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HANVEY GROUP HOLDINGS LIMITED

恆偉集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023

The board (the “**Board**”) of directors (the “**Directors**”) of HANVEY GROUP HOLDINGS LIMITED (the “**Company**”) is pleased to announce the unaudited first quarterly results of the Company and its subsidiaries for the three months ended 31 March 2023. This announcement, containing the full text of the 2023 First Quarterly Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of first quarterly results.

By order of the Board

HANVEY GROUP HOLDINGS LIMITED

Cheuk Sin Cheong Clement

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 May 2023

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.hanveygroup.com.hk.

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Stock Code 股份代號 : 8219



2023

First Quarterly Report
第一季度報告

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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This quarterly 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 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 enquires, confirm that to the best of their knowledge and belief the information contained in this quarterly report is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this quarterly report misleading.

Contents



3	Summary
4	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
5	Condensed Consolidated Statement of Changes in Equity
6	Notes to the Condensed Consolidated Financial Statements
11	Management Discussion and Analysis

Summary

- Revenue for the three months ended 31 March 2023 amounted to approximately HK\$74.03 million (three months ended 31 March 2022: approximately HK\$57.95 million), representing an increase of approximately 27.75% as compared with that for the corresponding period.
- Profit attributable to the owners of the Company for the three months ended 31 March 2023 amounted to approximately HK\$0.90 million (three months ended 31 March 2022: approximately HK\$0.96 million).
- Basic earning per share for the three months ended 31 March 2023 amounted to approximately HK0.55 cent (three months ended 31 March 2022: HK0.64 cent).

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2023 together with the comparative unaudited figures for the corresponding period in 2022, as follows:

	Notes	Three months ended 31 March	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	74,031	57,951
Cost of sales		(55,103)	(42,074)
Gross profit		18,928	15,877
Other income, gains and losses		(774)	872
Selling and distribution expenses		(828)	(686)
Administrative expenses		(14,208)	(13,922)
Finance costs		(2,171)	(1,314)
Profit before taxation	5	947	827
Income tax expense	6	(86)	–
Profit for the period		861	827
Attributable to:			
Owners of the Company		900	963
Non-controlling interests		(39)	(136)
		861	827
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating of foreign operations		(1,585)	(5,607)
Other comprehensive expense for the period, net of tax		(1,585)	(5,607)
Total comprehensive expense for the period		(724)	(4,780)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(685)	(4,644)
Non-controlling interests		(39)	(136)
		(724)	(4,780)
Earning per share – basic and diluted	8	HK0.55 cent	HK0.64 cent

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
At 31 December 2021 (audited)	10,000	42,344	4,941	1,000	(19,072)	(243)	38,970
Profit for the period	-	-	-	-	963	(136)	827
Other comprehensive expense	-	-	(5,607)	-	-	-	(5,607)
Total comprehensive expense	-	-	(5,607)	-	963	(136)	(4,780)
Issue of new shares upon rights issue	5,000	5,000	-	-	-	-	10,000
Balance at 31 March 2022 (unaudited)	15,000	47,344	(666)	1,000	(18,109)	(379)	44,190
At 31 December 2022 (audited)	16,500	53,080	(1,485)	1,000	(29,718)	(715)	38,662
Profit for the period	-	-	-	-	900	(39)	861
Other comprehensive expense	-	-	(1,585)	-	-	-	(1,585)
Total comprehensive expense	-	-	(1,585)	-	900	(39)	(724)
Balance at 31 March 2023 (unaudited)	16,500	53,080	(3,070)	1,000	(28,818)	(754)	37,938

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.

Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

The Company was incorporated in Cayman Islands on 12 June 2017 as an exempted company with limited liability under the Companies Law, 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 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 globe.

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

This condensed consolidated quarterly financial information for the three months ended 31 March 2023 has been prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of GEM Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

The quarterly 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.

Notes to the Condensed Consolidated Financial Statements

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 three months ended and 31 March 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.

Geographical information

The Group’s revenue is mainly derived from customers located in the Indonesia, India 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:

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong	3,936	6,639
Brazil	5,304	3,686
India	9,356	5,431
Saudi Arabia	–	895
Indonesia	51,007	37,108
United Arab Emirates	851	–
Australia	468	1,202
Turkey	1,671	1,615
Others (Note)	1,438	1,375
	74,031	57,951

Note: Other geographical locations are mainly located in Germany and Bangladesh.

Notes to the Condensed Consolidated Financial Statements

4. REVENUE

	Three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Finished watches	57,992	47,218
SKD kits	14,658	8,936
Watch parts	1,381	1,797
Revenue recognised at a point in time	74,031	57,951

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15 Revenue from Contracts with Customers, the transaction price allocated to these unsatisfied contract is not disclosed.

5. PROFIT BEFORE TAXATION

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	1,191	1,421

Notes to the Condensed Consolidated Financial Statements

6. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the two-tiered profits tax rate regime in Hong Kong, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the three months ended 31 March 2023 and 2022.

The subsidiary of the Group established in the PRC is generally subject to PRC Enterprise Income Tax (“EIT”) on its taxable income at an income tax rate of 25% for both periods.

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	86	–
– PRC EIT	–	–
	86	–

7. DIVIDEND

The Board decided not to declare any dividend for the three months ended 31 March 2023 (2022: Nil).

Notes to the Condensed Consolidated Financial Statements

8. EARNING PER SHARE

The calculation of earning per share for the three months ended 31 March 2023 and 31 March 2022 are based on the profit for the period attributable to equity owners of the Company of approximately HK\$0.90 million and profit for the period attributable to equity owners of the Company of approximately HK\$0.96 million respectively.

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the period.

9. RELATED PARTY TRANSACTIONS

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

Name of related parties	Notes	Nature of transaction	Three months ended 31 March	
			2023 HK\$'000	2022 HK\$'000
Recurring:				
Mr. Cheuk Sin Cheong, Clement ("Mr. Cheuk")	(a)	Rental expense	180	180

Notes:

(a) Mr. Cheuk is an Executive 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 three months ended 31 March 2023 (the “**Period**”), the Group’s revenue amounted to approximately HK\$74.03 million, increased by approximately 27.75% when compared with that for the corresponding period of 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 1Q23: Sharp Rebound in Export Confidence as China Re-opens” dated 21 March 2023, the HKTDC Export Index (the “**Index**”) rose from 24.7 in the first quarter of 2022 (“**1Q22**”) to 39.0 in the first quarter of 2023 (“**1Q23**”).

As a result, the 1Q23 *HKTDC Export Index* rose to 39.0, 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.

Following the resumption of quarantine-free travel between Hong Kong and China in early January 2023, an overwhelming majority of the respondents (98%) of the survey reported a positive impact on their business. In this regard, they particularly highlighted more flexible and frequent business travel (72.0%) and cross border business engagements (62.2%), as well as more convenient business access to China (56.9%), the watch market is expected to return to growth in 2023.

Management Discussion and Analysis

PROSPECTS

Looking ahead, the business environment in overseas markets remains uncertain but opportunities always come along with challenges. In tandem with the re-opening of China's borders, the full benefits of which are expected to further enhance Hong Kong's trade outlook over the coming months as their positive impact gradually fully materialises.

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 and the Russia-Ukraine war. 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.

FINANCIAL REVIEW

For the three months ended 31 March 2023 (the "Period"), the Group recorded a gross profit of approximately HK\$18.93 million, represents an increase of approximately 19.21% when compared with that for the same period in 2022, mainly due to the availability of vaccines in 2022, and the decrease in the number of infections in some Asian countries. Hence, the demand for our products has gradually increased. 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 increased by approximately HK\$0.29 million or approximately 2.08% from approximately HK\$13.92 million for the three months ended 31 March 2022 to approximately HK\$14.21 million for the Period. The increase was mainly due to the increase in staff costs. The finance costs increased by approximately HK\$0.86 million or approximately 65.65% from approximately HK\$1.31 million for the three months ended 31 March 2022 to approximately HK\$2.17 million for the Period. The increase was mainly due to the rise in bank interest rates.

DIVIDENDS

The Board do not recommend the payment of 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.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had cash and cash equivalents of approximately HK\$10.34 million (as at 31 March 2022: HK\$11.64 million). The current ratios (current asset divided by current liabilities) of the Group were approximately 1.13 times and 0.91 times as at 31 March 2023 and 31 March 2022, respectively.

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

As at 31 March 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 243.44% (as at 31 March 2022: 203.79%).

COMMITMENTS

As at 31 March 2023, the Group had no capital commitments.

PLEDGE OF ASSETS

At the end of the Period, the following assets have been pledged to banks to secure the Group's banking facilities:

	HK\$'000
Property, plant and equipment	50,006
Financial assets at fair value through profit or loss	18,601
Investment properties	11,573
Pledged bank deposits	57,085
	137,265

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, we had a total of 117 employees (31 March 2022: 119). 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 United States 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.

Management Discussion and Analysis

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 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 SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OR ANY ASSOCIATED CORPORATION

As at 31 March 2023, 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 the 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 interest in all the shares of the Company held by Million Easy.

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%

Management Discussion and Analysis

Save as disclosed above, as at 31 March 2023, 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 31 March 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%
China New Economy Fund Limited	Beneficial Interest	32,100,000	19.45%

Save as disclosed above, as at 31 March 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 purchased, sold or redeemed any of the Company's listed securities.

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

Save as disclosed in this quarterly report, there is no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the Period.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this quarterly 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 the 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 and during the three months ended 31 March 2022 and 2023.

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 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 have 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 D.3.3 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 quarterly 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 was 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 quarterly 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 reflected our Group's current 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, 12 May 2023

As at the date of this 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