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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of HANVEY GROUP HOLDINGS LIMITED (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 Interim 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 interim results.

By order of the Board

HANVEY GROUP HOLDINGS LIMITED

Cheuk Sin Cheong Clement

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 August 2024

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., Ms. Yee Wai Fong Wendy and Mr. Yip Yat Lam.

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 on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.hanveygroup.com.hk.

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)

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2024
Interim Report
中期報告

CHARACTERISTICS OF THE 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

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.

Ms. Yee Wai Fong Wendy

Dr. Liu Ngai Wing (resigned on 13 June 2024)

Mr. Yip Yat Lam (appointed on 13 June 2024)

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)

Ms. Yee Wai Fong Wendy

Dr. Liu Ngai Wing (resigned on 13 June 2024)

Mr. Yip Yat Lam (appointed on 13 June 2024)

REMUNERATION COMMITTEE

Dr. Liu Ngai Wing (Chairman)

(resigned on 13 June 2024)

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

(appointed on 13 June 2024)

Ms. Au Corona Ching Mei M.H.

Mr. Yip Yat Lam (appointed on 13 June 2024)

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 2024 (the “**Period**”) amounted to approximately HK\$51.81 million (six months ended 30 June 2023: approximately HK\$127.12 million), representing a decrease of approximately 59.24% as compared with that for the corresponding period in 2023.
- Loss attributable to owners of the Company for the Period amounted to approximately HK\$8.97 million (six months ended 30 June 2023: profit approximately HK\$1.32 million).
- Basic loss per share for the Period amounted to approximately HK5.44 cents (basic earning per share for the six months ended 30 June 2023: approximately HK0.80 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 2024 together with the comparative figures as follows:

For the three months and the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	51,811	127,122
Cost of sales		(34,512)	(92,311)
Gross profit		17,299	34,811
Other income, gains and losses	4	(334)	471
Selling and distribution expenses		(1,510)	(2,033)
Administrative expenses		(20,361)	(27,464)
Finance costs		(3,918)	(4,381)
(Loss)/profit before taxation	5	(8,824)	(83)
Income tax expenses	6	(148)	(169)
(Loss)/profit for the period		(8,972)	1,235
Attributable to:			
Owners of the Company		(8,970)	1,318
Non-controlling interests		(2)	(83)
		(8,972)	1,235
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		4,740	(2,789)
Other comprehensive income/(expense) for the period, net of tax		4,740	(2,789)
Total comprehensive expense for the period		(4,232)	(1,554)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(4,230)	(1,471)
Non-controlling interests		(2)	(83)
		(4,232)	(1,554)
(Loss)/earning per share – basic and diluted	7	HK(5.44) cents	HK0.80 cents

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	<i>Notes</i>	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	52,818	55,794
Right-of-use assets		693	893
Investment properties		11,375	11,375
Financial asset at fair value through profit or loss		460	460
		65,346	68,522
Current assets			
Inventories		16,076	12,582
Trade receivables	9	30,499	17,599
Other receivables, deposits and prepayments	9	7,400	9,405
Tax recoverable		242	242
Financial asset at fair value through profit or loss		21,004	22,500
Fixed bank deposits		51,522	57,940
Cash and bank balances		627	13,804
		127,370	134,072
Current liabilities			
Trade and bills payables	10	44,521	52,339
Other payables and accrued expenses	10	4,337	5,957
Contract liabilities		1,727	3,238
Bank overdrafts		5,908	3,738
Borrowings		50,798	62,902
Loan from a related company		18,567	1,800
Lease liabilities		343	444
Tax payable		34	457
		126,235	130,875
Net current assets		1,135	3,197
Total assets less current liabilities		66,481	71,719

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

<i>Notes</i>	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current liabilities		
Borrowings	52,719	53,579
Lease liabilities	196	342
	52,915	53,921
Net assets	13,566	17,798
Capital and reserves		
Share capital	16,500	16,500
Reserves	(2,049)	2,181
Equity attributable to owners of the Company	14,451	18,681
Non-controlling interests	(885)	(883)
Total equity	13,566	17,798

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 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
Balance at 31 December 2023 (audited)	16,500	53,080	(2,417)	1,000	(49,482)	(883)	17,798
Profit/(loss) for the period	-	-	-	-	(8,970)	(2)	(8,970)
Other comprehensive expense	-	-	4,740	-	-	-	4,740
Total comprehensive (expense)/income	-	-	4,740	-	(8,970)	(2)	(4,232)
Balance at 30 June 2024 (unaudited)	16,500	53,080	2,323	1,000	(58,452)	(885)	13,566

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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash used in operating activities	(28,248)	(22,557)
Net cash generated from investing activities	7,277	66
Net cash (used in)/generated from financing activities	(74)	23,546
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,045)	1,055
Cash and cash equivalents at beginning of period	10,066	12,057
Effect of foreign exchange rates changes	5,698	(1,754)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5,281)	11,358
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	627	13,869
Bank overdrafts	(5,908)	(2,511)
Cash and cash equivalents as stated in the consolidated statements of cash flows	(5,281)	11,358

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2024 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 2023 (the “**2023 Financial Statements**”).

The accounting policies adopted are consistent with those of the financial statement for the year ended 31 December 2023, 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 2024, 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 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue is mainly derived from customers located in India, Brazil and Hong Kong. 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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Asia	32,536	110,780
Europe	5,251	5,313
Pacific Regions	3,032	1,606
South America	10,992	9,423
	51,811	127,122

4. REVENUE, OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Finished watches	16,568	91,914
SKD kits	34,018	31,975
Watch parts	1,225	3,233
	51,811	127,122
Interest income	313	579
Rental income	192	182
Exchange (loss)/gain, net	201	(414)
Sundry income	532	–
Government grant income	–	212
Net (loss)/gain arising from disposal of financial assets at FVTPL	(1,572)	(88)
	(334)	471

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	2,043	2,645

6. INCOME TAX

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	115	86
– PRC EIT	33	83
	148	169

7. (LOSS)/EARNING PER SHARE

The calculation of earning per share for the six months ended 30 June 2024 and 30 June 2023 are based on the loss for the Period attributable to equity owners of the Company of approximately HK\$8.97 million and HK\$1.32 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\$0.06 million (for the six months ended 30 June 2023: HK\$0.03 million) for acquisition of property, plant and equipment.

The Group has pledged property, plant and equipment with a carrying amount of approximately HK\$45.28 million and HK\$46.74 million as at 30 June 2024 and 31 December 2023, respectively, to secure general banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade receivables	31,440	18,540
Less: allowance for expected credit losses	(941)	(941)
	30,499	17,599
Other receivables	490	638
Deposits	206	206
Prepayments for purchase of raw materials	3,596	6,222
Other prepayments	3,108	2,339
	7,400	9,405

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 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
0 to 30 days	22,757	7,198
31 to 60 days	4,810	5,970
61 to 90 days	386	1,415
Over 90 days	2,546	3,016
	30,499	17,599

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 2024

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

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade payables	21,865	23,924
Bills payables	22,656	28,415
	44,521	52,339
Salary and bonus payables	1,356	2,176
Other payables	531	308
Accrued expenses	2,450	1,396
	4,337	3,880

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 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
0 to 30 days	7,345	3,973
31 to 60 days	6,319	5,419
61 to 90 days	5,709	6,827
91 to 120 days	1,464	2,648
Over 120 days	1,028	5,057
	21,865	23,924

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
0 to 30 days	3,828	8,717
31 to 60 days	7,158	7,909
61 to 90 days	5,107	8,129
91 to 120 days	6,563	3,660
	22,656	28,415

11. RELATED PARTY TRANSACTIONS

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

Name of related parties	Note	Nature of transaction	Six months ended 30 June	
			2024 HK\$'000	2023 HK\$'000
Recurring:				
Mr. Cheuk Sin Cheong, Clement	(a)	Rental expense	–	360

Note:

(a) 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 2024 (the “**Period**”), the Group’s revenue amounted to approximately HK\$51.81 million, decreased by approximately 59.24% when compared with that of the corresponding period in 2023.

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 Confidence Index 2Q24: A Significant Upturn Amid Rising Optimism” dated 27 June 2024, the HKTDC Export Index (the “**Index**”) rose from 47.8 in the second quarter of 2023 (“**2Q23**”) to 51.6 in the second quarter of 2024 (“**2Q24**”).

For 2Q24, the findings of the HKTDC Export Confidence Index indicate a significantly improved current performance, as well as a more optimistic business outlook overall. Reassuringly, all of this is underpinned by rising sales, new orders, higher prices and a likely increase in procurement activity. But unfortunately, in timepieces sector dropped to 41.3 (down 7.5) in 2Q24 from 48.8 in 2Q23.

With the economic gradually recovering from the COVID-19 pandemic, the Group will continue to adopt a prudent approach, and to exercise 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 2024 (the “**Period**”), the Group recorded a gross profit of approximately HK\$17.30 million, representing a decrease of approximately 50.30% when compared with that for the same period in 2023, mainly due to the decrease of sale. The selling and distribution expenses decreased by approximately HK\$0.52 million or approximately 25.62% from approximately HK\$2.03 million for the six months ended 30 June 2024 to approximately HK\$1.51 million for the period. The decrease was mainly due to the decrease in freight and transportation charges. The administrative expenses decreased by approximately HK\$7.10 million or approximately 25.86% from approximately HK\$27.46 million for the six months ended 30 June 2023 to approximately HK\$20.36 million for the Period. The decrease was mainly due to the decrease in staff cost. The finance costs decreased by approximately HK\$0.46 million or approximately 10.50% from approximately HK\$4.38 million for the six months ended 30 June 2023 to approximately HK\$3.92 million for the Period. The decrease was mainly due to the decrease in bank borrowings.

INTERIM DIVIDENDS

The Board does not declare the payment of an interim dividend for the Period (2023: 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 2024, the Group had cash and bank balances of approximately HK\$0.63 million (as at 30 June 2023: HK\$11.36 million). The current ratios (current assets divided by current liabilities) of the Group were approximately 1.01 times and 1.14 times as at 30 June 2024 and 30 June 2023 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 2024, the gearing ratio of the Group calculated by total borrowings (including bills payables, bank overdrafts, bank borrowings, loan from a related company and lease liabilities) less fixed bank deposits and cash and bank balances as a percentage of total equity was approximately 730.06% (30 June 2023: 257.30%).

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	45,279
Financial assets at fair value through profit or loss	18,907
Investment properties	11,375
Bank deposits	51,522
	127,083

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, we had a total of 102 employees (30 June 2023: 116). 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 2024 (31 December 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 27 June 2024 and 15 July 2024 in relation to, among others, the Rights Issue and the Placing.

The Company proposes to raise gross proceeds of up to approximately HK\$8.25 million (assuming full subscription under the Rights Issue) by way of issuing up to 82,500,000 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

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 2024, 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:

Management Discussion and Analysis

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.

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 2024, 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.

Management Discussion and Analysis

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

As at 30 June 2024, 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 2024, 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.

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").

Management Discussion and Analysis

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. As at 30 June 2024, the Company has no outstanding share option under the Share Option Scheme. The total number of shares available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 were 100,000,000 shares. As at the date of this interim report, the total number of shares of the Company available for issue under the Share Option Scheme was 100,000,000 shares, representing 10% of the issued shares of the Company.

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.

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 C1 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.

Management Discussion and Analysis

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., Ms. Yee Wai Fong Wendy, Dr. Liu Ngai Wing (resigned on 13 June 2024) and Mr. Yip Yat Lam (appointed on 13 June 2024). 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.

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, 12 August 2024

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., Ms. Yee Wai Fong Wendy and Mr. Yip Yat Lam.

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