EVER HARVEST GROUP HOLDINGS LIMITED
永豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1549)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Ever Harvest Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results and the unaudited condensed consolidated statement of financial position of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2019 together with comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
Six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		(unaudited)	(unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	4	**160,446**	168,241
Cost of services		**(135,211)**	(144,156)
Gross profit		**25,235**	24,085
Other income	5	**8,079**	701
Administrative and other operating expenses		**(28,097)**	(29,050)
Finance costs	6	**(627)**	(541)
Profit (Loss) before tax	6	**4,590**	(4,805)
Income tax expenses	7	**(910)**	(126)
Profit (Loss) for the period		**3,680**	(4,931)
		HK cents	*HK cents*
Earnings (Loss) per share			
Basic	9	**0.26**	(0.35)
Diluted	9	**0.26**	(0.35)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Profit (Loss) for the period	**3,680**	(4,931)
Other comprehensive income (loss), net of tax		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange difference on consolidation	**58**	(485)
Total comprehensive income (loss) for the period	**3,738**	(5,416)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Note	**At 30 June 2019 (unaudited) *HK$'000***	At 31 December *2018* (audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**105,827**	88,592
Current assets			
Financial assets at fair value through profit or loss		**6,564**	6,136
Trade and other receivables	10	**57,915**	51,710
Pledged bank deposits		**792**	795
Income tax recoverable		**632**	632
Bank balances and cash		**61,277**	73,035
		127,180	132,308
Current liabilities			
Trade and other payables	11	**65,776**	66,417
Current portion of obligations under finance leases		**–**	495
Income tax payable		**7,765**	7,768
Interest-bearing borrowings	12	**41,527**	33,141
Current portion of lease liabilities	13	**728**	–
		115,796	107,821
Net current assets		**11,384**	24,487
Total assets less current liabilities		**117,211**	113,079
Non-current liabilities			
Non-current portion of lease liabilities	13	**394**	–
NET ASSETS		**116,817**	113,079
Capital and reserves			
Share capital		**14,000**	14,000
Reserves		**102,817**	99,079
TOTAL EQUITY		**116,817**	113,079

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 October 2015. The Company's immediate and ultimate holding company is Ever Winning Investment Company Limited, a company with limited liability incorporated in the British Virgin Islands (the "BVI") and the ultimate controlling party (the "Ultimate Controlling Party") is Mr. Lau Yu Leung. The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is situated at 17/F., Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

The principal activity of the Company is to act as an investment holding company. The Group is mainly engaged in rendering of sea freight transportation and freight forwarding services in Hong Kong and in the People's Republic of China (the "PRC" or "China").

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2018, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard ("HKAS") and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2018 (the "2018 Financial Statements").

The Interim Financial Statements have been prepared on the historical costs basis, except for financial assets at fair value through profit or loss which are measured at fair value, and presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

2. ADOPTION OF NEW/REVISED HKFRSs

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2018 Financial Statements, except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period as set out below:

Annual Improvements to HKFRSs	2015 - 2017 Cycle
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Employee benefits
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation

HKFRS 16 "Leases"

The Group has adopted HKFRS 16, which replaced HKAS 17, and the related consequential amendments to other HKFRSs for the six months ended 30 June 2019 which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 January 2019.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised the long-term lease liabilities in relation to leases of certain properties which had previously been classified as operating leases. The Group did not reassess if a contract was or contained a lease at adoption. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to profit or loss in the period in which it is incurred on the basis that produces a constant periodic rate of interest on the remaining lease liability balance.

At the inception of a contract that contains a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. The Group, as a lessee assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unaudited condensed consolidated statements of financial position immediately before the date of initial application. The right-of-use assets were recognised in the unaudited condensed consolidated statements of financial position.

Depreciation was charged to profit or loss on a straight-line basis over the shorter of the assets useful lives or over the unexpired term of lease.

Payments associated with short-term leases or leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In addition, upon initial adoption of HKFRS 16, the balance recognised under "Obligations under finance leases" was reclassified as "Lease liabilities".

The following table reconciles the adjustments made to the carrying amounts in relation to the lease commitment in the unaudited condensed consolidated statements of financial position at the date of initial application of HKFRS 16 on 1 January 2019:

	Carrying amounts on 31 December 2018 under HKAS 17	**Adjustments**	**Carrying amounts on 1 January 2019 under HKFRS 16**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment (containers under finance leases)	1,706	(1,706)	–
Right-of-use assets, presented in property, plant and equipment	–	3,415	3,415
	1,706	1,709	3,415
Current liabilities			
Obligations under finance leases	495	(495)	–
Lease liabilities	–	1,498	1,498
	495	1,003	1,498
Non-current liabilities			
Lease liabilities	–	706	706

Reconciliation:	
Operating lease commitment at 31 December 2018 in relation to long-term leased properties	**1,884**
Minimum lease payments of obligations under finance leases at 31 December 2018	**511**
	2,395
Lease liabilities recognised at 1 January 2019 discounted using the incremental borrowing rate	**2,204**

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2020. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

3. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-makers. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors assess the performance of the Group's business from a route perspective for the feeder shipping services, the carrier owned container services and barge services, and a collective perspective for sea freight forwarding agency services.

Segment results represent the gross profit earned or loss incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs and income tax expenses.

	Sea freight forwarding agency services (unaudited) *HK$'000*	Fujian routes (unaudited) *HK$'000*	Guangxi routes (unaudited) *HK$'000*	Guangdong routes (unaudited) *HK$'000*	Hainan routes (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Six months ended 30 June 2019						
Revenue from external customers	**16,413**	**24,271**	**63,605**	**36,951**	**19,206**	**160,446**
Cost of services	**(14,214)**	**(21,048)**	**(51,279)**	**(31,750)**	**(16,920)**	**(135,211)**
Segment results	**2,199**	**3,223**	**12,326**	**5,201**	**2,286**	**25,235**
Unallocated income and expenses						
Other income						**8,079**
Administrative and other operating expenses						**(28,097)**
Finance costs						**(627)**
Profit before tax						**4,590**
Income tax expenses						**(910)**
Profit for the period						**3,680**

	Sea freight forwarding agency services (unaudited) *HK$'000*	Fujian routes (unaudited) *HK$'000*	Guangxi routes (unaudited) *HK$'000*	Guangdong routes (unaudited) *HK$'000*	Hainan routes (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Six months ended 30 June 2018						
Revenue from external customers	16,134	27,522	68,396	39,459	16,730	168,241
Cost of services	(13,285)	(26,160)	(56,037)	(34,223)	(14,451)	(144,156)
Segment results	2,849	1,362	12,359	5,236	2,279	24,085
Unallocated income and expenses						
Other income						701
Administrative and other operating expenses						(29,050)
Finance costs						(541)
Loss before tax						(4,805)
Income tax expenses						(126)
Loss for the period						(4,931)

4. REVENUE

	Six months ended 30 June **2019** **(unaudited)** ***HK$'000***	2018 (unaudited) *HK$'000*
Revenue from contracts with customers within HKFRS 15		
Rendering of feeder shipping services	**124,863**	133,517
Rendering of carrier owned container services	**18,554**	18,590
Rendering of sea freight forwarding agency services	**16,413**	16,134
Rendering of barge services	**616**	–
	160,446	168,241

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Bank interest income	**175**	102
Exchange gain, net	**–**	359
Dividend income from financial assets at fair value through profit or loss	**152**	–
Net gain on financial assets at fair value through profit or loss	**3,216**	15
Government grants	**4,151**	–
Sundry income	**385**	225
	8,079	701

6. PROFIT (LOSS) BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Finance costs		
Interest on interest-bearing borrowings	**577**	477
Finance charges on obligations under finance leases	**–**	64
Interest on lease liabilities	**50**	–
	627	541
Other items		
Staff costs (including directors' remunerations)		
Salaries, bonus and allowances	**15,476**	14,028
Contributions to defined contribution plans	**1,814**	2,160
	17,290	16,188
Depreciation (charged to "cost of services" and "administrative and other operating expenses", as appropriate)	**3,945**	3,556
Exchange loss (gain), net	**203**	(359)
Operating lease payments on feeder vessels and barges (charged to "cost of services")	**20,505**	24,764
Operating lease payments on premises	**211**	1,342

7. TAXATION

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**910**	126

The group entities established in the Cayman Islands and the BVI are exempted from income tax.

For the six months ended 30 June 2019 and 2018, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) are subject to the two-tiered profits tax rates regime that the first HK$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at 16.5% of their respective estimated assessable profits for the six months ended 30 June 2019 and 2018.

The Group's entities established in the PRC are subject to Enterprise Income Tax of the PRC at a statutory rate of 25% for the six months ended 30 June 2019 and 2018.

8. DIVIDENDS

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2019 and 2018.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings (Loss)		
Earnings (Loss) for the period attributable to the equity holders of the Company for the purpose of basic earnings (loss) per share	**3,680**	(4,931)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**1,400,000**	1,400,000

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there were no potential ordinary shares outstanding during six months ended 30 June 2019 and 2018.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 (unaudited) *HK$'000*	At 31 December 2018 (audited) *HK$'000*
Trade receivables		
From third parties	**51,928**	45,205
Loss allowance	**(3,237)**	(3,237)
	48,691	41,968
Other receivables		
Deposits, prepayments and other debtors	**9,224**	9,742
	57,915	51,710

The loss allowance of approximately HK$3,237,000 as at 30 June 2019 and 31 December 2018 was mainly and specifically resulted from a then major customer who was in the process of bankruptcy and liquidation.

The Group applies the simplified approach to provide for lifetime expected credit losses for trade receivables as prescribed by HKFRS 9. The Group determines the provision for expected credit losses by grouping together trade debtors with similar credit risk characteristics and the days past due and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions and other forward looking information. At 30 June 2019, the allowance for expected credit losses is assessed insignificant.

The Group normally grants credit terms up to 90 days *(31 December 2018: up to 90 days)* to its customers. The ageing analysis of trade receivables, net of loss allowance, by invoice date is as follows:

	At 30 June 2019 (unaudited) *HK$'000*	At 31 December 2018 (audited) *HK$'000*
Within 30 days	**24,881**	17,784
31 – 60 days	**14,100**	13,676
61 – 90 days	**5,486**	6,144
Over 90 days	**4,224**	4,364
	48,691	41,968

At 30 June 2019, amount of approximately HK$12,154,000 *(31 December 2018: approximately HK$5,342,000)* included in the trade receivables were in connection with invoice discounting bank loan arrangements.

11. TRADE AND OTHER PAYABLES

	At 30 June 2019 (unaudited) *HK$'000*	At 31 December 2018 (audited) *HK$'000*
Trade payables		
To a related company	**–**	1,353
To third parties	**44,835**	41,696
	44,835	43,049
Other payables		
Accrued charges and other creditors	**11,197**	13,299
Deposit received	**9,744**	10,069
	20,941	23,368
	65,776	66,417

The trade payables due to third parties are unsecured, interest-free and have a credit period of 30 days to 90 days.

At the end of the reporting period, the ageing analysis of trade payables by invoice date is as follows:

	At 30 June 2019 (unaudited) *HK$'000*	At 31 December 2018 (audited) *HK$'000*
Within 30 days	**30,891**	25,588
31 – 60 days	**11,463**	12,505
61 – 90 days	**1,910**	2,195
Over 90 days	**571**	2,761
	44,835	43,049

12. INTEREST-BEARING BORROWINGS

	At 30 June 2019 (unaudited) *HK$'000*	At 31 December 2018 (audited) *HK$'000*
Secured bank borrowings:		
Current portion	**41,527**	33,141

(i) Bank borrowings of approximately HK$12,154,000 (At 31 December 2018: approximately HK$5,342,000) bear interests at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.875% per annum and are wholly repayable within one year since inception. The bank borrowings are secured by trade receivables of approximately HK$12,154,000 (At 31 December 2018: approximately HK$5,342,000) in connection with invoice discounting bank loan arrangements (Note 10).

(ii) A bank borrowing of approximately HK$5,000,000 (At 31 December 2018: approximately HK$3,000,000) bears interest at HIBOR plus 2.0% per annum (2018: HIBOR plus 1.4%) and is wholly repayable within one year since inception. The bank borrowing is secured by the leasehold land and buildings of the Group of aggregate net carrying amount of approximately HK$68,143,000 (At 31 December 2018: approximately HK$69,358,000).

(iii) A mortgage loan of approximately HK$24,373,000 (At 31 December 2018: approximately HK$24,799,000) bears interest at lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum (2018: lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum), and is wholly repayable over five years. The mortgage loan is secured by the leasehold land and buildings of the Group of aggregate net carrying amount of approximately HK$68,143,000 (At 31 December 2018: approximately HK$69,358,000).

The mortgage loan, with a clause in the terms that gives the lender an overriding right to demand repayment without notice at its sole discretion, is classified as current liabilities even though the management does not expect that the lender would exercise their rights to demand repayment.

The range of effective interest rates on the interest-bearing borrowings were 2.7% to 4.5% (31 December 2018: 2.4% to 4.2%) per annum. All the interest-bearing borrowings are denominated in HK$.

13. LEASES

	At 30 June 2019 (unaudited) *HK$'000*
Right-of-use assets	
Leased properties	**1,110**

	At 30 June 2019 (unaudited) *HK$'000*
Lease liabilities	
Current	**728**
Non-current	**394**
	1,122

The depreciation of the leased properties charged to profit or loss during the six months ended 30 June 2019 amounted to approximately HK$640,000.

The total cash outflow for leases for the six months ended 30 June 2019 was approximately HK$1,082,000.

Commitments and present value of lease liabilities:

	Lease payments At 30 June 2019 (unaudited) *HK$'000*	Present value of lease payments At 30 June 2019 (unaudited) *HK$'000*
Amounts payable:		
Within one year	762	728
In the second to fifth years inclusive	404	394
	1,166	1,122
Less: future finance charges	(44)	–
Total lease liabilities	1,122	1,122

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group is pleased to report the results for the six months ended 30 June 2019.

During the six months ended 30 June 2019, the Group recorded a revenue of approximately HK$160,446,000 (for the six months ended 30 June 2018: approximately HK$168,241,000), representing a decrease of 4.6% over the same period last year. The Group recorded a gross profit of approximately HK$25,235,000 (for the six months ended 30 June 2018: approximately HK$24,085,000), representing an increase of approximately 4.8% over the same period last year. The gross profit margin increased from 14.3% to 15.7%. The Group recorded profit for the period of approximately HK$3,680,000 (for the six months ended 30 June 2018: loss of approximately HK$4,931,000).

BUSINESS OVERVIEW

During the six months ended 30 June 2019, container throughput of Hong Kong port decreased by 8.2% as compared with the same period last year, according to the preliminary data released by Marine Department of the Government of the Hong Kong Special Administrative Region, the People's Republic of China (the "PRC" or "China").

Impacted by the tough operational environment, the Group's feeder shipping services and carrier owned container services recorded a decrease in shipment volume of 8,362 twenty-foot equivalent units (the "TEUs") or 4.8%, from 174,958 TEUs to 166,596 TEUs, and an increase in gross profit of approximately HK$1,800,000 or 8.5%, from approximately HK$21,236,000 to approximately HK$23,036,000, for the six months ended 30 June 2019, as compared to the same period last year. The Group recorded gross profit margin of the routes ranged from 11.9% to 19.4% (for the six months ended 30 June 2018: ranged from 4.9% to 18.1%).

The Group's sea freight forwarding agency services recorded a slight decrease in shipment volume of such services of 104 TEUs, from 5,222 TEUs to 5,118 TEUs, for the six months ended 30 June 2018, as compared to the same period last year. The gross profit margin decreased from 17.7% to 13.4%.

The following table sets out the breakdown of revenue and TEUs by segment for the period:

	Six months ended 30 June					
	2019			2018		
	HK$'000 **(unaudited)**	**TEUs**	**Gross profit margin %**	*HK$'000* (unaudited)	TEUs	Gross profit margin %
Fujian routes	**24,271**	**17,406**	**13.3**	27,522	19,692	4.9
Guangxi routes	**63,605**	**67,268**	**19.4**	68,396	65,656	18.1
Guangdong routes	**36,951**	**67,913**	**14.1**	39,459	77,186	13.3
Hainan routes	**19,206**	**14,009**	**11.9**	16,730	12,424	13.6
Sea freight forwarding agency services	**16,413**	**5,118**	**13.4**	16,134	5,222	17.7
	160,446	**171,714**	**15.7**	168,241	180,180	14.3

The Group's operational costs totalled approximately HK$135,211,000, representing a decrease of approximately HK$8,945,000 or 6.2% as compared with the same period last year. The change in operational costs was mainly due to decreased shipping volume of feeder shipping services and carrier owned container services as compared to the same period last year.

The Group's other income totalled approximately HK$8,079,000, representing an increase of approximately HK$7,378,000 as compared to the same period last year. The change in other income was mainly due to net gain on financial assets at fair value through profit or loss of approximately HK$3,216,000 and the government grants of approximately HK$4,151,000 in the six months ended 30 June 2019. The government grants were mainly incentives for rewarding the Group's efforts in stablising container shipping capacity and lumber containers, and were in the sole discretion of the local government, subject to relevant PRC laws, regulations and policies.

PROSPECTS

Uncertainty of Sino-US trade war, fluctuation of international fuel price and keen price competition among the regional shipping carriers bring unprecedented challenges to the Group. Over our long history in the waterborne trade market, we experienced several economic cycles and industry storms, and thrived to expand our shipping network by capitalising market opportunities. In order to maximise and safeguard shareholders' interests, the Group has planned ahead for the upcoming challenges and set our investment strategies cautiously.

Extend reach of routes and routes rearrangement

The Group is headquartered in Hong Kong and has grown to become a regional shipping carrier with points of operation in Hong Kong, Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province. To broaden the customer base and diversify the operating risk, the Group has been continuously exploring possible extension of routes in new ports located in the southern China. After our evaluation, profit margins of previous targeted ports are unsatisfactory due to adverse factors appearing since the second half of 2016. The Group will continue to seek opportunities in new ports and strive to diversify source of income.

In the first half of 2018, the Group experienced low gross profit margin for our regular routes in Fujian Province. It brings to concern of the board of directors of the Company (the "Board") regarding utilisation rates of our vessels. After reviewing shipping volume of our points of operation, the Group rearranged our shipping routes and strived to increase utilisation rates of each voyage and vessel. The Group continues to monitor vessel utilisation closely and takes all possible measures to enhance the cost efficiency.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. The Group held bank balances and cash of approximately HK$61,277,000 at 30 June 2019 (31 December 2018: approximately HK$73,035,000). As at 30 June 2019, The Group had a mortgage loan of approximately HK$24,373,000 (31 December 2018: approximately HK$24,799,000) and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK$17,154,000 at 30 June 2019 (31 December 2018: HK$8,342,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings were 2.7% to 4.5% (for the year ended 31 December 2018: 2.4% to 4.2%) per annum. The carrying amounts of bank borrowings were denominated in HK$. The Group's gearing ratio as at 30 June 2019, calculated based on the total borrowings to the equity attributable to owners of the Company, was 36.5% (31 December 2018: 29.7%). We believe that the Group's cash holding, liquid asset value, future revenue and available banking facilities will be sufficient to fulfill the working capital requirements of the Group. There has been no material change in the capital structure of the Company during the six months ended 30 June 2019. The capital of the Company comprises the ordinary shares and other reserves.

Charge on group assets

As at 30 June 2019, leasehold land and building amounting to approximately HK$68,143,000 (31 December 2018: approximately HK$69,358,000) were pledged to secure banking facilities, trade receivables amounted at approximately HK$12,154,000 (31 December 2018: approximately HK$5,342,000) were in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK$792,000 (31 December 2018: approximately HK$795,000) were pledged as security for bank facilities.

USE OF PROCEEDS

The below table sets out the proposed applications of the net proceeds set out in the section “Future Plans and Use of Proceeds” of the prospectus dated 23 June 2016 (the “Prospectus“) (based on the final offer price of HK$0.315) and the announcements dated 19 May 2017 and 10 December 2018 regarding the change in use of proceeds, and usage up to the date of this announcement:

	Proposed application *HK$' million*	**Actual usage up to the date of this announcement** *HK$' million*
Acquisition of barges	19.45	19.45
Operating expenses of barges	10.00	1.72
Acquisition of headquarter in Hong Kong	32.20	32.20
Acquiring additional containers and upgrading computer system and software	7.00	6.31
General working capital	11.65	11.65
	80.30	71.33

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 189 employees (31 December 2018: 192). Total staff costs (including Directors’ emoluments) were approximately HK$17,290,000 for the six months ended 30 June 2019, as compared to approximately HK$16,188,000 for the same period last year.

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff (including Directors). The remuneration policy and remuneration packages of the executive Directors and members of the senior management of the Group are reviewed by the Remuneration Committee.

APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 of the Listing Rules, save as disclosed in this announcement, the Company confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Company's 2018 Annual Report.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2019.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

REVIEW OF INTERIM RESULTS

The Company established our audit committee which comprises four independent non-executive directors, namely Mr. Lee Ka Lun as the chairman of the audit committee, Mr. Lo Wan Sing Vincent, Mr. Lam Lo and Mr. Kam Leung Ming, all of whom possess experience in financial and/or general management. Our audit committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30 June 2019 and this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with the code provisions of the CG Code set out therein throughout the six months ended 30 June 2019.

By Order of the Board
Ever Harvest Group Holdings Limited
Lau Yu Leung
Chairman

Hong Kong, 27 August 2019

As at the date of this announcement, the board of directors of the Company comprises Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry as executive Directors; Madam Tong Hung Sum as non-executive Director; Mr. Lo Wan Sing Vincent, Mr. Lam Lo, Mr. Lee Ka Lun and Mr. Kam Leung Ming as independent non-executive Directors.