

*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)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

#### CONSOLIDATED INCOME STATEMENT

*Year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>Revenue</b>	4	<b>488,964</b>	365,715
Cost of services		<u>(407,231)</u>	<u>(303,362)</u>
Gross profit		<b>81,733</b>	62,353
Other income	5	<b>19,757</b>	20,283
Administrative and other operating expenses		<b>(73,912)</b>	(62,055)
Finance costs	6	<u><b>(1,076)</b></u>	<u>(1,181)</u>
<b>Profit before tax</b>	6	<b>26,502</b>	19,400
Income tax (expenses) credits	7	<u><b>(3,719)</b></u>	<u>6,825</u>
<b>Profit for the year</b>		<u><b>22,783</b></u>	<u>26,225</u>
<b>Earnings per share</b>		<i>HK cents</i>	<i>HK cents</i>
Basic	9	<u><b>1.57</b></u>	<u>1.87</u>
Diluted	9	<u><b>1.57</b></u>	<u>1.87</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2021*

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>22,783</b>	26,225
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	<u>1,533</u>	<u>2,151</u>
<b>Total comprehensive income for the year</b>	<b><u>24,316</u></b>	<b><u>28,376</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2021*

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Deposits for acquisition of property, plant and equipment	12	<b>10,541</b>	–
Property, plant and equipment	10	<b>100,529</b>	100,977
Investment properties	11	<b>63,946</b>	73,367
		<u><b>175,016</b></u>	<u>174,344</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		–	5,521
Trade and other receivables	12	<b>97,015</b>	64,645
Pledged bank deposits		<b>662</b>	789
Bank balances and cash		<b>123,821</b>	102,641
		<u><b>221,498</b></u>	<u>173,596</u>
<b>Current liabilities</b>			
Trade and other payables	13	<b>122,601</b>	155,505
Income tax payable		<b>4,220</b>	1,080
Interest-bearing borrowings	14	<b>69,662</b>	45,251
Lease liabilities		<b>1,543</b>	1,693
		<u><b>198,026</b></u>	<u>203,529</u>
<b>Net current assets (liabilities)</b>		<u><b>23,472</b></u>	<u>(29,933)</u>
<b>Total assets less current liabilities</b>		<u><b>198,488</b></u>	<u>144,411</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u><b>1,171</b></u>	<u>1,990</u>
<b>NET ASSETS</b>		<u><b>197,317</b></u>	<u>142,421</u>
<b>Capital and reserves</b>			
Share capital		<b>15,500</b>	14,000
Reserves		<b>181,817</b>	128,421
<b>TOTAL EQUITY</b>		<u><b>197,317</b></u>	<u>142,421</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Year ended 31 December 2021*

## 1. GENERAL INFORMATION

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 Group is 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”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong 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 2020 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 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

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 HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021 <sup>(1)</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>(2)</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>(2)</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>(2)</sup>
Annual Improvements to HKFRSs	2018–2020 Cycle <sup>(2)</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>(3)</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>(3)</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>(3)</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(3)</sup>
HKFRS 17	Insurance Contracts <sup>(3)</sup>
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>(3)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>(3)</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>(4)</sup> 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, 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
<b>Year ended 31 December 2021</b>							
Revenue from external customers	78,274	61,409	214,961	78,280	56,040	-	488,964
Cost of services	(65,427)	(52,352)	(170,799)	(68,393)	(50,260)	-	(407,231)
Segment results	<u>12,847</u>	<u>9,057</u>	<u>44,162</u>	<u>9,887</u>	<u>5,780</u>	<u>-</u>	<u>81,733</u>
<i>Unallocated income and expenses</i>							
Other income							19,757
Administrative and other operating expenses							(73,912)
Finance costs							(1,076)
Profit before tax							26,502
Income tax expenses							(3,719)
Profit for the year							<u>22,783</u>
<i>Other information</i>							
Depreciation of property, plant and equipment	<u>-</u>	<u>361</u>	<u>1,060</u>	<u>1,387</u>	<u>340</u>	<u>5,162</u>	<u>8,310</u>
Depreciation of investment properties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,818</u>	<u>2,818</u>
Lease payments under short-term leases	<u>-</u>	<u>12,332</u>	<u>26,564</u>	<u>7,207</u>	<u>13,043</u>	<u>726</u>	<u>59,872</u>
Capital expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395</u>	<u>1,395</u>
Deposit for acquisition of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,541</u>	<u>-</u>	<u>-</u>	<u>10,541</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
<b>Year ended 31 December 2020</b>							
Revenue from external customers	35,214	45,582	168,354	71,908	44,657	–	365,715
Cost of services	(29,795)	(42,020)	(134,507)	(59,038)	(38,002)	–	(303,362)
Segment results	<u>5,419</u>	<u>3,562</u>	<u>33,847</u>	<u>12,870</u>	<u>6,655</u>	<u>–</u>	<u>62,353</u>
<i>Unallocated income and expenses</i>							
Other income							20,283
Administrative and other operating expenses							(62,055)
Finance costs							(1,181)
Profit before tax							19,400
Income tax credits							6,825
Profit for the year							<u>26,225</u>
<i>Other information</i>							
Depreciation	<u>–</u>	<u>400</u>	<u>1,302</u>	<u>1,713</u>	<u>393</u>	<u>4,493</u>	<u>8,301</u>
Lease payments under short-term leases	<u>–</u>	<u>10,221</u>	<u>20,517</u>	<u>7,255</u>	<u>8,662</u>	<u>294</u>	<u>46,949</u>
Capital expenditures (included addition through acquisition of a subsidiary)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80,965</u>	<u>80,965</u>

#### 4. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<u>Revenue from contracts with customers within HKFRS 15, recognised over time</u>		
Rendering of feeder shipping services	361,739	299,186
Rendering of carrier owned container services	47,709	30,486
Rendering of sea freight forwarding agency services	78,274	35,214
Rendering of barge services	1,242	829
	<u>488,964</u>	<u>365,715</u>

#### 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	110	105
Exchange gain, net	–	2,765
Net gain on financial assets at FVPL	276	1,023
Gain on disposals of property, plant and equipment	554	406
Government grants ( <i>Note i</i> )	17,007	12,638
Government subsidies ( <i>Note ii</i> )	–	1,997
Sales of scrap containers	343	476
Sundry income	1,467	873
	<u>19,757</u>	<u>20,283</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.
- (ii) During the year ended 31 December 2020, the Group has 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 is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is 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):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Finance costs</b>		
Interest on interest-bearing borrowings	936	1,038
Finance charges on lease liabilities	140	143
	<u>1,076</u>	<u>1,181</u>
<b>Other items</b>		
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	40,262	37,566
Contributions to defined contribution plans ( <i>Note</i> )	4,254	2,640
	<u>44,516</u>	<u>40,206</u>
Auditor's remuneration	890	1,045
Depreciation of property, plant and equipment (charged to "Cost of services" and "Administrative and other operating expenses", as appropriate)	8,310	8,301
Depreciation of investment properties	2,818	–
Exchange loss (gain)	801	(2,765)
Lease payments on feeder vessels and barges under short-term leases (charged to "Cost of services")	59,146	46,655
Lease payments on premises under short-term leases	726	294

*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 2021 and 2020 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

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year	<b>3,719</b>	1,295
Over provision in prior years	—	(34)
	<b>3,719</b>	1,261
PRC Enterprise Income Tax		
Over provision in prior years	—	(8,086)
<b>Total income tax expenses (credits) for the year</b>	<b>3,719</b>	<b>(6,825)</b>

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

For the years ended 31 December 2021 and 2020, 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 one (2020: two) of the subsidiaries in Hong Kong with estimated assessable profits for the year 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 2021 and 2020. For the years ended 31 December 2021 and 2020, 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 2021 (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year attributable to the equity holders of the Company for the purpose of basic earnings per share	<u>22,783</u>	<u>26,225</u>
<b>Number of shares</b>	<b>2021 '000</b>	<b>2020 '000</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,454,110</u>	<u>1,400,000</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 2021 and 2020.

## 10. PROPERTY, PLANT AND EQUIPMENT

In January 2021, properties with carrying value of approximately HK\$7,102,000 were transferred from investment properties to property, plant and equipment upon change of their use as the Group's own used properties.

At 31 December 2021, the Group had three (2020: four) vessels under the Usage Priority Agreements. According to the Usage Priority Agreements, the Group has the exclusive preferential right to use these three (2020: four) 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 three vessels. The Group considers that it, in substance, is able to use these three vessels and obtain the future economic benefits through the usage of these three vessels physically as if it was the legal owners throughout the period covered by the Usage Priority Agreements. Accordingly, the aggregate net carrying amount of approximately HK\$4,349,000 (2020: HK\$4,988,000) was recorded under property, plant and equipment.

At 31 December 2021, leasehold land and buildings with an aggregate net book value of approximately HK\$69,168,000 (2020: HK\$64,497,000) were pledged to secure banking facilities granted to the Group.

## 11. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Reconciliation of carrying amount</b>		
At the beginning of the reporting period	73,367	–
Acquisition of a subsidiary	–	73,367
Transfer to property, plant and equipment ( <i>Note 10</i> )	(7,102)	–
Additions – subsequent expenditure	499	–
Depreciation	(2,818)	–
	<hr/>	<hr/>
At the end of the reporting period	<b>63,946</b>	73,367
	<hr/> <hr/>	<hr/> <hr/>

The investment properties with a total carrying amount of approximately HK\$63,946,000 (2020: HK\$73,367,000) were pledged to secure banking facilities granted to the Group.

## 12. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Trade receivables</b>		
From third parties	86,233	57,535
Less: Loss allowance	(3,237)	(3,237)
	<hr/>	<hr/>
	82,996	54,298
<b>Other receivables</b>		
Deposits, prepayments and other debtors	24,560	10,347
Less: Deposits paid for acquisition of property, plant and equipment classified as non-current assets	(10,541)	–
	<hr/>	<hr/>
	14,019	10,347
	<hr/>	<hr/>
	<b>97,015</b>	64,645
	<hr/> <hr/>	<hr/> <hr/>

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\$3,237,000 (2020: HK\$3,237,000) at 31 December 2021 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 (2020: up to 90 days) to its customers. The ageing analysis of trade receivables, net of loss allowance, by invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	34,275	25,468
31 – 60 days	28,991	17,967
61 – 90 days	14,371	7,255
Over 90 days	5,359	3,608
	<u>82,996</u>	<u>54,298</u>

At 31 December 2021, amount of approximately HK\$6,729,000 (2020: HK\$11,671,000) included in the trade receivables were in connection with invoice discounting bank loan arrangements.

### 13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Trade payables</b>		
To third parties	<u>76,157</u>	<u>65,388</u>
<b>Other payables</b>		
Accrued charges and other creditors	22,504	17,955
Deposits received	18,240	16,162
Due to the Ultimate Controlling Party	–	45,200
Due to the Shareholder	<u>5,700</u>	<u>10,800</u>
	<u>46,444</u>	<u>90,117</u>
	<u>122,601</u>	<u>155,505</u>

The trade payables due to third parties are unsecured, interest-free and have a credit period of 30 days to 90 days.

At the end of the reporting period, the ageing analysis of trade payables by invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	42,704	39,110
31 – 60 days	16,803	16,304
61 – 90 days	12,425	8,454
Over 90 days	4,225	1,520
	<u>76,157</u>	<u>65,388</u>

## 14. INTEREST-BEARING BORROWINGS

	2021 HK\$'000	2020 HK\$'000
Secured bank borrowings:		
Current portion	<u>69,662</u>	<u>45,251</u>
(i)	Bank borrowings of approximately HK\$6,729,000 (2020: HK\$11,671,000) bear interests at Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.875% per annum (2020: HIBOR plus 1.875% per annum) and are wholly repayable within one year since inception. The bank borrowings are secured by trade receivables of approximately HK\$6,729,000 (2020: HK\$11,671,000) in connection with invoice discounting bank loan arrangements.	
(ii)	A bank borrowing of approximately HK\$14,000,000 (2020: HK\$10,000,000) bears interest at HIBOR plus 1.7% per annum (2020: HIBOR plus 2.0% 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\$69,168,000 and HK\$63,946,000 respectively (2020: leasehold land and buildings of approximately HK\$64,497,000) (Note 10 and 11).	
(iii)	A mortgage loan of approximately HK\$21,417,000 (2020: HK\$22,624,000) 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 (2020: 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\$69,168,000 and HK\$63,946,000 respectively (2020: leasehold land and buildings of approximately HK\$64,497,000) (Note 10 and 11).	
(iv)	A term loan of approximately HK\$27,516,000 (2020: nil) bears interest at the 1 month HIBOR plus 1.75% per annum (2020: nil), 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\$69,168,000 and HK\$63,946,000 respectively (2020: nil) (Note 10 and 11).	

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 1.4% to 2.2% (2020: 2.0% to 4.1%) per annum. All the interest-bearing borrowings are denominated in HK\$.

At 31 December 2021, the Group had banking facilities totalling approximately HK\$122,417,000 (2020: HK\$73,080,000) and undrawn amounts under these banking facilities of approximately HK\$52,755,000 (2020: HK\$27,829,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL OVERVIEW**

The Group is pleased to report the results for the year ended 31 December 2021.

During the year ended 31 December 2021, the Group recorded a revenue of approximately HK\$488,964,000 (2020: approximately HK\$365,715,000), representing an increase of 33.7% over the same period last year. The Group recorded a gross profit of approximately HK\$81,733,000 (2020: approximately HK\$62,353,000), representing an increase of 31.1% over the same period last year. The gross profit margin decreased from 17.0% to 16.7%. The Group recorded profit for the year of approximately HK\$22,783,000 (2020: approximately HK\$26,225,000).

### **BUSINESS OVERVIEW**

During the year ended 31 December 2021, container throughput of Hong Kong port decreased by 0.9% as compared with the same period last year, according to the data released by Marine Department of the Government of the HKSAR, the PRC.

Notwithstanding the tough operational environment, with the continuous efforts of the Group, the Group's feeder shipping services, carrier owned container services and barge services recorded an increase in total shipment volume of 13,813 twenty-foot equivalent units (the "TEUs") or 3.4%, from 406,748 TEUs to 420,561 TEUs, and an increase in gross profit of approximately HK\$11,952,000 or 21.0%, from approximately HK\$56,934,000 to approximately HK\$68,886,000, for the year ended 31 December 2021, as compared to the corresponding period last year. The increase in the gross profit was mainly attributable to increase in revenue for the year ended 31 December 2021.

The Group's sea freight forwarding agency services recorded a decrease in shipment volume of 164 TEUs or 1.7%, from 9,482 TEUs to 9,318 TEUs, however an increase in gross profit of approximately HK\$7,428,000 or 137.1%, from approximately HK\$5,419,000 to approximately HK\$12,847,000, for the year ended 31 December 2021, as compared to the corresponding period last year. The increase in gross profit was mainly attributable to increase in average unit price of sea freight forwarding agency services as a result of increase in customers' demand.

The following table sets out the breakdown of revenue and twenty foot equivalent units (the “TEUs”) by segment for the year:

	Year ended 31 December					
	2021			2020		
	<i>HK\$'000</i>	TEUs	Gross profit margin %	<i>HK\$'000</i>	TEUs	Gross profit margin %
Fujian routes	<b>61,409</b>	<b>42,016</b>	<b>14.7</b>	45,582	39,449	7.8
Guangxi routes	<b>214,961</b>	<b>167,879</b>	<b>20.5</b>	168,354	176,497	20.1
Guangdong routes	<b>78,280</b>	<b>176,744</b>	<b>12.6</b>	71,908	156,330	17.9
Hainan routes	<b>56,040</b>	<b>33,922</b>	<b>10.3</b>	44,657	34,472	14.9
Sea freight forwarding agency services	<b>78,274</b>	<b>9,318</b>	<b>16.4</b>	35,214	9,482	15.4
	<b><u>488,964</u></b>	<b><u>429,879</u></b>	<b><u>16.7</u></b>	<b><u>365,715</u></b>	<b><u>416,230</u></b>	<b><u>17.0</u></b>

The Group’s operational costs totalled approximately HK\$407,231,000, representing an increase of approximately HK\$103,869,000 or 34.2% as compared with the same period last year. The change in operational costs was mainly due to: (i) increased costs of feeder shipping services as a result of increase in unit price of bunker charges and rental expenses of feeder vessels; and (ii) increased costs of sea freight forwarding agency services as a result of increase in freight charges and terminal handling charges.

The Group’s other income totalled approximately HK\$19,757,000, representing a decrease of approximately HK\$526,000 as compared to the same period last year. The change in other income was mainly due to the net effect of (i) the increase in the government grants of approximately HK\$4,369,000 for the year ended 31 December 2021; (ii) the absence of government subsidies of HK\$1,997,000 received from the Employee Support Scheme under the Anti-epidemic Fund as recorded in the same period last year; and (iii) the absence of net exchange gain of HK\$2,765,000 as recorded in the same period last year.



## **PROSPECTS**

Uncertainties of Sino-US trade war and the outbreak of the COVID-19 pandemic, fluctuation of international fuel price and keen price competition among the regional shipping carriers bring unprecedented challenges to the Group. 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 maximise and safeguard the interest of the shareholders of the Company, the Group has planned ahead for the upcoming challenges and set our investment strategies cautiously.

### **Extend the reach of routes and routes rearrangement**

The Group is headquartered in Hong Kong and has grown to become a regional shipping carrier with points of operation in Hong Kong, Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province. To broaden the customer base and diversify the operating risk, the Group has been continuously exploring possible extension of routes in new ports located in the southern China. The Group will also continue to seek opportunities in new ports and strive to diversify our source of income.

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

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

In order to increase the vessel fleet capacity of the Group so as to enable the Group to satisfy any increase in customers' demand of the feeder shipping services and reduce the costs of the Group in relation to the provision of feeder shipping services, the Group entered into a vessel transfer agreement with a vendor to acquire a vessel at the purchase price of RMB12,300,000 on 28 April 2021.

Subsequently, 30% of the ownership of the vessel was acquired by a vessel partner. After completion of the transactions and entering into usage priority agreement, the Group will have 70% of the ownership of the vessel.

### **Improve the financial position of the Group**

On 6 August 2021 and 24 September 2021, the Group completed the top-up placing of existing shares and the subscription of new shares and received total net proceeds of approximately HK\$20.5 million and HK\$10.1 million respectively (net of related costs, professional fees and out-of-pocket expenses). The net proceeds is intended to be used for (i) potential acquisition of additional vessel(s); (ii) the repayment of its existing borrowings; and (iii) general working capital of the Group.

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

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. As at 31 December 2021, the Group held bank balances and cash of approximately HK\$123,821,000 (2020: approximately HK\$102,641,000). The Group had a mortgage loan of approximately HK\$21,417,000 at 31 December 2021 (2020: approximately HK\$22,624,000) and were wholly repayable over five years. The Group had a term loan of approximately HK\$27,516,000 (2020: nil) and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK\$20,729,000 at 31 December 2021 (2020: approximately HK\$21,671,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings was 1.4% to 2.2% (2020: 2.0% to 4.1%) 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 2021, calculated based on the total borrowings (including lease liabilities) to the equity attributable to owners of the Company, was 36.7% (2020: 34.4%).

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 has been no material change in the capital structure of the Company during the year ended 31 December 2021. 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 2021. 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 2021, 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 2021.

### **Charge on group assets**

As at 31 December 2021, leasehold land and building amounting to approximately HK\$69,168,000 (2020: approximately HK\$64,497,000), investment properties amounting to approximately HK\$63,946,000 (2020: HK\$73,367,000), trade receivables amounting to approximately HK\$6,729,000 (2020: approximately HK\$11,671,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK\$662,000 (2020: approximately HK\$789,000) were pledged as security for bank facilities.

### **Contingent liabilities**

As at 31 December 2021, 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 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 2021, the Group did not hold any significant investment in equity interest in any other company.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2021, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2021, the Group has a total of 198 employees (31 December 2020: total 193 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.

The Company has adopted a share option scheme as incentive to Directors and eligible employees.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a dividend for the year ended 31 December 2021.

## **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 2021.

## **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 2021.

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 2021 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 2021. 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 2021, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") previously contained in Appendix 14 to the Listing Rules.

On 1 January 2022, the amendments to the CG Code (the "New CG Code") came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. 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 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry; the non-executive Director of the Company is Madam Tong Hung Sum; 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.*