

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 2020

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 of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020 together with comparative figures for the corresponding period in 2019 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
<b>Revenue</b>	4	<b>168,779</b>	160,446
Cost of services		<u>(138,914)</u>	<u>(135,211)</u>
<b>Gross profit</b>		<b>29,865</b>	25,235
Other income	5	<b>5,526</b>	8,079
Administrative and other operating expenses		<b>(27,500)</b>	(28,097)
Finance costs	6	<u>(674)</u>	<u>(627)</u>
<b>Profit before tax</b>	6	<b>7,217</b>	4,590
Income tax credits (expenses)	7	<u>7,476</u>	<u>(910)</u>
<b>Profit for the period</b>		<b>14,693</b>	3,680
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share</b>			
Basic	9	<u>1.05</u>	<u>0.26</u>
Diluted	9	<u>1.05</u>	<u>0.26</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<u>14,693</u>	<u>3,680</u>
<b>Other comprehensive (expenses) income, net of tax</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	<u>(738)</u>	<u>58</u>
<b>Total comprehensive income for the period</b>	<u><u>13,955</u></u>	<u><u>3,738</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		At 30 June 2020 (unaudited) HK\$'000	At 31 December 2019 (audited) HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<u>100,634</u>	<u>104,301</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		4,282	–
Trade and other receivables	10	58,374	61,624
Pledged bank deposits		790	1,962
Income tax recoverable		181	632
Bank balances and cash		<u>79,567</u>	<u>74,087</u>
		<u>143,194</u>	<u>138,305</u>
<b>Current liabilities</b>			
Trade and other payables	11	67,754	79,995
Income tax payable		–	7,634
Interest-bearing borrowings	12	45,516	38,548
Lease liabilities		<u>1,078</u>	<u>998</u>
		<u>114,348</u>	<u>127,175</u>
<b>Net current assets</b>		<u>28,846</u>	<u>11,130</u>
<b>Total assets less current liabilities</b>		<u>129,480</u>	<u>115,431</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,480</u>	<u>1,386</u>
<b>NET ASSETS</b>		<u><u>128,000</u></u>	<u><u>114,045</u></u>
<b>Capital and reserves</b>			
Share capital		14,000	14,000
Reserves		<u>114,000</u>	<u>100,045</u>
<b>TOTAL EQUITY</b>		<u><u>128,000</u></u>	<u><u>114,045</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*Six months ended 30 June 2020*

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Ever Harvest Group Holdings Limited (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 Company together with its subsidiaries (the “Group”) are 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”).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 (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 2019, 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 2019 (the “2019 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 2019 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:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform

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.

## **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.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief operating decision-makers for review.

	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
<b>Six months ended 30 June 2020</b>						
Revenue from external customers	17,408	19,964	75,311	33,520	22,576	168,779
Cost of services	(14,300)	(17,222)	(59,987)	(28,047)	(19,358)	(138,914)
Segment results	<u>3,108</u>	<u>2,742</u>	<u>15,324</u>	<u>5,473</u>	<u>3,218</u>	<u>29,865</u>
<i>Unallocated income and expenses</i>						
Other income						5,526
Administrative and other operating expenses						(27,500)
Finance costs						(674)
<b>Profit before tax</b>						<u>7,217</u>
Income tax credits						<u>7,476</u>
<b>Profit for the period</b>						<u><u>14,693</u></u>
	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
<b>Six months ended 30 June 2019</b>						
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	<u>2,199</u>	<u>3,223</u>	<u>12,326</u>	<u>5,201</u>	<u>2,286</u>	<u>25,235</u>
<i>Unallocated income and expenses</i>						
Other income						8,079
Administrative and other operating expenses						(28,097)
Finance costs						(627)
<b>Profit before tax</b>						<u>4,590</u>
Income tax expenses						<u>(910)</u>
<b>Profit for the period</b>						<u><u>3,680</u></u>

#### 4. REVENUE

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers</b>		
<b>within HKFRS 15, recognised over time</b>		
Rendering of feeder shipping services	136,781	124,863
Rendering of carrier owned container services	14,252	18,554
Rendering of sea freight forwarding agency services	17,408	16,413
Rendering of barge services	338	616
	<u>168,779</u>	<u>160,446</u>

#### 5. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	52	175
Exchange gain, net	363	–
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	333	3,216
Government grants	4,354	4,151
Sundry income	424	385
	<u>5,526</u>	<u>8,079</u>

## 6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Finance costs</b>		
Interest on interest-bearing borrowings	<b>622</b>	577
Interest on lease liabilities	<b>52</b>	50
	<b>674</b>	627
<b>Other items</b>		
Staff costs (including directors' remunerations)		
Salaries, bonus and allowances	<b>16,387</b>	15,476
Contributions to defined contribution plans	<b>881</b>	1,814
	<b>17,268</b>	17,290
Depreciation (charged to "Cost of services" and "Administrative and other operating expenses", as appropriate)	<b>4,297</b>	3,945
Exchange (gain) loss, net	<b>(363)</b>	203
Lease payments on feeder vessels and barges under short-term leases (charged to "Cost of services")	<b>21,037</b>	20,505
Lease payments on premises under short-term leases	<b>184</b>	211



## 7. TAXATION

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
Under provision in prior years	—	910
	<hr/>	<hr/>
PRC Enterprise Income Tax		
Over provision in prior years	(7,476)	—
	<hr/>	<hr/>
	<b>(7,476)</b>	<b>910</b>
	<hr/> <hr/>	<hr/> <hr/>

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

For the six months ended 30 June 2020 and 2019, Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the periods, except one of the subsidiaries in Hong Kong with estimated assessable profits for the periods being wholly absorbed by unrelieved tax losses brought forward from previous years.

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 2020 and 2019, PRC Enterprise Income Tax has not been provided as the Group has no assessable profits.

## 8. DIVIDENDS

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2020 and 2019.

## 9. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Earnings for the period attributable to the equity holders of the Company for the purpose of basic earnings per share	<b>14,693</b>	3,680
	<b>2020</b>	2019
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,400,000</b>	1,400,000

Diluted earnings per share is the same as basic earnings per share as there were no potential ordinary shares outstanding during the six months ended 30 June 2020 and 2019.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 (unaudited) HK\$'000	At 31 December 2019 (audited) HK\$'000
<b>Trade receivables</b>		
From third parties	48,875	53,231
Loss allowance	<u>(3,237)</u>	<u>(3,237)</u>
	<u>45,638</u>	<u>49,994</u>
<b>Other receivables</b>		
Deposits, prepayments and other debtors	<u>12,736</u>	<u>11,630</u>
	<u>58,374</u>	<u>61,624</u>

### Loss allowance

The loss allowance of approximately HK\$3,237,000 (31 December 2019: HK\$3,237,000) as at 30 June 2020 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 2020, the allowance for expected credit losses is assessed insignificant.

The Group normally grants credit terms up to 90 days (*31 December 2019: up to 90 days*) to its customers. The ageing analysis of trade receivables, net of loss allowance, by invoice date is as follows:

	At <b>30 June</b> <b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	At 31 December 2019 (audited) <b>HK\$'000</b>
Within 30 days	<b>19,566</b>	25,465
31 – 60 days	<b>14,364</b>	14,779
61 – 90 days	<b>6,051</b>	5,506
Over 90 days	<b>5,657</b>	4,244
	<b>45,638</b>	49,994

At 30 June 2020, amount of approximately HK\$12,298,000 (*31 December 2019: approximately HK\$9,779,000*) included in the trade receivables were in connection with invoice discounting bank loan arrangements.

#### 11. TRADE AND OTHER PAYABLES

	At <b>30 June</b> <b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	At 31 December 2019 (audited) <b>HK\$'000</b>
<b>Trade payables</b>		
To third parties	<b>45,544</b>	55,040
<b>Other payables</b>		
Accrued charges and other creditors	<b>11,204</b>	14,016
Deposit received	<b>11,006</b>	10,492
Due to the Ultimate Controlling Party	–	447
	<b>22,210</b>	24,955
	<b>67,754</b>	79,995

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 2020 (unaudited) HK\$'000	At 31 December 2019 (audited) HK\$'000
Within 30 days	39,889	33,894
31 – 60 days	3,059	13,169
61 – 90 days	1,128	5,608
Over 90 days	1,468	2,369
	<u>45,544</u>	<u>55,040</u>

## 12. INTEREST-BEARING BORROWINGS

	At 30 June 2020 (unaudited) HK\$'000	At 31 December 2019 (audited) HK\$'000
Secured bank borrowings:		
Current portion	<u>45,516</u>	<u>38,548</u>

(i) Bank borrowings of approximately HK\$12,298,000 (*At 31 December 2019: approximately HK\$9,779,000*) 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\$12,298,000 (*At 31 December 2019: approximately HK\$9,779,000*) in connection with invoice discounting bank loan arrangements (Note 10).

(ii) A bank borrowing of approximately HK\$10,000,000 (*At 31 December 2019: approximately HK\$5,000,000*) bears interest at HIBOR plus 2.0% per annum (*2019: HIBOR plus 2.0%*) 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\$65,712,000 (*At 31 December 2019: approximately HK\$66,927,000*).

- (iii) A mortgage loan of approximately HK\$23,218,000 (*At 31 December 2019: approximately HK\$23,769,000*) bears interest at lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum (*2019: 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\$65,712,000 (*At 31 December 2019: approximately HK\$66,927,000*).

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 2.2% to 4.7% (*31 December 2019: 2.7% to 4.7%*) per annum. All the interest-bearing borrowings are denominated in HK\$.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL OVERVIEW**

The Group is pleased to report the unaudited consolidated results for the six months ended 30 June 2020.

During the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$168,779,000 (for the six months ended 30 June 2019: approximately HK\$160,446,000), representing an increase of 5.2% over the corresponding period of last year. The Group recorded a gross profit of approximately HK\$29,865,000 (for the six months ended 30 June 2019: approximately HK\$25,235,000), representing an increase of approximately 18.3% over the corresponding period of last year. The gross profit margin increased from 15.7% to 17.7%. The Group recorded profit for the period of approximately HK\$14,693,000 (for the six months ended 30 June 2019: approximately HK\$3,680,000), representing an increase of approximately 299.3% over the corresponding period of last year.

### **BUSINESS OVERVIEW**

During the six months ended 30 June 2020, container throughput of Hong Kong port decreased by 4.9% as compared with the corresponding period of last year, according to the preliminary data released by Marine Department of the Government of the Hong Kong Special Administrative Region (“Hong Kong”), the People’s Republic of China (the “PRC” or “China”).

Notwithstanding the tough operational environment, with the continuous efforts of the Group, the Group’s feeder shipping services, carrier owned container services and barge services recorded an increase in total shipment volume of 19,748 twenty-foot equivalent units (the “TEUs”) or 11.9%, from 166,596 TEUs to 186,344 TEUs, and an increase in gross profit of approximately HK\$3,721,000 or 16.2%, from approximately HK\$23,036,000 to approximately HK\$26,757,000, for the six months ended 30 June 2020, as compared to the corresponding period of last year.

The Group’s sea freight forwarding agency services recorded a decrease in shipment volume of 500 TEUs or 9.8%, from 5,118 TEUs to 4,618 TEUs, however an increase in gross profit of approximately HK\$909,000 or 41.3%, from approximately HK\$2,199,000 to approximately HK\$3,108,000, for the six months ended 30 June 2020, as compared to the corresponding period of last year.

In the joint efforts of management and all employees of the Group, and benefited from the significant drop in oil price, the gross profit margin of routes and sea freight forwarding agency services increased from 16.0% to 17.7% and increased from 13.4% to 17.9% respectively, for the six months ended 30 June 2020 as compared to the corresponding period of last year.

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

	Six months ended 30 June					
	2020			2019		
	<i>HK\$'000</i>	TEUs	Gross profit margin %	<i>HK\$'000</i>	TEUs	Gross profit margin %
	(unaudited)			(unaudited)		
Fujian routes	19,964	18,162	13.7	24,271	17,406	13.3
Guangxi routes	75,311	82,266	20.3	63,605	67,268	19.4
Guangdong routes	33,520	69,491	16.3	36,951	67,913	14.1
Hainan routes	22,576	16,425	14.3	19,206	14,009	11.9
Sea freight forwarding agency services	17,408	4,618	17.9	16,413	5,118	13.4
	<u>168,779</u>	<u>190,962</u>	<u>17.7</u>	<u>160,446</u>	<u>171,714</u>	<u>15.7</u>

The Group's operational costs totalled approximately HK\$138,914,000 (for the six months ended 30 June 2019: approximately HK\$135,211,000), representing an increase of approximately HK\$3,703,000 or 2.7% as compared with the corresponding period of last year. The increase in operational costs was mainly due to increased shipping volume of feeder shipping services, carrier owned container services and barge services as compared to the corresponding period of last year.

The Group's other income totalled approximately HK\$5,526,000 (for the six months ended 30 June 2019: approximately HK\$8,079,000), representing a decrease of approximately HK\$2,553,000 or 31.6% as compared to the corresponding period of last year. The decrease in other income was mainly due to a decrease in gain on financial assets at fair value through profit or loss of approximately HK\$2,883,000 for the six months ended 30 June 2020 as compared to the corresponding period of last year.

### Profit for the period

For the six months ended 30 June 2020, as a result of the cumulative effect of the above factors and the reversal of over-provision of the enterprise income tax of the PRC for previous years of approximately HK\$7,476,000, the Group recorded a net profit of approximately HK\$14,693,000 (for the six months ended 30 June 2019: approximately HK\$3,680,000) and a net profit margin of 8.7% (for the six months ended 30 June 2019: 2.3%).



## **PROSPECTS**

Uncertainties of Sino-US trade war and the outbreak of the novel coronavirus disease (COVID-19) epidemic, 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 the interest of the shareholders of the Company, the Group has planned ahead for the upcoming challenges and set our investment strategies cautiously.

### **Extending 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. The Group will also continue to seek opportunities in new ports and strive to diversify our source of income.

The Group will continue to maintain strong relationship with customers and compete with competitors by our high quality service, effectively manage the vessel fleet and containers in order to maximise the reliability and flexibility of our services, and take all possible measures to enhance our 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. As at 30 June 2020, the Group held bank balances and cash of approximately HK\$79,567,000 (31 December 2019: approximately HK\$74,087,000). As at 30 June 2020, the Group had a mortgage loan of approximately HK\$23,218,000 (31 December 2019: approximately HK\$23,769,000) and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK\$22,298,000 as at 30 June 2020 (31 December 2019: approximately HK\$14,779,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings were 2.2% to 4.7% (for the year ended 31 December 2019: 2.7% to 4.7%) per annum. The carrying amounts of bank borrowings were denominated in Hong Kong dollars (“HK\$”). The Group’s gearing ratio as at 30 June 2020, calculated based on the total borrowings to the equity attributable to owners of the Company, was 37.6% (31 December 2019: 35.9%). 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 2020. The capital of the Company comprises ordinary shares and other reserves.

## Charge on group assets

As at 30 June 2020, leasehold land and building amounting to approximately HK\$65,712,000 (31 December 2019: approximately HK\$66,927,000) were pledged to secure banking facilities, trade receivables amounting to approximately HK\$12,298,000 (31 December 2019: approximately HK\$9,779,000) were in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK\$790,000 (31 December 2019: approximately HK\$1,962,000) were pledged as security for bank facilities.

## USE OF PROCEEDS

By 30 June 2020, the total listing proceeds has been utilised as intended. 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 (based on the final offer price of HK\$0.315) and the announcements of the Company dated 19 May 2017 and 10 December 2018 regarding the change in use of proceeds, and usage up to 30 June 2020:

	<b>Proposed application</b> <i>HK\$' million</i>	<b>Actual usage up to 30 June 2020</b> <i>HK\$' million</i>
Acquisition of barges	19.45	19.45
Operating expenses of barges	10.00	10.00
Acquisition of headquarter in Hong Kong	32.20	32.20
Acquiring additional containers and upgrading computer system and software	7.00	7.00
General working capital	11.65	11.65
	<u>80.30</u>	<u>80.30</u>

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 193 employees (31 December 2019: 191). Total staff costs (including Directors' emoluments) were approximately HK\$17,268,000 for the six months ended 30 June 2020, as compared to approximately HK\$17,290,000 for the corresponding period of 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.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 2020.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

## **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 2020.

## **IMPORTANT EVENT AFTER THE REPORTING PERIOD**

No important event has been noted after the reporting period.

## **REVIEW OF INTERIM RESULTS**

The Company established an audit committee which comprises four independent non-executive directors of the Company, 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. The 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 financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30 June 2020 and this announcement.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.xhsl.com.hk>). The 2020 interim report of the Company will be available at the aforesaid websites and will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 28 August 2020

*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.*