

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 2022

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 2022 together with comparative figures for the corresponding period in 2021 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	4	343,396	189,565
Cost of services		(279,361)	(164,050)
<b>Gross profit</b>		<b>64,035</b>	25,515
Other income	5	1,243	5,734
Administrative and other operating expenses		(37,926)	(28,663)
Finance costs	6	(707)	(465)
<b>Profit before tax</b>	6	<b>26,645</b>	2,121
Income tax expenses	7	(3,562)	(179)
<b>Profit for the period</b>		<b>23,083</b>	1,942
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
Basic	9	1.49	0.14
Diluted	9	1.49	0.14

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*Six months ended 30 June 2022*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<u><b>23,083</b></u>	<u>1,942</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><b>(2,256)</b></u>	<u>911</u>
<b>Total comprehensive income for the period</b>	<u><b>20,827</b></u>	<u>2,853</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Deposits for acquisition of property, plant and equipment		–	10,541
Property, plant and equipment		107,638	100,529
Investment properties		62,651	63,946
		<b>170,289</b>	175,016
<b>Current assets</b>			
Financial assets at fair value through profit or loss		7,509	–
Trade and other receivables	10	119,557	97,015
Pledged bank deposits		809	662
Bank balances and cash		118,912	123,821
		<b>246,787</b>	221,498
<b>Current liabilities</b>			
Trade and other payables	11	120,848	122,601
Income tax payable		5,362	4,220
Interest-bearing borrowings	12	70,901	69,662
Lease liabilities		1,258	1,543
		<b>198,369</b>	198,026
<b>Net current assets</b>		<b>48,418</b>	23,472
<b>Total assets less current liabilities</b>		<b>218,707</b>	198,488
<b>Non-current liabilities</b>			
Lease liabilities		563	1,171
<b>NET ASSETS</b>		<b>218,144</b>	197,317
<b>Capital and reserves</b>			
Share capital		15,500	15,500
Reserves		202,644	181,817
<b>TOTAL EQUITY</b>		<b>218,144</b>	197,317

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*Six months ended 30 June 2022*

## 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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 July 2016. 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”). The ultimate controlling party of the Group is Mr. Lau Yu Leung (the “Ultimate Controlling Party”). The registered office of the Company is situated at Windward 3, Regatta Office Park, PO 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 2022 (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 2021, 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 2021 (the “2021 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

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSSs that are relevant to the Group and effective from the current year:

Amendments to HKAS 16	Proceeds before intended use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvement Project	<i>2018–2020 Cycle</i>

The Group has not early adopted any new/revised HKFRSSs that have been issued but are not yet effective for the financial period beginning on 1 January 2022.

## 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.

	<b>Sea freight forwarding agency services (unaudited) HK\$'000</b>	<b>Fujian routes (unaudited) HK\$'000</b>	<b>Guangxi routes (unaudited) HK\$'000</b>	<b>Guangdong routes (unaudited) HK\$'000</b>	<b>Hainan routes (unaudited) HK\$'000</b>	<b>Total (unaudited) HK\$'000</b>
<b>Six months ended 30 June 2022</b>						
Revenue from external customers	50,816	48,423	158,205	40,390	45,562	343,396
Cost of services	(42,099)	(32,847)	(131,458)	(32,621)	(40,336)	(279,361)
Segment results	<u>8,717</u>	<u>15,576</u>	<u>26,747</u>	<u>7,769</u>	<u>5,226</u>	64,035
<i>Unallocated income and expenses</i>						
Other income						1,243
Administrative and other operating expenses						(37,926)
Finance costs						<u>(707)</u>
<b>Profit before tax</b>						<b>26,645</b>
Income tax expenses						<u>(3,562)</u>
<b>Profit for the period</b>						<b><u><u>23,083</u></u></b>

	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 2021</b>						
Revenue from external customers	28,258	22,908	79,846	33,210	25,343	189,565
Cost of services	(23,886)	(20,589)	(68,200)	(29,198)	(22,177)	(164,050)
Segment results	4,372	2,319	11,646	4,012	3,166	25,515
<i>Unallocated income and expenses</i>						
Other income						5,734
Administrative and other operating expenses						(28,663)
Finance costs						(465)
<b>Profit before tax</b>						2,121
Income tax expenses						(179)
<b>Profit for the period</b>						<u>1,942</u>

### Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment (the "Specified non-current assets"). The geographical location of the Specified non-current assets is based on the physical location of the assets (in the case of vessels and barges the location to which they are registered and operated).

#### *Specified non-current assets*

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Hong Kong	139,940	143,881
The PRC	30,349	31,135
	<u>170,289</u>	<u>175,016</u>

## Information about major customers

Details of the entities individually accounting for 10% or more of aggregate revenue of the Group during the six months ended 30 June 2022 and 2021 are as follows:

	<b>Guangxi routes</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Customer A and its affiliated companies	<b>51,284</b>	<b>N/A<sup>Note</sup></b>

*Note:* The customer contributed less than 10% of the total revenue of the Group for the six months ended 30 June 2021.

## 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers within HKFRS 15, recognised over time</b>		
Rendering of feeder shipping services	<b>250,801</b>	140,817
Rendering of carrier owned container services	<b>41,592</b>	19,971
Rendering of sea freight forwarding agency services	<b>50,816</b>	28,258
Rendering of barge services	<b>187</b>	519
	<b>343,396</b>	189,565

## 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank interest income	<b>59</b>	45
Net gain on financial assets at fair value through profit or loss	<b>44</b>	468
Gain on disposals of property, plant and equipment	<b>–</b>	546
Government grants	<b>–</b>	4,214
Sundry income	<b>1,140</b>	461
	<b>1,243</b>	5,734



## 6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Finance costs</b>		
Interest on interest-bearing borrowings	640	387
Interest on lease liabilities	67	78
	<u>707</u>	<u>465</u>
<b>Other items</b>		
Staff costs (including directors' remunerations)		
Salaries, bonus and allowances	17,102	15,639
Contributions to defined contribution plans	2,173	1,935
	<u>19,275</u>	<u>17,574</u>
Depreciation of property, plant and equipment (charged to "Cost of services" and "Administrative and other operating expenses", as appropriate)	4,567	3,753
Depreciation of investment property	1,295	570
Exchange loss, net	2,684	1,307
Lease payments on feeder vessels and barges under short-term leases (charged to "Cost of services")	33,833	23,096
Lease payments on premises under short-term leases	205	213
Loss (Gain) on disposal of property, plant and equipment	14	(546)

## 7. TAXATION

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax	3,831	179
PRC Enterprise Income Tax		
Over provision in prior years	(269)	–
	<u>3,562</u>	<u>179</u>

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

For the six months ended 30 June 2022, 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 was calculated at 16.5% of their respective estimated assessable profit for the both years, except one of the Hong Kong incorporated subsidiaries with estimated assessable profits for the period 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 2022 and 2021, 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 2022 and 2021.

## 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>2022</b>	<b>2021</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>23,083</b>	1,942
	<b>2022</b>	2021
	<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>1,550,000</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 2022 and 2021.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
<b>Trade receivables</b>		
From third parties	113,371	86,233
Less: Loss allowance	<u>(3,237)</u>	<u>(3,237)</u>
	<u>110,134</u>	<u>82,996</u>
<b>Other receivables</b>		
Deposits, prepayments and other debtors	9,423	24,560
Less: Deposits paid for acquisition of property plant and equipment classified as non-current assets	<u>–</u>	<u>(10,541)</u>
	<u>9,423</u>	<u>14,019</u>
	<u>119,557</u>	<u>97,015</u>

### Loss allowance

The loss allowance of approximately HK\$3,237,000 (31 December 2021: HK\$3,237,000) as at 30 June 2022 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 2022, the allowance for expected credit losses is assessed insignificant.

The Group normally grants credit terms up to 90 days (*31 December 2021: 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>2022</b> (unaudited) <i>HK\$'000</i>	At 31 December 2021 (audited) <i>HK\$'000</i>
Within 30 days	50,849	34,275
31–60 days	27,038	28,991
61–90 days	16,624	14,371
Over 90 days	15,623	5,359
	<u>110,134</u>	<u>82,996</u>

At 30 June 2022, amount of approximately HK\$9,148,000 (*31 December 2021: approximately HK\$6,729,000*) 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>2022</b> (unaudited) <i>HK\$'000</i>	At 31 December 2021 (audited) <i>HK\$'000</i>
<b>Trade payables</b>		
To third parties	<u>86,975</u>	<u>76,157</u>
<b>Other payables</b>		
Accrued charges and other creditors	15,336	22,504
Deposit received	18,537	18,240
Due to the shareholder	–	5,700
	<u>33,873</u>	<u>46,444</u>
	<u>120,848</u>	<u>122,601</u>

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 <b>30 June</b> <b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	At 31 December 2021 (audited) HK\$'000
Within 30 days	69,312	42,704
31–60 days	11,779	16,803
61–90 days	3,805	12,425
Over 90 days	2,079	4,225
	<u>86,975</u>	<u>76,157</u>

## 12. INTEREST-BEARING BORROWINGS

	At <b>30 June</b> <b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	At 31 December 2021 (audited) HK\$'000
Secured bank borrowings:		
Current portion	<u>70,901</u>	<u>69,662</u>

- (i) Bank borrowings of approximately HK\$9,148,000 (*At 31 December 2021: approximately HK\$6,729,000*) bear interests at Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.875% per annum (*At 31 December 2021: 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\$9,148,000 (*At 31 December 2021: approximately HK\$6,729,000*) in connection with invoice discounting bank loan arrangements (Note 10).
- (ii) A bank borrowing of approximately HK\$14,000,000 (*At 31 December 2021: approximately HK\$14,000,000*) bears interest at HIBOR plus 1.7% per annum (*At 31 December 2021: HIBOR plus 1.7% per annum*) and is wholly repayable within one year since inception. The bank borrowing is secured by the leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$67,813,000 and HK\$62,651,000 respectively (*At 31 December 2021: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$69,168,000 and HK\$63,946,000 respectively*).

- (iii) A mortgage loan of approximately HK\$20,818,000 (*At 31 December 2021: approximately HK\$21,417,000*) bears interest at lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum (*At 31 December 2021: 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 and investment properties of the Group of aggregate net carrying amount of approximately HK\$67,813,000 and HK\$62,651,000 respectively (*At 31 December 2021: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$69,168,000 and HK\$63,946,000 respectively*).

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 its rights to demand repayment.

- (iv) A term loan of approximately HK\$26,935,000 (*At 31 December 2021: HK\$27,516,000*) bears interest at the 1 month HIBOR plus 1.75% per annum (*At 31 December 2021: 1 month HIBOR plus 1.75% per annum*), and is wholly repayable over five years. The term loan is secured by the leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$67,813,000 and HK\$62,651,000 respectively (*At 31 December 2021: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$69,168,000 and HK\$63,946,000 respectively*).

The range of effective interest rates on the interest-bearing borrowings were 1.5% to 2.3% (*31 December 2021: 1.4% to 2.2%*) per annum. All the interest-bearing borrowings are denominated in HK\$.

### **13. EVENT AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, on 1 July 2022, the Group entered into a vessel transfer agreement with a vendor to acquire a vessel at the purchase price of RMB7,800,000 (equivalent to approximately HK\$9,136,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL OVERVIEW

The Group is pleased to report the unaudited consolidated results for the six months ended 30 June 2022.

During the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$343,396,000 (for the six months ended 30 June 2021: approximately HK\$189,565,000), representing an increase of 81.1% over the corresponding period of last year. The Group recorded a gross profit of approximately HK\$64,035,000 (for the six months ended 30 June 2021: approximately HK\$25,515,000), representing an increase of approximately 151.0% over the corresponding period of last year. The gross profit margin increased from 13.5% to 18.6%. The Group recorded profit for the period of approximately HK\$23,083,000 (for the six months ended 30 June 2021: approximately HK\$1,942,000), representing an increase of approximately 1,088.6% over the corresponding period of last year.

### BUSINESS OVERVIEW

During the six months ended 30 June 2022, container throughput of Hong Kong port decreased by 3.7% as compared with the corresponding period of last year, according to the preliminary data released by the 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 39,012 twenty foot equivalent units (the “**TEUs**”) or 20.8%, from 187,519 TEUs to 226,531 TEUs, and an increase in gross profit of approximately HK\$34,175,000 or 161.6%, from approximately HK\$21,143,000 to approximately HK\$55,318,000, for the six months ended 30 June 2022, as compared to the corresponding period last year. The increase in the gross profit was mainly attributable to the increase in revenue for the six months ended 30 June 2022.

The Group's sea freight forwarding agency services recorded a decrease in shipment volume of 177 TEUs or 3.7%, from 4,730 TEUs to 4,553 TEUs, but an increase in gross profit of approximately HK\$4,345,000 or 99.4%, from approximately HK\$4,372,000 to approximately HK\$8,717,000, for the six months ended 30 June 2022, as compared to the corresponding period last year. The increase in gross profit was mainly attributable to the increase in average unit price of sea freight forwarding agency services as a result of the increase in customers' demand.

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

	Six months ended 30 June					
	2022			2021		
	<i>HK\$'000</i>	TEUs	Gross profit margin	<i>HK\$'000</i>	TEUs	Gross profit margin
	(unaudited)			(unaudited)		
Fujian routes	48,423	25,715	32.2	22,908	16,551	10.1
Guangxi routes	158,205	83,654	16.9	79,846	79,979	14.6
Guangdong routes	40,390	93,661	19.2	33,210	75,311	12.1
Hainan routes	45,562	23,501	11.5	25,343	15,678	12.5
Sea freight forwarding agency services	50,816	4,553	17.2	28,258	4,730	15.5
	<u>343,396</u>	<u>231,084</u>	<u>18.6</u>	<u>189,565</u>	<u>192,249</u>	<u>13.5</u>

The Group's operational costs totalled approximately HK\$279,361,000 (for the six months ended 30 June 2021: approximately HK\$164,050,000), representing an increase of approximately HK\$115,311,000 or 70.3% as compared with the corresponding period of last year. The increase in operational costs was mainly due to (i) the increase in shipping volume of feeder shipping services, carrier owned container services and barge services; (ii) the increase in unit price of bunker charges as compared to the corresponding period of last year; and (iii) the increase in average unit cost of sea freight forwarding agency services.

The Group's other income totalled approximately HK\$1,243,000 (for the six months ended 30 June 2021: approximately HK\$5,734,000), representing a decrease of approximately HK\$4,491,000 or 78.3% as compared to the corresponding period of last year.

The Group's administrative and other operating expenses totalled approximately HK\$37,926,000 (for the six months ended 30 June 2021: approximately HK\$28,663,000), representing an increase of approximately HK\$9,263,000, or 32.3% as compared with the corresponding period of last year. The increase was mainly due to the increase in total staff costs, increase in depreciation charge, increase in exchange loss and increase in other operating expenses.



## **Profit for the period**

For the six months ended 30 June 2022, the profit attributable to equity holders of the Company was approximately HK\$23,083,000 which was approximately 1,088.6% higher as compared to the profit attributable to equity holders of the Company of approximately HK\$1,942,000 for the corresponding period in 2021. The increase in the profit attributable to equity holders of the Company was mainly attributable to: (i) the increase in revenue of approximately HK\$153,831,000, representing an increase of approximately 81.1% compared with the revenue for the corresponding period as a result of the tight supply in the container transportation market, leading to an increase in customers' demand for the Group's services; and (ii) the Group's effective cost control which improved the Group's gross profit margin for the reporting period.

## **PROSPECTS**

Although the Group recorded a good result in the first half of the year, uncertainty of global economic growth, fluctuation of international fuel price and the keen price competition among the regional shipping carriers have brought 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 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 relationships 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.

## **Increase the vessel fleet capacity of the Group**

In order to increase the vessel fleet capacity of the Group so as to enable the Group to satisfy any increase in customers' demand for the feeder shipping services and reduce the costs of the Group in relation to the provision of feeder shipping services of the Group, the Group entered into a vessel transfer agreement with a vendor to acquire a vessel at the purchase price of RMB7,800,000 (equivalent to approximately HK\$9,136,000) on 1 July 2022.

With the continuous efforts of the Group, the Group believes that the Group will bring good returns to its shareholders in the long term.

## **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 2022, the Group held bank balances and cash of approximately HK\$118,912,000 (31 December 2021: approximately HK\$123,821,000). As at 30 June 2022, the Group had a mortgage loan of approximately HK\$20,818,000 (31 December 2021: approximately HK\$21,417,000) and was wholly repayable over five years. The Group had a term loan of approximately HK\$26,935,000 as at 30 June 2022 (31 December 2021: approximately HK\$27,516,000) and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK\$23,148,000 as at 30 June 2022 (31 December 2021: approximately HK\$20,729,000) which were wholly repayable within one year since inception. The range of effective interest rates on the borrowings was 1.5% to 2.3% (for the year ended 31 December 2021: 1.4% to 2.2%) per annum. All bank borrowings were made at floating interest rates. The carrying amounts of bank borrowings were denominated in Hong Kong dollars. The Group's gearing ratio as at 30 June 2022, calculated based on the total borrowings (including lease liabilities) to the equity attributable to owners of the Company, was 33.3% (31 December 2021: 36.7%).

### **Charge on group assets**

As at 30 June 2022, leasehold land and buildings amounting to approximately HK\$67,813,000 (31 December 2021: approximately HK\$69,168,000) and investment properties amounting to HK\$62,651,000 (31 December 2021: HK\$63,946,000) were pledged to secure banking facilities; and trade receivables amounting to approximately HK\$9,148,000 (31 December 2021: approximately HK\$6,729,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK\$809,000 (31 December 2021: approximately HK\$662,000) were pledged as security for bank facilities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2022, the Group had a total of 199 employees (31 December 2021: 198). Total staff costs (including Directors' emoluments) were approximately HK\$19,275,000 for the six months ended 30 June 2022, as compared to approximately HK\$17,574,000 for the corresponding period of last year. The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operating results. The total remuneration of employees includes basic salaries and cash bonus.

Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (30 June 2021: 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 2022.

## **SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

On 1 July 2022, Shenzhen Forever Harvest Logistics Ltd.\* (深圳市永豐物流有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a vessel transfer agreement with Huizhou Jinqiao Ocean Shipping Co., Ltd.\* (惠州市金橋海運有限公司) (the “**Vendor**”), pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, a vessel at the purchase price of RMB7,800,000 (equivalent to approximately HK\$9,136,000).

Save as disclosed above, there was no significant event affecting the Group which occurred after the Reporting Period.

## **REVIEW OF INTERIM RESULTS**

The Company has 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, Eddie Shing Cheuk, 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 2022 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 2022 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, 26 August 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry; the non-executive Director of the Company is Madam Tong Hung Sum; and the independent non-executive Directors of the Company are Mr. Lo Wan Sing Vincent, Mr. Lam Lo, Mr. Lee Ka Lun and Mr. Kam, Eddie Shing Cheuk.*

\* For identification purpose only