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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “Board”) of directors (the “Directors”) of Ever Harvest Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 December 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Revenue	4	392,220	655,518
Cost of services		<u>(323,856)</u>	<u>(551,708)</u>
Gross profit		68,364	103,810
Other income, net	5	15,069	11,859
Impairment losses on investment properties		(1,967)	–
Reversal of loss allowance on trade and other receivables, net		328	–
Administrative and other operating expenses		(78,236)	(80,835)
Finance costs	6	<u>(2,873)</u>	<u>(1,938)</u>
Profit before tax	6	685	32,896
Income tax expenses	7	<u>(172)</u>	<u>(5,254)</u>
Profit for the year		<u>513</u>	<u>27,642</u>
Earnings per share		HK cents	<i>HK cents</i>
Basic	9	<u>0.03</u>	<u>1.78</u>
Diluted	9	<u>0.03</u>	<u>1.78</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>513</u>	<u>27,642</u>
Other comprehensive expenses		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	<u>(6,544)</u>	<u>(4,569)</u>
Total comprehensive (expenses) income for the year	<u><u>(6,031)</u></u>	<u><u>23,073</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	107,918	113,770
Investment properties	<i>11</i>	56,799	61,356
		<u>164,717</u>	<u>175,126</u>
Current assets			
Financial assets at fair value through profit or loss (“FVPL”)		6,158	6,050
Trade and other receivables	<i>12</i>	72,824	83,154
Income tax recoverable		3,051	–
Pledged bank deposits		784	811
Bank balances and cash		106,505	147,991
		<u>189,322</u>	<u>238,006</u>
Current liabilities			
Trade and other payables	<i>13</i>	88,603	120,530
Income tax payable		–	5,294
Interest-bearing borrowings	<i>14</i>	48,909	64,584
Lease liabilities		1,133	1,287
		<u>138,645</u>	<u>191,695</u>
Net current assets		<u>50,677</u>	<u>46,311</u>
Total assets less current liabilities		<u>215,394</u>	<u>221,437</u>
Non-current liabilities			
Lease liabilities		<u>1,035</u>	<u>1,047</u>
NET ASSETS		<u>214,359</u>	<u>220,390</u>
Capital and reserves			
Share capital		15,500	15,500
Reserves		198,859	204,890
TOTAL EQUITY		<u>214,359</u>	<u>220,390</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

1. GENERAL INFORMATION

Ever Harvest Group Holdings Limited (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 principally engaged in rendering of sea freight transportation and freight forwarding services in Hong Kong and in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

The consolidated financial statements are 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.

Adoption of new/revised HKFRSs

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year:

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

The adoption of the above new/revised HKFRSs did not have significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets at fair value through profit or loss (“FVPL”), which are measured at fair value as explained in the accounting policy as set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ The effective date to be determined

The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial performance and financial position of the Group.

3. SEGMENT INFORMATION

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

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

Segment results represent the gross profit earned or gross loss incurred by each segment without allocation of other income, net, impairment losses on investment properties, reversal of loss allowance on trade and other receivables, net, 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 HK\$'000	Fujian routes HK\$'000	Guangxi routes HK\$'000	Guangdong routes HK\$'000	Hainan routes HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2023							
Revenue from external customers	46,933	60,802	137,497	64,333	82,655	–	392,220
Cost of services	(37,877)	(51,254)	(113,913)	(53,231)	(67,581)	–	(323,856)
Segment results	<u>9,056</u>	<u>9,548</u>	<u>23,584</u>	<u>11,102</u>	<u>15,074</u>	<u>–</u>	<u>68,364</u>
<i>Unallocated income and expenses</i>							
Other income, net							15,069
Impairment losses on investment properties							(1,967)
Reversal of loss allowance on trade and other receivables, net							328
Administrative and other operating expenses							(78,236)
Finance costs							(2,873)
Profit before tax							685
Income tax expenses							(172)
Profit for the year							<u>513</u>
<i>Other information</i>							
Depreciation of property, plant and equipment	<u>–</u>	<u>589</u>	<u>1,212</u>	<u>1,563</u>	<u>767</u>	<u>5,240</u>	<u>9,371</u>
Depreciation of investment properties	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,590</u>	<u>2,590</u>
Impairment losses on investment properties	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,967</u>	<u>1,967</u>
Lease payments under short-term leases	<u>–</u>	<u>11,826</u>	<u>30,430</u>	<u>3,051</u>	<u>17,859</u>	<u>302</u>	<u>63,468</u>
Reversal of loss allowance on trade and other receivables, net	<u>(3)</u>	<u>(4)</u>	<u>(272)</u>	<u>(9)</u>	<u>(40)</u>	<u>–</u>	<u>(328)</u>
Capital expenditures	<u>–</u>	<u>643</u>	<u>1,455</u>	<u>681</u>	<u>875</u>	<u>215</u>	<u>3,869</u>

	Sea freight forwarding agency services HK\$'000	Fujian routes HK\$'000	Guangxi routes HK\$'000	Guangdong routes HK\$'000	Hainan routes HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2022							
Revenue from external customers	89,518	93,044	277,696	107,215	88,045	–	655,518
Cost of services	<u>(75,665)</u>	<u>(66,333)</u>	<u>(238,884)</u>	<u>(89,135)</u>	<u>(81,691)</u>	<u>–</u>	<u>(551,708)</u>
Segment results	<u>13,853</u>	<u>26,711</u>	<u>38,812</u>	<u>18,080</u>	<u>6,354</u>	<u>–</u>	103,810
<i>Unallocated income and expenses</i>							
Other income, net							11,859
Administrative and other operating expenses							(80,835)
Finance costs							<u>(1,938)</u>
Profit before tax							32,896
Income tax expenses							<u>(5,254)</u>
Profit for the year							<u>27,642</u>
<i>Other information</i>							
Depreciation of property, plant and equipment	<u>–</u>	<u>589</u>	<u>1,531</u>	<u>1,606</u>	<u>563</u>	<u>4,662</u>	<u>8,951</u>
Depreciation of investment properties	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,590</u>	<u>2,590</u>
Lease payments under short-term leases	<u>–</u>	<u>16,412</u>	<u>16,910</u>	<u>5,299</u>	<u>29,892</u>	<u>363</u>	<u>68,876</u>
Capital expenditures	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,928</u>	<u>–</u>	<u>1,439</u>	<u>12,367</u>

4. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15, recognised over time		
Rendering of feeder shipping services	308,326	490,516
Rendering of carrier owned container services	36,332	75,040
Rendering of sea freight forwarding agency services	46,933	89,518
Rendering of barge services	629	444
	<u>392,220</u>	<u>655,518</u>

5. OTHER INCOME, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	1,420	230
Dividend income	112	164
Exchange gain, net	1,584	436
Net loss on financial assets at FVPL	(1,579)	(1,415)
Gain on disposals of property, plant and equipment	164	–
Gain on lease modification	5	–
Government grants (<i>Note i</i>)	11,416	9,758
Government subsidies (<i>Note ii</i>)	–	888
Rental income	1,680	280
Sales of scrap containers	–	489
Sundry income	267	1,029
	<u>15,069</u>	<u>11,859</u>

Note:

- (i) These government grants were mainly the incentives for rewarding the Group's efforts in stabilising container shipping capacity and laden containers, and were in the sole discretion of the local government, subject to relevant PRC laws, regulations and policies. Under the terms of grants, the Group has to fulfill certain containers shipping volume and obtain approval from local authorities.
- (ii) During the year ended 31 December 2022, the Group received funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by The Government of the Hong Kong Special Administrative Region. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Finance costs		
Interest on interest-bearing borrowings	2,779	1,840
Finance charges on lease liabilities	94	98
	<u>2,873</u>	<u>1,938</u>
Other items		
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	46,180	47,220
Contributions to defined contribution plans (<i>Note</i>)	4,267	4,487
	<u>50,447</u>	<u>51,707</u>
Auditor's remuneration		
— audit services	785	725
— other services	135	115
Depreciation of property, plant and equipment (charged to "Cost of services" and "Administrative and other operating expenses", as appropriate)	9,371	8,951
Depreciation of investment properties	2,590	2,590
Direct operating expenses relating to investment properties that generated rental income	468	484
Exchange gains, net	(1,584)	(436)
Impairment losses on investment properties	1,967	—
Lease payments on feeder vessels and barges under short-term leases (charged to "Cost of services")	63,166	68,513
Lease payments on premises under short-term leases	302	363
Reversal of loss allowance on trade and other receivables, net	(328)	—

Note:

The Group has participated in a Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Under the MPF Scheme, there will not be any forfeited contribution available to reduce the contribution payable by the Group.

In accordance with rules and regulations in the PRC, the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local government. Contributions to those plans are expensed as incurred and other than these monthly contributions and the Group has no further obligation for the payment of the retirement benefits to its employees. No forfeited contributions were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2023 and 2022 to reduce future year's contributions.

The retirement benefits cost charged to profit or loss represents contributions payable to the schemes by the Group at rates specified in the rules of the MPF Scheme and the defined contribution retirement plans in the PRC.

7. TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
Current year	834	5,201
(Over) Under provision in prior years	<u>(662)</u>	<u>53</u>
Total income tax expenses for the year	<u><u>172</u></u>	<u><u>5,254</u></u>

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

For the years ended 31 December 2023 and 2022, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) was subject to the two-tiered profits tax rates regime that the first HK\$2 million of assessable profits would be taxed at 8.25%, and assessable profits above HK\$2 million would 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 profits for the both years, except for two of the subsidiaries in Hong Kong with estimated assessable profits for the year ended 31 December 2023 were 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 years ended 31 December 2023 and 2022. For the years ended 31 December 2023 and 2022, PRC Enterprise Income Tax has not been provided as the PRC subsidiaries have no assessable profits.

8. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 December 2023 (2022: nil).

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to the equity holders of the Company for the purpose of basic earnings per share	<u>513</u>	<u>27,642</u>
Number of shares	2023 '000	2022 '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 same as basic earnings per share as there were no potential ordinary shares outstanding during years ended 31 December 2023 and 2022.

10. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2023, the Group had five (2022: five) vessels under the usage priority agreements (the “Usage Priority Agreements”) (2022: *Usage Priority Agreements or sales & purchase and supplemental transfer agreements (the “Transfer Agreements”)*). According to the Usage Priority Agreements or the Transfer Agreements, the Group has the exclusive preferential right to use these five (2022: five) vessels and to acquire the interests or obtain the sales proceeds of disposal, which has to be approved by the Group in advance, of these five (2022: five) vessels. The Group considers that it, in substance, is able to use these five vessels and obtain the future economic benefits through the usage of these five vessels physically as if it was the legal owners throughout the period covered by the Usage Priority Agreements or the Transfer Agreements. Accordingly, the aggregate net carrying amount of approximately HK\$22,364,000 (2022: *HK\$22,120,000*) was recorded under property, plant and equipment.

As at 31 December 2023, leasehold land and buildings with an aggregate net book value of approximately HK\$63,749,000 (2022: *HK\$66,458,000*) were pledged to secure bank facilities granted to the Group.

11. INVESTMENT PROPERTIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Reconciliation of carrying amount		
At the beginning of the reporting period	61,356	63,946
Depreciation	(2,590)	(2,590)
Impairment	(1,967)	–
	<u>56,799</u>	<u>61,356</u>
At the end of the reporting period	<u>56,799</u>	<u>61,356</u>
Cost	73,367	73,367
Accumulated depreciation and impairment losses	(16,568)	(12,011)
	<u>56,799</u>	<u>61,356</u>
Net carrying amount	<u>56,799</u>	<u>61,356</u>
Fair value	<u>56,800</u>	<u>61,700</u>

The investment properties with a total carrying amount of approximately HK\$56,799,000 (2022: HK\$61,356,000) at 31 December 2023 were pledged to secure banking facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
From third parties	69,106	75,539
Less: Loss allowance	(2,734)	(3,237)
	<u>66,372</u>	<u>72,302</u>
Other receivables		
Deposits, prepayments and other debtors	6,452	10,852
	<u>72,824</u>	<u>83,154</u>

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expense within 12 months.

The loss allowance of approximately HK\$2,734,000 (2022: HK\$3,237,000) at 31 December 2023 was mainly and specifically resulted from a then major customer who was in the process of bankruptcy and liquidation.

The Group normally grants credit terms up to 90 days (2022: up to 90 days) to its customers. The ageing analysis of trade receivables, net of loss allowance, by invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	30,481	31,513
31–60 days	21,455	22,172
61–90 days	9,799	9,977
Over 90 days	4,637	8,640
	<u>66,372</u>	<u>72,302</u>

At 31 December 2023, amount of approximately HK\$2,080,000 (2022: HK\$5,738,000) included in the trade receivables were in connection with invoice discounting bank loan arrangements.

13. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables		
To third parties	<u>55,717</u>	<u>85,541</u>
Other payables		
Accrued charges and other creditors (<i>Note i</i>)	22,612	20,575
Deposits received	<u>10,274</u>	<u>14,414</u>
	<u>32,886</u>	<u>34,989</u>
	<u>88,603</u>	<u>120,530</u>

Note i: The amounts mainly included salary payables and provision of social security insurances.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	34,085	36,532
31–60 days	13,093	25,660
61–90 days	7,876	15,601
Over 90 days	663	7,748
	<u>55,717</u>	<u>85,541</u>

14. INTEREST-BEARING BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Secured bank borrowings:		
Current portion	<u>48,909</u>	<u>64,584</u>

- (i) Bank borrowings of approximately HK\$2,080,000 (2022: HK\$5,738,000) bear interests at Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.7% per annum (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\$2,080,000 (2022: HK\$5,738,000) in connection with invoice discounting bank loan arrangements.
- (ii) A bank borrowing of approximately HK\$2,000,000 (2022: HK\$12,000,000) bears interest at HIBOR plus 1.7% per annum (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\$63,749,000 (2022: HK\$66,458,000) and HK\$56,799,000 (2022: HK\$61,356,000) respectively.
- (iii) A mortgage loan of approximately HK\$19,209,000 (2022: HK\$20,416,000) bears interest at the lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum respectively (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\$63,749,000 (2022: HK\$66,458,000) and HK\$56,799,000 (2022: HK\$61,356,000) respectively.
- (iv) A term loan of approximately HK\$25,620,000 (2022: HK\$26,430,000) bears interest at the 1 month HIBOR plus 1.75% per annum (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\$63,749,000 (2022: HK\$66,458,000) and HK\$56,799,000 (2022: HK\$61,356,000) respectively.

All the borrowings are 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.

The range of effective interest rates on the interest-bearing borrowings was 3.3% to 7.4% (2022: 2.1% to 7.1%) per annum. All the interest-bearing borrowings are denominated in HK\$.

At 31 December 2023, the Group had banking facilities totalling approximately HK\$127,000,000 (2022: HK\$127,000,000) and undrawn amounts under these banking facilities of approximately HK\$78,091,000 (2022: HK\$62,416,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group is pleased to report the results for the year ended 31 December 2023.

During the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$392,220,000 (2022: approximately HK\$655,518,000), representing a decrease of 40.2% over the same period last year. The Group recorded a gross profit of approximately HK\$68,364,000 (2022: approximately HK\$103,810,000), representing a decrease of 34.1% over the same period last year. The gross profit margin increased from 15.8% to 17.4%. The Group recorded a profit for the year of approximately HK\$513,000 (2022: approximately HK\$27,642,000).

BUSINESS OVERVIEW

During the year ended 31 December 2023, container throughput of Hong Kong port decreased by 13.7% as compared with the same period last year, according to the data released by the Marine Department of The Government of the Hong Kong Special Administrative Region of the PRC.

The Group's feeder shipping services, carrier owned container services and barge services recorded a decrease in total shipment volume of 125,856 twenty-foot equivalent units (the "TEUs") or 26.1%, from 482,364 TEUs to 356,508 TEUs, and a decrease in gross profit of approximately HK\$30,649,000 or 34.1%, from approximately HK\$89,957,000 to approximately HK\$59,308,000, for the year ended 31 December 2023, as compared to the corresponding period last year. The decrease in the gross profit was mainly attributable to the decrease in shipment volume and the decrease in the average unit price of the Group's services. This was a result of the decline in customer demand for the Group's services due to a combination of a global economic slowdown and intensifying competition within mainland China's waterborne trade and freight sector.

The Group's sea freight forwarding agency services recorded a decrease in shipment volume of 558 TEUs or 6.4%, from 8,685 TEUs to 8,127 TEUs, and a decrease in gross profit of approximately HK\$4,797,000 or 34.6%, from approximately HK\$13,853,000 to approximately HK\$9,056,000, for the year ended 31 December 2023, as compared to the corresponding period last year. The decrease in gross profit was mainly attributable to decrease in average unit price of sea freight forwarding agency services as a result of sea freight market experiencing a downturn.

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

	Year ended 31 December					
	2023			2022		
	<i>HK\$'000</i>	TEUs	Gross profit margin %	<i>HK\$'000</i>	TEUs	Gross profit margin %
Fujian routes	60,802	43,649	15.7	93,044	63,700	28.7
Guangxi routes	137,497	108,283	17.2	277,696	170,419	14.0
Guangdong routes	64,333	148,980	17.3	107,215	202,141	16.9
Hainan routes	82,655	55,596	18.2	88,045	46,104	7.2
Sea freight forwarding agency services	46,933	8,127	19.3	89,518	8,685	15.5
	<u>392,220</u>	<u>364,635</u>	<u>17.4</u>	<u>655,518</u>	<u>491,049</u>	<u>15.8</u>

The Group's operational costs amounted to approximately HK\$323,856,000 representing a decrease of approximately HK\$227,852,000 or 41.3% as compared with the same period last year. The change in operational costs was mainly due to: (i) the decrease in shipping volume of feeder shipping services, carrier owned container services and barge services; (ii) the decrease in unit price of bunker charges; and (iii) the decrease in monthly rental charges of feeder vessels as compared to the corresponding period of last year.

The Group's other income amounted to approximately HK\$15,069,000, representing an increase of approximately HK\$3,210,000 as compared to the same period last year. The change in other income was mainly due to (i) the increase in the government grants; (ii) the increase in bank interest income; (iii) the increase in rental income; and (iv) the increase in net exchange gain.

PROSPECTS

In an environment where governments across countries are utilizing high interest rates to curb inflation and economic overheating, it has led to a contraction in global trade, resulting in subdued demand within the sea freight market. Concurrently, the surplus of shipping capacity has further exacerbated the industry's downturn.

Over our long history in the waterborne trade market, although we experienced several economic cycles and industry storms, we were able to thrive to expand our shipping network by capitalising market opportunities. In order to address the significant challenges ahead, the management team is adopting a proactive approach by cost-saving measures, ensuring financial stability, and exploring new revenue streams. Despite the challenging business landscape this year, the group has successfully secured several new clients, bolstering its income sources.

The Group will continue to maintain strong relationship with customers, compete with competitors with high-quality service, effectively manage the vessel fleet and containers in order to maximise the reliability and flexibility of services, and take all possible measures to enhance the cost efficiency.

With the continuous efforts of the Group, the Group will continue to strive towards bringing 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 31 December 2023, the Group held bank balances and cash denominated in HK\$, US dollars and Renminbi equivalent to approximately HK\$106,505,000 (2022: approximately HK\$147,991,000). The Group had a mortgage loan of approximately HK\$19,209,000 as at 31 December 2023 (2022: approximately HK\$20,416,000) and was wholly repayable over five years. The Group had a term loan of approximately HK\$25,620,000 (2022: HK\$26,430,000) and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK\$4,080,000 as at 31 December 2023 (2022: approximately HK\$17,738,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings was 3.3% to 7.4% (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 31 December 2023, calculated based on the total borrowings (including lease liabilities) to the equity attributable to owners of the Company, was 23.8% (2022: 30.4%).

The Group believes that its cash holding, liquid asset value, future revenue and available banking facilities will be sufficient to fulfill the working capital requirements of the Group.

There had been no material change in the capital structure of the Company during the year ended 31 December 2023. The capital of the Company comprises the shares and other reserves.

Treasury policies

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available in order to meet its funding requirements and commitment timely.

Hedging and exchange rate exposure

The majority of the transactions, assets and liabilities of the Group was made in HK\$, Renminbi and US dollars. During the year ended 31 December 2023, no financial instruments were used for hedging purposes, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk as at 31 December 2023.

Charge on group assets

As at 31 December 2023, leasehold land and building amounting to approximately HK\$63,749,000 (2022: approximately HK\$66,458,000), investment properties amounting to approximately HK\$56,799,000 (2022: HK\$61,356,000), trade receivables amounting to approximately HK\$2,080,000 (2022: approximately HK\$5,738,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK\$784,000 (2022: approximately HK\$811,000) were pledged as security for bank facilities.

Contingent liabilities

As at 31 December 2023, the Group had no contingent liabilities.

Dividend Policy

The declaration and payment of shareholder dividends and the amount thereof are at the discretion of the Board and depend upon various factors, including the results of operations, financial condition and future prospects of the Company and taking into account regulatory restrictions on the payment of shareholder dividends, as well as any other factors deemed relevant by the Board. The dividend policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2023, the Group did not hold any significant investment in equity interest in any other company.

PROPERTY HELD FOR INVESTMENT

The details of our Group's property held for investment as at 31 December 2023 are set out below:

Address	Existing use	Lease term
28/F., Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	Office	Long term

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2023, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Apart from those disclosed in this announcement, there were no material investments or additions of capital assets authorised by the Board as at the date of this announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group has a total of 182 employees (31 December 2022: 203 employees). 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.

There was no consideration provided to or receivable by any third party for making available the services of a person as a Director, or in any other capacity while as a Director during the years ended 31 December 2023 and 2022.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a dividend for the year ended 31 December 2023.

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 year ended 31 December 2023.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed together with the management the accounting principles and practices adopted by the Group and the annual results of the Group for the year ended 31 December 2023.

The figures in respect of the Company's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income, and related notes thereto for the year ended 31 December 2023 as set out in the announcement have been agreed by the Company's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the announcement.

CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

During the year ended 31 December 2023, the Company had duly complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there is no other important event affecting the Group which has occurred after the reporting period.

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

Hong Kong, 25 March 2024

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; 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.