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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 2023

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 2023 together with comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
Revenue	4	198,551	343,396
Cost of services		(159,184)	(279,361)
Gross profit		39,367	64,035
Other income	5	5,222	1,243
Administrative and other operating expenses		(35,527)	(37,926)
Finance costs	6	(1,400)	(707)
Profit before tax	6	7,662	26,645
Income tax expenses	7	(1,243)	(3,562)
Profit for the period		6,419	23,083
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	0.41	1.49
Diluted	9	0.41	1.49

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	<u>6,419</u>	<u>23,083</u>
Other comprehensive expenses, net of tax		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	<u>(7,209)</u>	<u>(2,256)</u>
Total comprehensive (expenses) income for the period	<u>(790)</u>	<u>20,827</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		108,500	113,770
Investment properties		60,061	61,356
		168,561	175,126
Current assets			
Financial assets at fair value through profit or loss		5,368	6,050
Trade and other receivables	10	61,986	83,154
Pledged bank deposits		820	811
Bank balances and cash		124,543	147,991
		192,717	238,006
Current liabilities			
Trade and other payables	11	70,558	120,530
Income tax payable		3,414	5,294
Interest-bearing borrowings	12	65,230	64,584
Lease liabilities		1,196	1,287
		140,398	191,695
Net current assets		52,319	46,311
Total assets less current liabilities		220,880	221,437
Non-current liabilities			
Lease liabilities		1,280	1,047
NET ASSETS		219,600	220,390
Capital and reserves			
Share capital		15,500	15,500
Reserves		204,100	204,890
TOTAL EQUITY		219,600	220,390

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2023

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 were 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 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 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**”).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 (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.

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 2022, 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 2022 (the “**2022 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 unaudited condensed consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 Financial Statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current period:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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 2023.

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. The management of the Company 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 the barge services, and a collective perspective for the 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
Six months ended						
30 June 2023						
Revenue from external customers	23,357	29,377	74,501	32,442	38,874	198,551
Cost of services	<u>(19,582)</u>	<u>(21,112)</u>	<u>(60,358)</u>	<u>(25,136)</u>	<u>(32,996)</u>	<u>(159,184)</u>
Segment results	<u>3,775</u>	<u>8,265</u>	<u>14,143</u>	<u>7,306</u>	<u>5,878</u>	39,367
<i>Unallocated income and expenses</i>						
Other income						5,222
Administrative and other operating expenses						(35,527)
Finance costs						<u>(1,400)</u>
Profit before tax						7,662
Income tax expenses						<u>(1,243)</u>
Profit for the period						<u><u>6,419</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
Six months ended 30 June 2022						
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>
Profit before tax						26,645
Income tax expenses						<u>(3,562)</u>
Profit for the period						<u><u>23,083</u></u>

Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment and investment properties (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 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Hong Kong	132,069	135,889
The PRC	<u>36,492</u>	<u>39,237</u>
	<u><u>168,561</u></u>	<u><u>175,126</u></u>

Information about major customers

Details of the entities individually accounting for 10% or more of the aggregate revenue of the Group during the six months ended 30 June 2023 and 2022 are as follows:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Customer A and its affiliated companies (<i>Note</i>)	<u>N/A</u>	<u>51,284</u>

Note: A customer contributed more than 10% of the total revenue of the Group for the six months ended 30 June 2022 represents the customer from Guangxi routes. Such customer contributed less than 10% of the total revenue of the Group for the six months ended 30 June 2023.

For the six months ended 30 June 2023, no customers contributed more than 10% of the total revenue of the Group.

4. REVENUE

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Revenue from contracts with customers within HKFRS 15, recognised over time		
Rendering of feeder shipping services	154,834	250,801
Rendering of carrier owned container services	20,064	41,592
Rendering of sea freight forwarding agency services	23,357	50,816
Rendering of barge services	<u>296</u>	<u>187</u>
	<u>198,551</u>	<u>343,396</u>

5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	440	59
Dividend income	24	–
Exchange gain, net	911	–
Net (loss) gain on financial assets at fair value through profit or loss	(682)	44
Government grants	3,457	–
Sundry income	1,072	1,140
	<u>5,222</u>	<u>1,243</u>

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
Interest on interest-bearing borrowings	1,299	640
Interest on lease liabilities	101	67
	<u>1,400</u>	<u>707</u>
Other items		
Staff costs (including directors' remunerations)		
Salaries, bonus and allowances	18,863	17,102
Contributions to defined contribution plans	2,106	2,173
	<u>20,969</u>	<u>19,275</u>
Depreciation of property, plant and equipment (charged to “Cost of services” and “Administrative and other operating expenses”, as appropriate)	4,645	4,567
Depreciation of investment properties	1,295	1,295
Exchange (gain) loss, net	(911)	2,684
Lease payments on feeder vessels and barges under short-term leases (charged to “Cost of services”)	37,109	33,833
Lease payments on premises under short-term leases	95	205
(Gain) Loss on disposal of property, plant and equipment	(136)	14

7. TAXATION

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	<u>1,243</u>	<u>3,831</u>
PRC Enterprise Income Tax		
Over provision in prior years	<u>-</u>	<u>(269)</u>
	<u>1,243</u>	<u>3,562</u>

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

For the six months ended 30 June 2023, 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 both periods, 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 2023 and 2022, PRC Enterprise Income Tax has not been provided as the Group has no assessable profits.

8. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 and 2022.

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:

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the period attributable to the equity holders of the Company for the purpose of calculating basic earnings per share	<u>6,419</u>	<u>23,083</u>
	2023	2022
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,550,000</u>	<u>1,550,000</u>

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 2023 and 2022.

10. TRADE AND OTHER RECEIVABLES

	At	At
	30 June	31 December
	2023	2022
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables		
From third parties	57,297	75,539
Less: Loss allowance	<u>(3,194)</u>	<u>(3,237)</u>
	<u>54,103</u>	<u>72,302</u>
Other receivables		
Deposits, prepayments and other debtors	<u>7,883</u>	<u>10,852</u>
	<u>61,986</u>	<u>83,154</u>

Loss allowance

The loss allowance of approximately HK\$3,194,000 (31 December 2022: HK\$3,237,000) as at 30 June 2023 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 2023, the allowance for expected credit losses is assessed insignificant.

The Group normally grants credit terms up to 90 days (31 December 2022: 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 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Within 30 days	25,184	31,513
31–60 days	17,179	22,172
61–90 days	8,728	9,977
Over 90 days	3,012	8,640
	<u>54,103</u>	<u>72,302</u>

11. TRADE AND OTHER PAYABLES

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Trade payables		
To third parties	<u>49,156</u>	<u>85,541</u>
Other payables		
Accrued charges and other creditors	9,104	20,575
Deposit received	<u>12,298</u>	<u>14,414</u>
	<u>21,402</u>	<u>34,989</u>
	<u>70,558</u>	<u>120,530</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 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Within 30 days	34,099	36,532
31–60 days	8,198	25,660
61–90 days	6,859	15,601
Over 90 days	–	7,748
	<u>49,156</u>	<u>85,541</u>

12. INTEREST-BEARING BORROWINGS

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Secured bank borrowings:		
Current portion	<u>65,230</u>	<u>64,584</u>

- (i) Bank borrowings of approximately HK\$5,484,000 (At 31 December 2022: approximately HK\$5,738,000) bear interests at Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.7% per annum (At 31 December 2022: HIBOR plus 1.7% per annum) and are wholly repayable within one year since inception. The bank borrowings are secured by trade receivables of approximately HK\$5,484,000 (At 31 December 2022: approximately HK\$5,738,000) in connection with invoice discounting bank loan arrangements.
- (ii) A bank borrowing of approximately HK\$14,000,000 (At 31 December 2022: approximately HK\$12,000,000) bears interest at HIBOR plus 1.7% per annum (At 31 December 2022: 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\$65,103,000 and HK\$60,061,000, respectively (At 31 December 2022: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$66,458,000 and HK\$61,356,000, respectively).

- (iii) A mortgage loan of approximately HK\$19,744,000 (*At 31 December 2022: approximately HK\$20,416,000*) 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 2022: 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\$65,103,000 and HK\$60,061,000, respectively (*At 31 December 2022: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$66,458,000 and HK\$61,356,000, 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 of the Company does not expect that the lender would exercise its rights to demand repayment.

- (iv) A term loan of approximately HK\$26,002,000 (*At 31 December 2022: HK\$26,430,000*) bears interest at the 1 month HIBOR plus 1.75% per annum (*At 31 December 2022: 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\$65,103,000 and HK\$60,061,000, respectively (*At 31 December 2022: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$66,458,000 and HK\$61,356,000, respectively*).

The range of effective interest rates on the interest-bearing borrowings were 1.6% to 7.1% (*31 December 2022: 2.1% to 7.1%*) 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 2023.

During the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$198,551,000 (for the six months ended 30 June 2022: approximately HK\$343,396,000), representing a decrease of 42.2% over the corresponding period of last year. The Group recorded a gross profit of approximately HK\$39,367,000 (for the six months ended 30 June 2022: approximately HK\$64,035,000), representing a decrease of approximately 38.5% over the corresponding period of last year. The gross profit margin increased from 18.6% to 19.8%. The Group recorded a profit for the period of approximately HK\$6,419,000 (for the six months ended 30 June 2022: approximately HK\$23,083,000), representing a decrease of approximately 72.2% over the corresponding period of last year.

BUSINESS OVERVIEW

During the six months ended 30 June 2023, container throughput of Hong Kong port decreased by 15.5% 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**”).

The Group’s feeder shipping services, carrier owned container services and barge services recorded a decrease in total shipment volume of 55,284 twenty foot equivalent units (the “**TEUs**”) or 24.4%, from 226,531 TEUs to 171,247 TEUs, and a decrease in gross profit of approximately HK\$19,726,000 or 35.7%, from approximately HK\$55,318,000 to approximately HK\$35,592,000, for the six months ended 30 June 2023, as compared to the corresponding period last year. The decrease in the gross profit was mainly attributable to the net effect of (i) the decrease in revenue as a result of the decrease in shipment volume and the decrease in the average unit price of the Group’s services; and (ii) the decrease in unit price of bunker charges and unit price of rental charges of feeder vessels.

The Group's sea freight forwarding agency services recorded a decrease in shipment volume of 593 TEUs or 13.0%, from 4,553 TEUs to 3,960 TEUs, and a decrease in gross profit of approximately HK\$4,942,000 or 56.7%, from approximately HK\$8,717,000 to approximately HK\$3,775,000, for the six months ended 30 June 2023, as compared to the corresponding period last year. The decrease in gross profit was mainly attributable to the decrease in revenue as a result of the decrease in average unit price and shipment volume of sea freight forwarding agency services.

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

	Six months ended 30 June					
	2023			2022		
	Revenue HK\$'000 (unaudited)	TEUs	Gross profit margin %	Revenue HK\$'000 (unaudited)	TEUs	Gross profit margin %
Fujian routes	29,377	26,770	28.1	48,423	25,715	32.2
Guangxi routes	74,501	52,115	19.0	158,205	83,654	16.9
Guangdong routes	32,442	66,498	22.5	40,390	93,661	19.2
Hainan routes	38,874	25,864	15.1	45,562	23,501	11.5
Sea freight forwarding agency services	23,357	3,960	16.2	50,816	4,553	17.2
	<u>198,551</u>	<u>175,207</u>	<u>19.8</u>	<u>343,396</u>	<u>231,084</u>	<u>18.6</u>

The Group's operational costs totalled approximately HK\$159,184,000 (for the six months ended 30 June 2022: approximately HK\$279,361,000), representing a decrease of approximately HK\$120,177,000 or 43.0% as compared with the corresponding period of last year. The decrease in operational costs was mainly due to (i) the decrease in shipping volume of feeder shipping services, carrier owned container services, barge services and sea freight forwarding agency services; (ii) the decrease in unit price of bunker charges; and (iii) the decrease in unit price of rental charges of feeder vessels.

The Group's other income totalled approximately HK\$5,222,000 (for the six months ended 30 June 2022: approximately HK\$1,243,000), representing an increase of approximately HK\$3,979,000 or 320.1% as compared to the corresponding period of last year. The increase in other income was mainly due to the increase in government grants.

The Group's administrative and other operating expenses totalled approximately HK\$35,527,000 (for the six months ended 30 June 2022: approximately HK\$37,926,000), representing a decrease of approximately HK\$2,399,000 or 6.3% as compared with the corresponding period of last year. The decrease in administrative and other operating expenses was mainly due to the decrease in exchange loss.

Profit for the period

For the six months ended 30 June 2023, the profit attributable to equity holders of the Company was approximately HK\$6,419,000 which was approximately 72.2% lower as compared to the profit attributable to equity holders of the Company of approximately HK\$23,083,000 for the corresponding period in 2022. The decrease in the profit attributable to equity holders of the Company was mainly attributable to: (i) the decrease in revenue from the Group's feeder shipping services of approximately HK\$95,967,000 or 38.3%; (ii) the decrease in revenue from the Group's carrier owned container services of approximately HK\$21,528,000 or 51.8%; and (iii) the decrease in revenue of the Group's sea freight forwarding agency services of approximately HK\$27,459,000 or 54.0%, as compared to the revenue for the corresponding period in 2022 as a result of global economic slowdown and the increase in competition in the waterborne trade and freight industry in mainland China, which led to the decrease in customers' demand for the Group's services.

PROSPECTS

There are signs of a global recession which has led to businesses destocking and the decrease in overall shipping rates since the second half of 2022. Although the unit price of bunker charges and unit price of vessel rental expenses are lower as compared to the corresponding period in 2022, the escalating tensions between China and the US brought uncertainty to the global trade market and fierce price competition among the regional shipping carriers, therefore, the Group is facing a number of challenges in 2023.

To tackle various challenges and strive to enhance and safeguard the interests of the Company's shareholders, the Group continues to actively expand its customer base and explore extending routes, aiming to diversify the Group's sources of revenue.

The Group will continue to maintain our high-quality services in order to compete with competitors, effectively manage the vessel fleet and containers and take all possible measures to enhance our cost efficiency.

With the continuous efforts of the Group, the Group believes that it 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 2023, the Group held bank balances and cash of approximately HK\$124,543,000 (31 December 2022: approximately HK\$147,991,000). As at 30 June 2023, the Group had a mortgage loan of approximately HK\$19,744,000 (31 December 2022: approximately HK\$20,416,000) which was wholly repayable over five years. The Group had a term loan of approximately HK\$26,002,000 as at 30 June 2023 (31 December 2022: approximately HK\$26,430,000) which was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK\$19,484,000 as at 30 June 2023 (31 December 2022: approximately HK\$17,738,000) which were wholly repayable within one year since inception. The range of effective interest rates on the borrowings was 1.6% to 7.1% (for the year ended 31 December 2022: 2.1% to 7.1%) 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 2023, calculated based on the total borrowings (including lease liabilities) to the equity attributable to owners of the Company, was 30.8% (31 December 2022: 30.4%).

Charge on group assets

As at 30 June 2023, leasehold land and buildings amounting to approximately HK\$65,103,000 (31 December 2022: approximately HK\$66,458,000) and investment properties amounting to approximately HK\$60,061,000 (31 December 2022: approximately HK\$61,356,000) were pledged to secure banking facilities; and trade receivables amounting to approximately HK\$5,484,000 (31 December 2022: approximately HK\$5,738,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK\$820,000 (31 December 2022: approximately HK\$811,000) were pledged as security for bank facilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 201 employees (31 December 2022: 203). Total staff costs (including Directors' emoluments) were approximately HK\$20,969,000 for the six months ended 30 June 2023, as compared to approximately HK\$19,275,000 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, the respective time commitment of the Directors and senior management 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (30 June 2022: 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 2023.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There was no significant event affecting the Group which occurred since 30 June 2023 up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the “**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, 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 of the Company 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 2023 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) and the Company (<http://www.xhsl.com.hk>). The 2023 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, 25 August 2023

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.