

HANVEY GROUP HOLDINGS LIMITED

恆偉集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8219



2023
Interim Report
中期報告

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This report, for which the directors (the "Directors") of Hanvey Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTOR

Executive Directors

Mr. Cheuk Sin Cheong Clement
(Chairman and Chief Executive Officer)

Ms. Au Corona Ching Mei M.H.

Independent Non-executive Directors

Mr. Yu Sau Ning Homer M.H.

Mr. Zhao Zhipeng

Ms. Yee Wai Fong Wendy

Dr. Liu Ngai Wing

COMPLIANCE OFFICER

Ms. Au Corona Ching Mei M.H.

COMPANY SECRETARY

Ms. Pang Yuk Fong

AUTHORISED REPRESENTATIVES

Ms. Au Corona Ching Mei M.H.

Ms. Pang Yuk Fong

AUDIT COMMITTEE

Mr. Yu Sau Ning Homer M.H. (Chairman)

Mr. Zhao Zhipeng

Ms. Yee Wai Fong Wendy

REMUNERATION COMMITTEE

Mr. Zhao Zhipeng (Chairman)

Mr. Yu Sau Ning Homer M.H.

Ms. Au Corona Ching Mei M.H.

Dr. Liu Ngai Wing

NOMINATION COMMITTEE

Mr. Cheuk Sin Cheong Clement (Chairman)

Mr. Yu Sau Ning Homer M.H.

Ms. Yee Wai Fong Wendy

AUDITOR

Confucius International CPA Limited

HONG KONG LEGAL ADVISOR

TC & Co., Solicitors

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 3, 5 and 6, 15th Floor
Tower One, Ever Gain Plaza
No. 88 Container Port Road
Kwai Chung, New Territories
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank

GEM STOCK CODE

8219

WEBSITE ADDRESS

www.hanveygroup.com.hk



Summary

- Revenue for the six months ended 30 June 2023 (the “**Period**”) amounted to approximately HK\$127.12 million (six months ended 30 June 2022: approximately HK\$134.67 million), representing a decrease of approximately 5.61% as compared with that for the corresponding period in 2022.
- Profit attributable to owners of the Company for the Period amounted to approximately HK\$1.32 million (six months ended 30 June 2022: profit approximately HK\$3.87 million).
- Basic earning per share for the Period amounted to approximately HK0.80 cents (basic earning per share for the six months ended 30 June 2022: approximately HK2.58 cents).

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The board of Directors (the “**Board**”) of Hanvey Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and six months ended 30 June 2023 together with the comparative figures as follows:

For the three months and the six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	53,091	76,719	127,122	134,670
Cost of sales		(37,208)	(56,830)	(92,311)	(98,904)
Gross profit		15,883	19,889	34,811	35,766
Other income, gains and losses	4	1,245	66	471	938
Selling and distribution expenses		(1,205)	(1,239)	(2,033)	(1,925)
Administrative expenses		(13,256)	(13,983)	(27,464)	(27,905)
Finance costs		(2,210)	(1,473)	(4,381)	(2,787)
Profit before taxation	5	457	3,260	1,404	4,087
Income tax expenses	6	(83)	(509)	(169)	(509)
Profit for the period		374	2,751	1,235	3,578
Attributable to:					
Owners of the Company		418	2,908	1,318	3,871
Non-controlling interests		(44)	(157)	(83)	(293)
		374	2,751	1,235	3,578
Other comprehensive expense					
Item that may be reclassified subsequently to profit or loss: Exchange differences arising on translation		(1,204)	(481)	(2,789)	(6,088)
Other comprehensive expense for the period, net of tax		(1,204)	(481)	(2,789)	(6,088)
Total comprehensive (expense)/ income for the period		(830)	2,270	(1,554)	(2,510)
Total comprehensive (expense)/ income for the period attributable to:					
Owners of the Company		(786)	2,427	(1,471)	(2,217)
Non-controlling interests		(44)	(157)	(83)	(293)
		(830)	2,270	(1,554)	(2,510)
Earning per share – basic and diluted	7	HK0.25 cents	HK1.94 cents	HK0.80 cents	HK2.58 cents

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	<i>Notes</i>	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	57,692	62,191
Right-of-use assets		1,655	1,721
Investment properties		11,573	11,573
Financial asset at fair value through profit or loss		460	460
		71,380	75,945
Current assets			
Inventories		25,685	43,899
Trade receivables	9	37,347	22,284
Other receivables, deposits and prepayments	9	8,846	8,807
Financial asset at fair value through profit or loss		23,241	23,059
Pledged bank deposits		57,355	57,049
Cash and bank balances		13,869	14,616
		166,343	169,714
Current liabilities			
Trade and bills payables	10	59,949	93,679
Other payables and accrued expenses	10	3,880	4,884
Contract liabilities		2,032	1,634
Bank overdrafts		2,511	2,559
Borrowings		76,187	47,000
Lease liabilities		753	865
Tax payable		230	257
		145,542	150,878
Net current assets		20,801	18,836
Total assets less current liabilities		92,181	94,781

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

<i>Notes</i>	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Non-current liabilities		
Borrowings	54,298	55,315
Lease liabilities	775	804
	55,073	56,119
Net assets	37,108	38,662
Capital and reserves		
Share capital	16,500	16,500
Reserves	21,406	22,877
Equity attributable to owners of the Company	37,906	39,377
Non-controlling interests	(798)	(715)
Total equity	37,108	38,662

Condensed Consolidated Statement of Changes in Equity

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserves (Note (a)) HK\$'000	Other reserves (Note (b)) HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
Balance at 31 December 2021 (audited)	10,000	42,344	4,941	1,000	(19,072)	(243)	38,970
Profit/(loss) for the period	-	-	-	-	3,871	(293)	3,578
Other comprehensive expense	-	-	(6,088)	-	-	-	(6,088)
Total comprehensive (expense)/income	-	-	(6,088)	-	3,871	(293)	(2,510)
Issue of new shares upon right issue	5,000	5,000	-	-	-	-	10,000
Balance at 30 June 2022 (unaudited)	15,000	47,344	(1,147)	1,000	(15,201)	(536)	46,460
Balance at 31 December 2022 (audited)	16,500	53,080	(1,485)	1,000	(29,718)	(715)	38,662
Profit/(loss) for the period	-	-	-	-	1,318	(83)	1,235
Other comprehensive expense	-	-	(2,789)	-	-	-	(2,789)
Total comprehensive (expense)/income	-	-	(2,789)	-	1,318	(83)	(1,554)
Balance at 30 June 2023 (unaudited)	16,500	53,080	(4,274)	1,000	(28,400)	(798)	37,108

Notes:

- (a) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
- (b) The other reserve is according to the reorganisation and pursuant to the Sale and Purchase Agreement of 3 Wells Watch Industries Limited dated 4 August 2017, Precise Time Global Limited acquired 1,000,000 ordinary shares of 3 Wells Watch Industries Limited (representing the entire issued share capital of 3 Wells Watch Industries Limited) from Million Easy Enterprises Limited, and in consideration thereof, Beyond Blossom Investments Limited allotted and issued one share, credited as fully paid, to the Company as directed by Million Easy Enterprises Limited.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(22,557)	2,228
Net cash generated from/(used in) investing activities	66	(2,816)
Net cash generated from financing activities	23,546	8,961
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,055	8,373
Cash and cash equivalents at beginning of period	12,057	9,748
Effect of foreign exchange rates changes	(1,754)	(4,642)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,358	13,479
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	13,869	13,479
Bank overdrafts	(2,511)	–
Cash and cash equivalents as stated in the consolidated statements of cash flows	11,358	13,479

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2017 as an exempted company with limited liability under the Companies Act, Cap.22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 3, 5 and 6, 15th Floor, Tower One, Ever Gain Plaza, No. 88 Container Port Road, Kwai Chung, New Territories, Hong Kong. Its ultimate holding company and immediate holding company are Million Easy Enterprises Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the design and development, manufacturing and distribution of watch products on original design manufacturing (“ODM”) basis for watch manufacturers, brand owners and watch importers across the global.

The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 July 2018 (the “**Listing Date**”).

The unaudited condensed consolidated financial statements are presented in (“**HK\$**” or “**HKD**”) which is also the functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand (“**HK\$’000**”), except where otherwise indicated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 are prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institutes of Certified Public Accountants (“**HKICPA**”). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”).

The accounting policies adopted are consistent with those of the financial statement for the year ended 31 December 2022, as described in the Accountant’s Report. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision makers (“**CODMs**”) for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in the manufacturing and trading business of watches. A single management team reports to the CODMs who comprehensively manages the entire business. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly reviewed by the CODMs of the purpose of allocating resources to segments and assessing their performance. For the six months ended and 30 June 2023, the Group only engaged operating segment in (“**ODM**”) Original Design Manufacturer.

No segment assets and liabilities are presented as they were not regularly provided to the CODMs of the purpose of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue is mainly derived from customers located in the Indonesia, India, Hong Kong and Brazil. The Group's revenue by the geographical location of the customers, determined based on the location to which the Group bills the customers, is detailed below:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong	9,689	15,959
Brazil	9,423	8,136
India	26,798	17,807
Saudi Arabia	–	1,726
Indonesia	70,136	79,143
Australia	1,606	2,708
Turkey	3,808	3,261
United Arab Emirates	851	1,008
Others (Note)	4,811	4,922
	127,122	134,670

Note: Other geographical locations are mainly located in Bangladesh, Germany and Republic of Armenia.

4. REVENUE, OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Finished watches	33,922	62,159	91,914	109,377
SKD kits	17,317	13,395	31,975	22,331
Watch parts	1,852	1,165	3,233	2,962
	53,091	76,719	127,122	134,670
Interest income	468	75	579	152
Rental income	92	90	182	180
Exchange (loss)/gain, net	99	115	(414)	486
Sundry income	–	–	–	3
Government grant income	96	250	212	499
Net (loss)/gain arising from disposal of financial assets at FVTPL	490	(464)	(88)	(382)
	1,245	66	471	938

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5. PROFIT BEFORE TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	1,454	1,339	2,645	2,760

6. INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Tax charge comprises:				
Current tax				
– Hong Kong Profits Tax	–	509	86	509
– PRC EIT	83	–	83	–
	83	509	169	509

7. EARNING PER SHARE

The calculation of earning per share for the six months ended 30 June 2023 and 30 June 2022 are based on the profit for the Period attributable to equity owners of the Company of approximately HK\$1.32 million and HK\$3.87 million respectively.

Diluted earning per share were same as the basic earning per share as there were no potential dilutive ordinary shares in existence during the these Periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately HK\$0.03 million (for the six months ended 30 June 2022: HK\$0.13 million) for acquisition of property, plant and equipment.

The Group has pledged property, plant and equipment with a carrying amount of approximately HK\$47.76 million and HK\$52.33 million as at 30 June 2023 and 31 December 2022, respectively, to secure general banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Trade receivables	39,059	23,496
Less: allowance for expected credit losses	(1,712)	(1,212)
	37,347	22,284
Other receivables	382	590
Deposits	73	67
Prepayments	8,391	8,150
	8,846	8,807

The aged analysis (based on invoice date) of the Group's trade receivables (after provision of impairment) as at the end of each of reporting period is as follows:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
0 to 30 days	32,258	17,845
31 to 60 days	1,557	895
61 to 90 days	849	269
Over 90 days	2,683	3,275
	37,347	22,284

The Group has policy of allowing its trade customers with credit period normally ranging 30 to 90 days or in accordance with agreed terms of the contracts with customers. However, for certain customers with long-established relationship and good repayment records, a long credit period may be granted more than 90 days.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Trade payables	27,773	39,258
Bills payables	32,176	54,421
	59,949	93,679
Salary and bonus payables	2,176	3,086
Other payables	308	653
Accrued expenses	1,396	1,145
	3,880	4,884

The credit period on trade payables is generally 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
0 to 30 days	6,741	6,482
31 to 60 days	8,034	10,561
61 to 90 days	9,098	9,351
91 to 120 days	1,197	11,662
Over 120 days	2,703	1,202
	27,773	39,258

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

(Continued)

Bills payables are all mature within 30 to 120 days. The following is an aged analysis of bills payables presented based on the date of bills at the end of each reporting period:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
0 to 30 days	11,481	7,627
31 to 60 days	6,731	23,051
61 to 90 days	10,871	12,812
91 to 120 days	3,093	10,931
	32,176	54,421

11. RELATED PARTY TRANSACTIONS

During the interim period, the Group entered into related parties transactions:

Name of related parties	Notes	Nature of transaction	Six months ended 30 June	
			2023 HK\$'000	2022 HK\$'000
Recurring:				
Mr. Cheuk Sin Cheong, Clement ("Mr. Cheuk")	(b)	Rental expense	360	360
Smart Hill Enterprises Limited ("Smart Hill")	(a)	SKD Kits income	–	184

Notes:

(a) Smart Hill is connected person which is wholly-owned by the close relative of a director.

(b) Mr. Cheuk, a director of the Company.

Management Discussion and Analysis

BUSINESS REVIEW

Hanvey Group Holdings Limited (the “**Company**”), and its subsidiaries (collectively refer to as the “**Group**”) are principally engaged in the design and development, manufacturing and distribution of watch products on original design manufacturing basis for watch manufacturers, brand owners and watch importers across the globe.

The Group derives revenue mainly from the sale of: (i) finished watches, (ii) semi-knocked-down kit, and (iii) watch parts.

For the six months ended 30 June 2023 (the “**Period**”), the Group’s revenue amounted to approximately HK\$127.12 million, decreased by approximately 5.61% when compared with that of the corresponding period in 2022.

The Hong Kong Trade Development Council (“**HKTDC**”) used to conduct a survey every quarter, which involves interviewing 500 local exporters from six major industries that include machinery, electronics, jewellery, watches and clocks, toys and clothing to gauge their business confidence on near-term export prospects. According to the HKTDC’s research entitled “HKTDC Export Index 2Q23: Confidence at Two-Year High” dated 13 June 2023, the HKTDC Export Index (the “**Index**”) rose from 30.9 in the second quarter of 2022 (“**2Q22**”) to 47.8 in the second quarter of 2023 (“**2Q23**”).

As a result, the 2Q23 HKTDC Export Index rose to 47.8, which represents a significant improvement in business sentiment among Hong Kong exporters in step with the resumption of Hong Kong Mainland cross boundary land transportation in mid December 2022 and the re opening of China’s border in early February 2023. These developments are expected to further enhance Hong Kong’s trade outlook over the coming months as their positive impact gradually fully materialises.

Concerns over economic risks are rising. The majority of respondents (66.1%) of the survey recognised the risk of an economic slowdown or a recession in their overseas markets as the biggest challenge to their export performance over the next three months, significantly higher than the 36.2% citing the same issues in 4Q22. A lower than expected boost from mainland economic recovery (10.9%) and US China trade friction (10.7%) were also among the major concerns.

With the economic gradually recovering from the pandemic, the Group will adopt a prudent approach, and continue exercising stringent control over operating costs, aiming to enhance operating efficiency and improve profitability.

PROSPECTS

Looking ahead, the business environment in overseas markets remains uncertain, the risk of an economic slowdown or recession in overseas markets is the biggest challenge to the export performance in the next few months.

The equity market is likely to remain volatile because of the US Federal Reserve continues to raise interest rates, and the cost of capital has risen, which has caused unprecedented difficulties in business operations. Taking into consideration the challenges faced by the Group, the Group will closely observe the market.

For overseas markets, economic growth in Europe and the United States is projected to slow down due to the negative market outlook under high inflation. However, in the Southeast Asian market that we focus on, there is still a huge market demand of automatic mechanical watch and quartz watch. The Group will closely observe the market trend and provide designs that suit the customers and market needs.

We will continue to focus on the core business and to in strengthen our product design and development capability in order to maximise the long term returns of the shareholders of the Company.

Management Discussion and Analysis

FINANCIAL REVIEW

For the six months ended 30 June 2023 (the “**Period**”), the Group recorded a gross profit of approximately HK\$34.81 million, representing a decrease of approximately 2.68% when compared with that for the same period in 2022, mainly due to the decrease of sale. The selling and distribution expenses for the Period remain the similar level as compared with that for the same period in 2022. The administrative expenses decreased by approximately HK\$0.45 million or approximately 1.61% from approximately HK\$27.91 million for the six months ended 30 June 2022 to approximately HK\$27.46 million for the Period. The decrease was mainly due to the decrease in advertisement and promotion cost. The finance costs increased by approximately HK\$1.59 million or approximately 56.99% from approximately HK\$2.79 million for the six months ended 30 June 2022 to approximately HK\$4.38 million for the Period. The increase was mainly due to the rise in bank interest rates.

INTERIM DIVIDENDS

The Board does not declare the payment of an interim dividend for the Period (2022: Nil).

CAPITAL STRUCTURE

There has been no change in the Company’s capital structure during the Period. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group’s capital structure regularly.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had cash and bank balances of approximately HK\$11.36 million (as at 30 June 2022: HK\$13.48 million). The current ratios (current asset divided by current liabilities) of the Group were approximately 1.14 times and 0.94 times as at 30 June 2023 and 30 June 2022 respectively.

The Directors are of the view that at the date of this interim report, the Group’s financial resources are sufficient to support its business and operations.

As at 30 June 2023, the gearing ratio of the Group (calculated by total bank borrowings less pledged bank deposits and cash and bank balances as a percentage of total equity) was approximately 257.30% (30 June 2022: 201.36%).

COMMITMENTS

As at 30 June 2023, the Group had no capital commitments.

PLEDGE OF ASSETS

At the end of the Period, the following assets were pledged to bank to secure the Group’s banking facilities:

	HK\$'000
Property, plant and equipment	47,761
Financial assets at fair value through profit or loss	18,680
Investment properties	11,573
Pledged bank deposits	57,355
	135,369

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, we had a total of 116 employees (30 June 2022: 121). The Company determines employees' salaries based on each employee's qualifications, position and seniority. Our Group has established an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

FOREIGN EXCHANGE EXPOSURE

The Group's purchases are denominated in Hong Kong Dollars. The sales of the Group are predominantly in US Dollars, Renminbi and Hong Kong Dollars. The Group will review and monitor from time to time the risk relating to foreign exchanges.

During the Period, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had no significant events occurred.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares of the Company:

Name of Director	Capacity/Nature of Interest	Long position	
		Number of ordinary shares interested	Percentage of total number of shares
Mr. Cheuk Sin Cheong, Clement ("Mr. Cheuk") (Note)	Interest in controlled corporation	93,000,000	56.36%
Ms. Au Corona Ching Mei M.H. ("Mrs. Cheuk") (Note)	Interest in controlled corporation	93,000,000	56.36%

Note: 93,000,000 shares of the Company are registered in the name of Million Easy Enterprises Ltd. ("Million Easy"), the entire issued share capital of which are legally and beneficially owned by Mr. Cheuk and Mrs. Cheuk in equal shares. Under the SFO, both Mr. Cheuk and Mrs. Cheuk are deemed to be interested in all the shares of the Company held by Million Easy.

Management Discussion and Analysis

Long position in the ordinary shares of associated corporation:

Name of Director	Name of associated Corporation	Capacity/ Nature of Interest	Long position	
			Number of ordinary shares interested	Percentage of total number of shares
Mr. Cheuk	Million Easy	Beneficial Interest	1	50%
Mrs. Cheuk	Million Easy	Beneficial Interest	1	50%

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, other than the Directors and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in shares of the Company:

Name	Capacity/Nature of Interest	Long position	
		Number of ordinary shares interested	Percentage of total number of shares
Million Easy	Beneficial Interest	93,000,000	56.36%

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other persons/entities (other than a Director and chief executive of the Company) who had, or were deemed or taken to have any interests or short position in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Management Discussion and Analysis

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, the Group did not have other plans for material investments or capital assets for the coming year.

SHARE OPTION SCHEME

The Company has a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the shareholders of the Company (the “**Shareholder(s)**”) by way of written resolutions passed on 20 June 2018. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted. The purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group and any entity in which our Group holds any equity interest (“**Invested Entity**”).

Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares in issue at any point in time, without prior approval from the Company’s shareholders. The Company may not grant any options if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other schemes exceeds 30% of the Shares in issue from time to time. Options granted to substantial shareholders or Independent Non-executive Directors of the Company in excess of 0.1% of the Company’s share capital or with a value in excess of HK\$5,000,000 must be approved in advance by the Company’s shareholders. The option will be offered for acceptance for a period of not less than five trading days from the date on which the option is granted. Upon acceptance of the option, Directors and eligible employees of the Company shall pay HK\$1.00 to the Company by way of consideration for the grant.

Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company’s share; (ii) the closing price of the Shares on the date of grant; and (iii) the average closing price of the Shares for the five business days immediately preceding the date of grant. No share options have been granted since the adoption of the Scheme on 20 June 2018.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the Period.

Management Discussion and Analysis

CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 15 to the GEM Listing Rules throughout the Period, except for the deviation as specified and explained below with considered reasons for such deviations.

Code Provision C.2.1 of the Corporate Governance Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Cheuk Sin Cheong Clement is currently the chairman of our Board and the chief executive officer of our Company. In view of the fact that Mr. Cheuk has been assuming the day-to-day responsibilities in operating and managing our Group since 1986 and the rapid development of our Group, the Board believes that with the support of Mr. Cheuk’s extensive experience and knowledge in the business of the Group, vesting the roles of both the Chairman of our Board and the Chief Executive Officer of our Company in Mr. Cheuk strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision which is in the best interest to our Group.

The Directors consider that the deviation from Code Provision C.2.1 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group’s operations, and sufficient checks and balances are in place.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, the Company confirms that the Directors complied with required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Period.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 20 June 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraph C.3 of the Corporate Governance Code. The members of the Audit Committee comprise Mr. Yu Sau Ning Homer M.H., Mr. Zhao Zhipeng and Ms. Yee Wai Fong Wendy. The chairperson of the Audit Committee is Mr. Yu Sau Ning Homer M.H..

The primary duties of the Audit Committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of our Group.

The financial information in this interim report has not been audited by the Auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the Period, which the Audit Committee is of the opinion that such results have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules, and that adequate disclosures have been made.

Management Discussion and Analysis

FORWARD LOOKING STATEMENTS

This interim report contains forward-looking statements in relation to financial conditions, results of operation and business of the Group. These statements are based on numerous assumptions regarding our Group's present and future business strategy and the environment in which our Group will operate in the future. These forward-looking statements which reflect our Group's views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions.

By order of the Board
HANVEY GROUP HOLDINGS LIMITED
Cheuk Sin Cheong, Clement
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 14 August 2023

As at the date of this interim report, the Executive Directors are Mr. Cheuk Sin Cheong Clement and Ms. Au Corona Ching Mei M.H.; and the Independent Non-executive Directors are Mr. Yu Sau Ning Homer M.H., Mr. Zhao Zhipeng, Ms. Yee Wai Fong Wendy and Dr. Liu Ngai Wing.

HANVEY GROUP HOLDINGS LIMITED
恆偉集團控股有限公司