                      |               |                |                |                |                |
| <b>Pre-tax Profit</b>                  | <b>(14.4)</b> | <b>62.8</b>    | <b>67.0</b>    | <b>78.8</b>    | <b>91.4</b>    |
| Taxation                               | (0.6)         | (5.2)          | (5.6)          | (6.6)          | (7.6)          |
| Exceptional Income - post-tax          |               |                |                |                |                |
| <b>Profit After Tax</b>                | <b>(15.0)</b> | <b>57.6</b>    | <b>61.4</b>    | <b>72.2</b>    | <b>83.8</b>    |
| Minority Interests                     | 1.8           | (3.0)          | (3.2)          | (3.8)          | (4.4)          |
| Preferred Dividends                    |               |                |                |                |                |
| FX Gain/(Loss) - post tax              |               |                |                |                |                |
| Other Adjustments - post-tax           |               |                |                |                |                |
| Preference Dividends (Australia)       |               |                |                |                |                |
| <b>Net Profit</b>                      | <b>(13.2)</b> | <b>54.6</b>    | <b>58.2</b>    | <b>68.5</b>    | <b>79.4</b>    |
| Normalised Net Profit                  | (15.0)        | 57.6           | 61.4           | 72.2           | 83.8           |
| <b>Fully Diluted Normalised Profit</b> | <b>(13.2)</b> | <b>54.6</b>    | <b>58.2</b>    | <b>68.5</b>    | <b>79.4</b>    |

### Cash Flow

| (HK\$m)                          | Dec-20A        | Dec-21A         | Dec-22F        | Dec-23F        | Dec-24F        |
|----------------------------------|----------------|-----------------|----------------|----------------|----------------|
| <b>EBITDA</b>                    | <b>54.33</b>   | <b>116.94</b>   | <b>132.24</b>  | <b>155.14</b>  | <b>175.07</b>  |
| Cash Flow from Inv. & Assoc.     |                |                 |                |                |                |
| Change In Working Capital        | 10.16          | 146.49          | (8.87)         | (49.53)        | (45.69)        |
| (Incr)/Decr in Total Provisions  |                |                 |                |                |                |
| Other Non-Cash (Income)/Expense  |                |                 |                |                |                |
| Other Operating Cashflow         | (4.17)         | 6.07            | 3.95           | 4.11           | 4.28           |
| Net Interest (Paid)/Received     | (21.70)        | (20.53)         | (28.70)        | (34.68)        | (37.01)        |
| Tax Paid                         | (42.93)        | (14.90)         | (51.70)        | (82.99)        | (84.16)        |
| <b>Cashflow From Operations</b>  | <b>(4.32)</b>  | <b>234.08</b>   | <b>46.93</b>   | <b>(7.95)</b>  | <b>12.49</b>   |
| Capex                            | (39.40)        | (37.93)         | (50.00)        | (80.00)        | (80.00)        |
| Disposals Of FAs/subsidiaries    |                |                 |                |                |                |
| Acq. Of Subsidiaries/investments |                |                 |                |                |                |
| Other Investing Cashflow         | 25.37          | 17.02           | (1.70)         | (2.99)         | (4.16)         |
| <b>Cash Flow From Investing</b>  | <b>(14.02)</b> | <b>(20.92)</b>  | <b>(51.70)</b> | <b>(82.99)</b> | <b>(84.16)</b> |
| Debt Raised/(repaid)             | 5.61           | (220.21)        | 8.28           | 46.24          | 42.66          |
| Proceeds From Issue Of Shares    | 35.75          | 0.00            | 0.00           | 0.00           | 0.00           |
| Shares Repurchased               |                |                 |                |                |                |
| Dividends Paid                   | (13.22)        | (8.92)          | (6.86)         | (10.29)        | (13.72)        |
| Preferred Dividends              |                |                 |                |                |                |
| Other Financing Cashflow         | 32.67          | 11.11           | 48.66          | 80.25          | 81.78          |
| <b>Cash Flow From Financing</b>  | <b>60.82</b>   | <b>(218.01)</b> | <b>50.08</b>   | <b>116.20</b>  | <b>110.71</b>  |
| Total Cash Generated             | 42.48          | (4.85)          | 45.31          | 25.26          | 39.04          |
| <b>Free Cashflow To Equity</b>   | <b>(12.73)</b> | <b>(7.04)</b>   | <b>3.50</b>    | <b>(44.71)</b> | <b>(29.01)</b> |
| <b>Free Cashflow To Firm</b>     | <b>3.36</b>    | <b>233.69</b>   | <b>23.93</b>   | <b>(56.26)</b> | <b>(34.66)</b> |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**BY THE NUMBERS... cont'd**
**Balance Sheet**

| (HK\$m)                              | Dec-20A      | Dec-21A      | Dec-22F      | Dec-23F        | Dec-24F        |
|--------------------------------------|--------------|--------------|--------------|----------------|----------------|
| Total Cash And Equivalents           | 192.2        | 175.0        | 219.1        | 243.1          | 280.9          |
| Total Debtors                        | 300.3        | 294.3        | 298.1        | 319.2          | 338.7          |
| Inventories                          | 486.5        | 471.5        | 477.5        | 511.3          | 542.5          |
| Total Other Current Assets           | 1.2          | 1.3          | 1.3          | 1.3            | 1.3            |
| <b>Total Current Assets</b>          | <b>980.2</b> | <b>942.1</b> | <b>996.0</b> | <b>1,075.0</b> | <b>1,163.5</b> |
| Fixed Assets                         | 719.9        | 715.8        | 726.2        | 761.3          | 791.0          |
| Total Investments                    | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Intangible Assets                    | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Total Other Non-Current Assets       | 57.1         | 58.1         | 58.5         | 58.9           | 59.3           |
| <b>Total Non-current Assets</b>      | <b>777.0</b> | <b>773.9</b> | <b>784.7</b> | <b>820.2</b>   | <b>850.3</b>   |
| Short-term Debt                      | 760.5        | 632.3        | 640.4        | 685.8          | 727.7          |
| Current Portion of Long-Term Debt    |              |              |              |                |                |
| Total Creditors                      | 69.5         | 72.8         | 73.7         | 78.9           | 83.8           |
| Other Current Liabilities            | 29.6         | 15.3         | 15.7         | 16.3           | 16.9           |
| <b>Total Current Liabilities</b>     | <b>859.6</b> | <b>720.4</b> | <b>729.9</b> | <b>781.1</b>   | <b>828.4</b>   |
| Total Long-term Debt                 | 11.3         | 41.2         | 41.2         | 41.2           | 41.2           |
| Hybrid Debt - Debt Component         |              |              |              |                |                |
| Total Other Non-Current Liabilities  | 8.2          | 26.9         | 27.1         | 27.7           | 28.4           |
| <b>Total Non-current Liabilities</b> | <b>19.4</b>  | <b>68.2</b>  | <b>68.3</b>  | <b>69.0</b>    | <b>69.6</b>    |
| Total Provisions                     | 5.2          | 5.7          | 6.3          | 6.9            | 7.6            |
| <b>Total Liabilities</b>             | <b>884.2</b> | <b>794.3</b> | <b>804.4</b> | <b>856.9</b>   | <b>905.5</b>   |
| Shareholders' Equity                 | 872.2        | 917.8        | 969.1        | 1,027.3        | 1,093.0        |
| Minority Interests                   | 0.7          | 3.9          | 7.1          | 10.9           | 15.3           |
| <b>Total Equity</b>                  | <b>873.0</b> | <b>921.7</b> | <b>976.2</b> | <b>1,038.2</b> | <b>1,108.2</b> |

**Key Ratios**

|                           | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth            | 14.5%   | 35.6%   | 1.3%    | 7.1%    | 6.1%    |
| Operating EBITDA Growth   | (61%)   | 115%    | 13%     | 17%     | 13%     |
| Operating EBITDA Margin   | 6.1%    | 9.7%    | 10.8%   | 11.8%   | 12.6%   |
| Net Cash Per Share (HK\$) | (0.84)  | (0.73)  | (0.67)  | (0.71)  | (0.71)  |
| BVPS (HK\$)               | 1.27    | 1.34    | 1.41    | 1.50    | 1.59    |
| Gross Interest Cover      | 0.74    | 3.93    | 3.23    | 3.18    | 3.37    |
| Effective Tax Rate        | 0.00%   | 8.32%   | 8.32%   | 8.32%   | 8.32%   |
| Net Dividend Payout Ratio | NA      | 12.6%   | 17.7%   | 20.0%   | 17.3%   |
| Accounts Receivables Days | 127.3   | 89.9    | 88.4    | 86.0    | 86.6    |
| Inventory Days            | 252.0   | 189.5   | 188.3   | 185.8   | 189.1   |
| Accounts Payables Days    | 34.06   | 28.16   | 29.07   | 28.69   | 29.20   |
| ROIC (%)                  | 1.18%   | 5.96%   | 6.91%   | 8.11%   | 8.69%   |
| ROCE (%)                  | 1.01%   | 4.97%   | 5.70%   | 6.44%   | 6.86%   |
| Return On Average Assets  | 0.47%   | 4.59%   | 5.27%   | 5.95%   | 6.30%   |

**Key Drivers**

|  | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|--|---------|---------|---------|---------|---------|
| Wigs, hair accessories and others - shipment volum | 36.8    | 44.1    | 41.9    | 43.1    | 45.3    |
| High-end human hair extensions - shipment volume   | 0.4     | 0.5     | 0.6     | 0.7     | 0.8     |
| Halloween products - shipment volume (m units)     | 1.2     | 1.0     | 1.1     | 1.2     | 1.3     |
| Wigs, hair accessories and others - ASP (HKD)      | 19.4    | 23.3    | 24.0    | 24.0    | 24.0    |
| High-end human hair extensions - ASP (HKD)         | 361.2   | 310.9   | 320.3   | 336.3   | 353.1   |
| Halloween products - ASP (HKD)                     | 25.1    | 22.5    | 23.7    | 24.9    | 26.1    |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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|                     |           |           |         |          |                  |
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| <b>Description:</b> | Excellent | Very Good | Good    | N/A      | N/A              |

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| Distribution of stock ratings and investment banking clients for quarter ended on 31 Dec 2021 |                         |                                |
|---|-------------------------|--------------------------------|
| 619 companies under coverage for quarter ended on 31 Dec 2021                                 |                         |                                |
|   | Rating Distribution (%) | Investment Banking clients (%) |
| Add   | 71.1%                   | 1.5%                           |
| Hold  | 21.8%                   | 0.0%                           |
| Reduce  | 7.1%                    | 0.0%                           |

**Spitzer Chart for stock being researched ( 2 year data )**

**Evergreen Products (1962HK)**

## RECOMMENDATION FRAMEWORK

### Stock Ratings Definition:

|        |   |
|--------|---|
| Add    | The stock's total return is expected to reach 15% or higher over the next 12 months.                      |
| Hold   | The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below negative 10% over the next 12 months.                  |

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings Definition:

|             |  |
|-------------|--|
| Overweight  | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.  |
| Neutral     | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.       |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |

### Country Ratings Definition:

|             |  |
|-------------|--|
| Overweight  | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral     | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.           |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |

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