

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 2024

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 2024 together with comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	178,749	198,551
Cost of services		(146,058)	(159,184)
Gross profit		32,691	39,367
Other income, net	5	6,750	5,222
Administrative and other operating expenses		(39,477)	(35,527)
Finance costs	6	(1,269)	(1,400)
(Loss) Profit before tax	6	(1,305)	7,662
Income tax expenses	7	(7,920)	(1,243)
(Loss) Profit for the period		(9,225)	6,419
		<i>HK cents</i>	<i>HK cents</i>
(Losses) Earnings per share			
Basic	9	(0.6)	0.41
Diluted	9	(0.6)	0.41

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) Profit for the period	<u>(9,225)</u>	<u>6,419</u>
Other comprehensive expenses, net of tax <i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	<u>(498)</u>	<u>(7,209)</u>
Total comprehensive expenses for the period	<u><u>(9,723)</u></u>	<u><u>(790)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 (unaudited) <i>HK\$'000</i>	At 31 December 2023 (audited) <i>HK\$'000</i>
Non-current assets			
Deposits for acquisition of property, plant and equipment	10	441	–
Property, plant and equipment		102,766	107,918
Investment properties		55,504	56,799
		158,711	164,717
Current assets			
Financial assets at fair value through profit or loss		5,861	6,158
Trade and other receivables	10	68,828	72,824
Income tax recoverable		–	3,051
Pledged bank deposits		801	784
Bank balances and cash		104,016	106,505
		179,506	189,322
Current liabilities			
Trade and other payables	11	83,003	88,603
Income tax payable		5,132	–
Interest-bearing borrowings	12	43,883	48,909
Lease liabilities		993	1,133
		133,011	138,645
Net current assets		46,495	50,677
Total assets less current liabilities		205,206	215,394
Non-current liabilities			
Lease liabilities		570	1,035
NET ASSETS		204,636	214,359
Capital and reserves			
Share capital		15,500	15,500
Reserves		189,136	198,859
TOTAL EQUITY		204,636	214,359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2024

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 2024 (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 2023, 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 Standards (“**HKASs**”) 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 2023 (the “**2023 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 (“**FVPL**”) 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 REVISED HKFRSs

These unaudited condensed consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 Financial Statements except for the adoption of the following revised HKFRSs that are relevant to the Group and effective from the current period:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants

The Group has not early adopted any revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2024.

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 2024						
Revenue from external customers	31,082	30,718	51,759	21,764	43,426	178,749
Cost of services	<u>(26,368)</u>	<u>(24,170)</u>	<u>(43,663)</u>	<u>(15,057)</u>	<u>(36,800)</u>	<u>(146,058)</u>
Segment results	<u>4,714</u>	<u>6,548</u>	<u>8,096</u>	<u>6,707</u>	<u>6,626</u>	32,691
<i>Unallocated income and expenses</i>						
Other income, net						6,750
Administrative and other operating expenses						(39,477)
Finance costs						<u>(1,269)</u>
Loss before tax						(1,305)
Income tax expenses						<u>(7,920)</u>
Loss for the period						<u><u>(9,225)</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 2023						
Revenue from external customers	23,357	29,377	74,501	32,442	38,874	198,551
Cost of services	(19,582)	(21,112)	(60,358)	(25,136)	(32,996)	(159,184)
Segment results	<u>3,775</u>	<u>8,265</u>	<u>14,143</u>	<u>7,306</u>	<u>5,878</u>	<u>39,367</u>
<i>Unallocated income and expenses</i>						
Other income, net						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>

Geographical information

The following table sets out information about the geographical location of the Group's deposits for acquisition of property, plant and equipment, 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 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Hong Kong	123,308	126,615
The PRC	<u>35,403</u>	<u>38,102</u>
	<u><u>158,711</u></u>	<u><u>164,717</u></u>

Information about major customers

For the six months ended 30 June 2024 and 2023, no customers contributed more than 10% of the total revenue of the Group.

4. REVENUE

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers within HKFRS 15, recognised over time		
Rendering of feeder shipping services	130,852	154,834
Rendering of carrier owned container services	16,470	20,064
Rendering of sea freight forwarding agency services	31,082	23,357
Rendering of barge services	345	296
	<u>178,749</u>	<u>198,551</u>

5. OTHER INCOME, NET

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	794	440
Dividend income	48	24
Exchange gain, net	347	911
Gain on disposals of property, plant and equipment	515	136
Government grants	4,451	3,457
Net loss on financial assets at fair value through profit or loss	(297)	(682)
Rental income	840	840
Sundry income	52	96
	<u>6,750</u>	<u>5,222</u>

6. (LOSS) PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Finance costs		
Interest on interest-bearing borrowings	1,227	1,299
Interest on lease liabilities	42	101
	1,269	1,400
Other items		
Staff costs (including directors' remunerations)		
Salaries, bonus and allowances	19,067	18,863
Contributions to defined contribution plans	1,735	2,106
	20,802	20,969
Depreciation of property, plant and equipment (charged to "Cost of services" and "Administrative and other operating expenses", as appropriate)	4,726	4,645
Depreciation of investment properties	1,295	1,295
Exchange gain, net	(347)	(911)
Gain on disposal of property, plant and equipment	(515)	(136)
Lease payments on feeder vessels and barges under short-term leases (charged to "Cost of services")	19,366	37,109
Lease payments on premises under short-term leases	29	95
Penalty	4,887	–

7. TAXATION

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax		
Current period	668	1,243
Under provision in prior years	7,252	–
	<u>7,920</u>	<u>1,243</u>

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

For the six months ended 30 June 2024, 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 two 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 2024 and 2023, 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 2024 and 2023.

9. (LOSSES) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(Losses) Earnings		
(Loss) Profit for the period attributable to the equity holders of the Company for the purpose of calculating basic (losses) earnings per share	<u>(9,225)</u>	<u>6,419</u>
Number of shares	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic (losses) earnings per share	<u>1,550,000</u>	<u>1,550,000</u>

Diluted (losses) earnings per share is the same as basic (losses) earnings per share as there were no potential ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

10. TRADE AND OTHER RECEIVABLES

	At	At
	30 June	31 December
	2024	2023
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables		
From third parties	65,535	69,106
Less: Loss allowance	<u>(2,734)</u>	<u>(2,734)</u>
	<u>62,801</u>	<u>66,372</u>
Other receivables		
Deposits, prepayments and other debtors	6,468	6,452
Less: Deposits for acquisition of property, plant and equipment	<u>(441)</u>	<u>–</u>
	<u>6,027</u>	<u>6,452</u>
	<u><u>68,828</u></u>	<u><u>72,824</u></u>

Loss allowance

The loss allowance of approximately HK\$2,734,000 (31 December 2023: approximately HK\$2,734,000) as at 30 June 2024 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 2024, the allowance for expected credit losses is assessed insignificant.

The Group normally grants credit terms up to 90 days (31 December 2023: up to 90 days) to its customers. The aging analysis of trade receivables, net of loss allowance, by invoice date is as follows:

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Within 30 days	33,712	30,481
31–60 days	16,744	21,455
61–90 days	6,684	9,799
Over 90 days	5,661	4,637
	<u>62,801</u>	<u>66,372</u>

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

11. TRADE AND OTHER PAYABLES

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Trade payables		
To third parties	<u>57,279</u>	<u>55,717</u>
Other payables		
Accrued charges and other creditors	16,083	22,612
Deposit received	<u>9,641</u>	<u>10,274</u>
	<u>25,724</u>	<u>32,886</u>
	<u>83,003</u>	<u>88,603</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 aging analysis of trade payables by invoice date is as follows:

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Within 30 days	38,291	34,085
31–60 days	10,101	13,093
61–90 days	6,307	7,876
Over 90 days	2,580	663
	<u>57,279</u>	<u>55,717</u>

12. INTEREST-BEARING BORROWINGS

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Secured bank borrowings:		
Current portion	<u>43,883</u>	<u>48,909</u>

- (i) At 31 December 2023, bank borrowings of approximately HK\$2,080,000 bore interests at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.7% per annum and were wholly repayable within one year since inception. The bank borrowings were secured by trade receivables of approximately HK\$2,080,000 in connection with invoice discounting bank loan arrangements.
- (ii) At 31 December 2023, bank borrowing of approximately HK\$2,000,000 bore interest at HIBOR plus 1.7% per annum and was wholly repayable within one year since inception. The bank borrowing was secured by the leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$63,749,000 and HK\$56,799,000, respectively.

- (iii) A mortgage loan of approximately HK\$18,660,000 (*31 December 2023: approximately HK\$19,209,000*) bears interest at lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum (*31 December 2023: 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\$62,394,000 and HK\$55,504,000, respectively (*31 December 2023: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$63,749,000 and HK\$56,799,000, 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\$25,223,000 (*31 December 2023: approximately HK\$25,620,000*) bears interest at the 1 month HIBOR plus 1.75% per annum (*31 December 2023: 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\$62,394,000 and HK\$55,504,000, respectively (*31 December 2023: leasehold land and buildings and investment properties of the Group of aggregate net carrying amount of approximately HK\$63,749,000 and HK\$56,799,000, respectively*).

The range of effective interest rates on the interest-bearing borrowings were 1.6% to 6.9% (*31 December 2023: 3.3% to 7.4%*) per annum. All the interest-bearing borrowings are denominated in HK\$.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Ever Harvest Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are pleased to report the unaudited consolidated results for the six months ended 30 June 2024.

During the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$178,749,000 (for the six months ended 30 June 2023: approximately HK\$198,551,000), representing a decrease of 10.0% over the corresponding period of last year. The Group recorded a gross profit of approximately HK\$32,691,000 (for the six months ended 30 June 2023: approximately HK\$39,367,000), representing a decrease of approximately 17.0% over the corresponding period of last year. The gross profit margin decreased from 19.8% to 18.3%. The Group recorded a loss for the period of approximately HK\$9,225,000 (for the six months ended 30 June 2023: profit of approximately HK\$6,419,000).

BUSINESS OVERVIEW

During the six months ended 30 June 2024, container throughput of Hong Kong port decreased by 5.4% 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 an increase in total shipment volume of 3,644 twenty-foot equivalent units (the “**TEUs**”) or 2.1%, from 171,247 TEUs to 174,891 TEUs, however a decrease in gross profit of approximately HK\$7,615,000 or 21.4%, from approximately HK\$35,592,000 to approximately HK\$27,977,000, for the six months ended 30 June 2024, 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 the average unit price of the Group’s services; and (ii) the decrease in monthly rental charges of feeder vessels.

The Group’s sea freight forwarding agency services recorded an increase in shipment volume of 293 TEUs or 7.4%, from 3,960 TEUs to 4,253 TEUs, and an increase in gross profit of approximately HK\$939,000 or 24.9%, from approximately HK\$3,775,000 to approximately HK\$4,714,000, for the six months ended 30 June 2024, as compared to the corresponding period last year. The increase in gross profit was mainly attributable to the increase in revenue as a result of the increase in the average unit price and the 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					
	2024			2023		
	Revenue HK\$'000 (unaudited)	TEUs	Gross profit margin %	Revenue HK\$'000 (unaudited)	TEUs	Gross profit margin %
Fujian routes	30,718	21,298	21.3	29,377	26,770	28.1
Guangxi routes	51,759	52,467	15.6	74,501	52,115	19.0
Guangdong routes	21,764	69,621	30.8	32,442	66,498	22.5
Hainan routes	43,426	31,505	15.3	38,874	25,864	15.1
Sea freight forwarding agency services	31,082	4,253	15.2	23,357	3,960	16.2
	<u>178,749</u>	<u>179,144</u>	<u>18.3</u>	<u>198,551</u>	<u>175,207</u>	<u>19.8</u>

The Group's operational costs totalled approximately HK\$146,058,000 (for the six months ended 30 June 2023: approximately HK\$159,184,000), representing a decrease of approximately HK\$13,126,000 or 8.2% as compared with the corresponding period of last year. The decrease in operational costs was mainly due to (i) the decrease in bunker charges; and (ii) the decrease in monthly rental charges of feeder vessels.

The Group's other income totalled approximately HK\$6,750,000 (for the six months ended 30 June 2023: approximately HK\$5,222,000), representing an increase of approximately HK\$1,528,000 or 29.3% as compared to the corresponding period of last year. The increase in other income was mainly due to (i) the increase in government grants; (ii) the increase in bank interest income; and (iii) the decrease in net loss on financial assets at fair value through profit or loss.

The Group's administrative and other operating expenses totalled approximately HK\$39,477,000 (for the six months ended 30 June 2023: approximately HK\$35,527,000), representing an increase of approximately HK\$3,950,000 or 11.1% as compared with the corresponding period of last year. The increase in administrative and other operating expenses was mainly due to the compound penalties for full and final settlement of tax audit taken by the Inland Revenue Department of the Government of the Hong Kong Special Administrative Region of The People's Republic of China (the "Inland Revenue Department").

Loss for the period

For the six months ended 30 June 2024, the loss attributable to equity holders of the Company was approximately HK\$9,225,000 as compared to the profit attributable to equity holders of the Company of approximately HK\$6,419,000 for the corresponding period in 2023. The turnaround from profit to loss was mainly attributable to: (i) the decrease in revenue from the Group's feeder shipping services of approximately HK\$23,982,000 or 15.5%; (ii) the decrease in revenue from the Group's carrier owned container services of approximately HK\$3,594,000 or 17.9%, as compared to the revenue for the corresponding period in 2023 as a result of an oversupply of feeder vessels in the shipping market 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; and (iii) the increase in tax expenses of approximately HK\$6,677,000 and the increase in tax penalties of approximately HK\$4,887,000, as compared to the corresponding period, primarily due to the additional tax assessments on the Group conducted by the Inland Revenue Department, details of which are set out in the announcement of the Company dated 15 August 2024.

For illustrative purpose only, if the non-recurring tax expenses and tax penalties resulting from the additional tax assessments were excluded, the Group would have recorded an adjusted profit attributable to equity holders of the Company of approximately HK\$2,637,000.

PROSPECTS

In an environment where governments across countries are utilising high interest rates to curb inflation, it has led to a contraction in global trade, resulting in subdued demand within the sea freight market.

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 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 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 2024, the Group held bank balances and cash denominated in HK\$, US dollars and Renminbi equivalent to approximately HK\$104,016,000 (31 December 2023: approximately HK\$106,505,000). As at 30 June 2024, the Group had a mortgage loan of approximately HK\$18,660,000 (31 December 2023: approximately HK\$19,209,000) which was wholly repayable over five years. The Group had a term loan of approximately HK\$25,223,000 as at 30 June 2024 (31 December 2023: approximately HK\$25,620,000) which was wholly repayable over five years. Also, the Group did not have other bank borrowings as at 30 June 2024 (31 December 2023: approximately HK\$4,080,000) which were wholly repayable within one year since inception. The range of effective interest rates on the borrowings was 1.6% to 6.9% (for the year ended 31 December 2023: 3.3% to 7.4%) 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 2024, calculated based on the total borrowings (including lease liabilities) to the equity attributable to owners of the Company, was 22.2% (31 December 2023: 23.8%).

Charge on group assets

As at 30 June 2024, leasehold land and buildings amounting to approximately HK\$62,394,000 (31 December 2023: approximately HK\$63,749,000) and investment properties amounting to approximately HK\$55,504,000 (31 December 2023: approximately HK\$56,799,000) were pledged to secure banking facilities; and bank deposits amounting to approximately HK\$801,000 (31 December 2023: approximately HK\$784,000) were pledged as security for bank facilities. There was no trade receivables in connection with invoice discounting bank loan arrangement (31 December 2023: approximately HK\$2,080,000) as at 30 June 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 174 employees (31 December 2023: 182). Total staff costs (including Directors' emoluments) were approximately HK\$20,802,000 for the six months ended 30 June 2024, as compared to approximately HK\$20,969,000 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 had duly complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the six months ended 30 June 2024.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding securities transactions of the Directors. Following specific enquiry being made by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: 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 (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no significant event affecting the Group which occurred since 30 June 2024 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 2024 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 2024 interim report of the Company will be available at the aforesaid websites in due course.

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

Hong Kong, 29 August 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; 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.