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 2016

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 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2016

	Note	**2016** **HK$'000**	2015 *HK$'000*
Revenue	4	**364,259**	459,171
Cost of services		**(293,579)**	(376,204)
Gross profit		**70,680**	82,967
Other income	5	**11,887**	17,039
Administrative and other operating expenses		**(84,890)**	(55,129)
Finance costs	6	**(720)**	(278)
(Loss) Profit before tax	6	**(3,043)**	44,599
Income tax expenses	7	**(4,165)**	(5,430)
(Loss) Profit for the year		**(7,208)**	39,169
Attributable to:			
Equity holders of the Company		**(7,208)**	38,228
Non-controlling interests		**–**	941
		(7,208)	39,169
(Loss) Earnings per share attributable to equity holders of the Company		***HK cents***	*HK cents*
Basic	9	**(0.59)**	3.64
Diluted	9	**n/a**	n/a

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
(Loss) Profit for the year	**(7,208)**	39,169
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on consolidation	**(2,386)**	(2,366)
Total comprehensive (loss) income for the year	**(9,594)**	36,803
Total comprehensive (loss) income attributable to		
Equity holders of the Company	**(9,594)**	36,258
Non-controlling interests	**–**	545
	(9,594)	36,803

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	10	**23,005**	25,193
Current assets			
Trade and other receivables	11	**68,707**	72,996
Pledged bank deposits		**796**	450
Income tax recoverable		**1,736**	–
Bank balances and cash		**124,931**	57,416
		196,170	130,862
Current liabilities			
Trade and other payables	12	**73,982**	72,077
Current portion of obligations under finance leases		**1,976**	1,905
Income tax payable		**4,995**	3,877
Interest-bearing borrowings	13	**15,367**	–
		96,320	77,859
Net current assets		**99,850**	53,003
Total assets less current liabilities		**122,855**	78,196
Non-current liabilities			
Deferred tax liabilities		**2,625**	3,946
Non-current portion of obligations under finance leases		**1,515**	1,396
		4,140	5,342
NET ASSETS		**118,715**	72,854
Capital and reserves			
Share capital		**14,000**	–
Reserves		**104,715**	72,854
TOTAL EQUITY		**118,715**	72,854

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 October 2015. 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 registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is situated at 28/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").

In preparing for the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Initial Listing"), the Group underwent a group reorganisation (the "Reorganisation") to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 4 May 2016. Details of the Reorganisation are detailed in the section headed "History, Development and Reorganisation – Reorganisation" of the prospectus of the Company dated 23 June 2016 (the "Prospectus").

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 July 2016.

The Group resulting from the Reorganisation is regarded as a continuing entity under the common control of Mr. Lau Yu Leung (the "Ultimate Controlling Party") prior to and after the Reorganisation, and that control is not transitory. Accordingly, the consolidated financial statements for the year ended 31 December 2016 (and the comparative information for the year ended 31 December 2015) have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting under common control combination" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 December 2016 and 2015 have been prepared on the basis as if the current group structure has been in existence throughout the relevant years, or since the respective dates of incorporation or establishment, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2015 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence as at that date.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

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 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.

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.

The Group has consistently applied all HKFRSs which are effective for the Group's financial year beginning on 1 January 2015 for the consolidated financial statements, except for the adoption of the new / revised HKFRSs that are relevant to the Group and effective from the current year as set out below.

Adoption of new / revised HKFRSs

Amendments to HKAS 1: Disclosure Initiative

The amendments include changes in the following five areas: 1) materiality; 2) disaggregation and subtotals; 3) structure of notes; 4) disclosure of accounting policies; 5) presentation of items of other comprehensive income arising from investments accounted for using equity method. It is considered that these amendments are clarifying amendments that do not directly affect an entity's accounting policies or accounting estimates.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Amendments to HKAS 16 and 38: Clarification of Acceptable Methods of Depreciation and Amortisation

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to HKAS 16 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to HKAS 38 clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The adoption of the amendments did not have any 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, which are measured at fair value.

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 HKAS 7	Disclosure Initiative (1)
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (1)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction (2)
HKFRS 15	Revenue from Contracts with Customers (2)
HKFRS 9 (2014)	Financial Instruments (2)
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance contracts (2)
HKFRS 16	Leases (3)
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (4)

(1) Effective for annual periods beginning on or after 1 January 2017

(2) Effective for annual periods beginning on or after 1 January 2018

(3) Effective for annual periods beginning on or after 1 January 2019

(4) The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been deferred / removed

Except for HKFRS 16 as set out below, 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.

HKFRS 16

HKFRS 16 “Leases”, which is effective for annual periods beginning on or after 1 January 2019, significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties and feeder vessels by the Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a significant impact on the future financial position, financial performance and cash flows of the Group upon adoption.

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 and the carrier owned container services and a collective perspective for sea freight forwarding agency services.

Segment results represent the gross profit earned or loss incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs and income tax expenses.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief decision makers for review.

	Sea freight forwarding agency services	**Fujian routes**	**Guangxi routes**	**Guangdong routes**	**Hainan routes**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2016						
Revenue from external customers	**54,772**	**59,881**	**97,794**	**119,558**	**32,254**	**364,259**
Cost of services	**(48,728)**	**(48,138)**	**(77,093)**	**(94,350)**	**(25,270)**	**(293,579)**
Segment results	**6,044**	**11,743**	**20,701**	**25,208**	**6,984**	**70,680**
Unallocated income and expenses						
Other income						**11,887**
Administrative and other operating expenses						**(84,890)**
Finance costs						**(720)**
Loss before tax						**(3,043)**
Income tax expenses						**(4,165)**
Loss for the year						**(7,208)**

	Sea freight forwarding agency services HK$'000	Fujian routes HK$'000	Guangxi routes HK$'000	Guangdong routes HK$'000	Hainan routes HK$'000	Total HK$'000
Year ended 31 December 2015						
Revenue from external customers	82,719	76,126	167,617	110,135	22,574	459,171
Cost of services	(74,302)	(60,762)	(133,141)	(89,300)	(18,699)	(376,204)
Segment results	8,417	15,364	34,476	20,835	3,875	82,967
Unallocated income and expenses						
Other income						17,039
Administrative and other operating expenses						(55,129)
Finance costs						(278)
Profit before tax						44,599
Income tax expenses						(5,430)
Profit for the year						39,169

4. REVENUE

	2016 **HK$'000**	2015 HK$'000
Income from rendering of feeder shipping services	**273,654**	338,908
Income from rendering of carrier owned container services	**35,833**	37,544
Income from rendering of sea freight forwarding agency services	**54,772**	82,719
	364,259	459,171

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**120**	97
Exchange gain, net	**1,314**	1,137
Gain on disposal of property, plant and equipment	**167**	417
Government grants	**9,323**	14,469
Net gain on financial assets at fair value through profit or loss	**–**	276
Sundry income	**963**	643
	11,887	17,039

6. (LOSS) PROFIT BEFORE TAX

This is stated after charging:

	2016	2015
	HK$'000	*HK$'000*
Finance costs		
Interest on interest-bearing borrowings	**388**	–
Finance charges on obligations under finance leases	**332**	278
	720	278
Other items		
Staff costs (including Directors' remuneration)		
Employee benefits expenses	**35,928**	32,960
Contributions to defined contribution plans	**4,688**	3,379
	40,616	36,339
Auditor's remuneration	**1,000**	200
Allowances for doubtful debts	**3,237**	–
Depreciation (charged to "cost of services" and "administrative and other operating expenses", as appropriate)	**4,491**	4,879
Expenses for the Initial Listing	**18,627**	1,310
Operating lease payments on feeder vessels and barges (charged to "cost of services")	**53,880**	72,859
Operating lease payments on premises	**3,324**	3,121

7. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**1,338**	2,506
Under-provision in prior years	**705**	–
	2,043	2,506
PRC Enterprise Income Tax		
Current year	**3,237**	745
	5,280	3,251
Deferred tax		
Changes in temporary differences	**(1,115)**	2,179
Total income tax expenses for the year	**4,165**	5,430

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the years ended 31 December 2016 and 2015.

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 2016 and 2015.

8. DIVIDENDS

On 29 February 2016, special dividends of HK$45,000,000 were declared to the then equity holders of the entities now comprising the Group prior to the completion of the Reorganisation and were fully paid on 6 June 2016. For the year ended 31 December 2015, dividends of approximately HK$38,025,000 were declared and paid to the then equity holders of the entities now comprising the Group.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the equity holders of the Company is based on the following data on the assumption that the Group had been in existence throughout the years ended 31 December 2016 and 2015:

	Year ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
(Loss) Earnings		
(Loss) Profit for the year attributable to the equity holders of the Company for the purpose of basic (loss) earnings per share	**(7,208)**	38,228

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,221,000**	1,050,000

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share was on the assumption that the Reorganisation and the capitalisation issue of 1,049,990,000 ordinary shares of HK$0.01 each had been effective on 1 January 2015.

Diluted (loss) earnings per share is not presented as there were no potential ordinary shares outstanding during years ended 31 December 2016 and 2015.

10. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2016 and 2015, the Group had four vessels under the usage priority agreements. According to the usage priority agreements, the Group has the exclusive preferential right to use these four vessels and to acquire the interest and to obtain the sales proceeds of disposal, which has to be approved by the Group in advance, of these four vessels. The Group considers that it, in substance, is able to use these four vessels and obtain the future economic benefits through the usage of these four 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$7,512,000 *(2015: HK$8,972,000)* was recorded under property, plant and equipment.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables		
From third parties	**66,531**	63,869
Allowances for doubtful debts	**(3,237)**	–
	63,294	63,869
Other receivables		
Deposits, prepayments and other debtors	**5,413**	9,127
	68,707	72,996

The increase in allowances for doubtful debts during the year ended 31 December 2016 was mainly because a major customer was in the process of bankruptcy and liquidation.

The Group normally grants credit terms up to 120 days to its customers. The ageing analysis of trade receivables, net of allowances for doubtful debts, by invoice date is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**25,658**	28,348
31 – 60 days	**19,347**	18,544
61 – 90 days	**7,303**	7,566
Over 90 days	**10,986**	9,411
	63,294	63,869

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables		
To a related company	**2,449**	1,587
To third parties	**50,149**	51,931
	52,598	53,518
Other payables		
Accrued charges and other creditors	**21,384**	18,559
	73,982	72,077

The trade payables due to a related company ultimately controlled by the Ultimate Controlling Party are unsecured, interest-free and have a credit period of 30 days.

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

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**37,615**	42,488
31 – 60 days	**10,386**	6,833
61 – 90 days	**1,559**	2,059
Over 90 days	**3,038**	2,138
	52,598	53,518

13. INTEREST-BEARING BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Secured bank borrowings repayable within one year	**15,367**	–

The Group's borrowings at 31 December 2016 bear interests ranging from approximately 2.4% to 2.5% per annum *(31 December 2015: Nil)*.

At 31 December 2016, the Group had obtained banking facilities of totaling HK$35,000,000 *(31 December 2015: Nil)* which are guaranteed by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group is pleased to report the results for the year ended 31 December 2016.

During the year ended 31 December 2016, the Group recorded a revenue of approximately HK$364,259,000 (for the year ended 31 December 2015: HK$459,171,000), representing a decrease of 20.7% over the same period last year. The Group's gross profit decreased by 14.8% from approximately HK$82,967,000 to approximately HK$70,680,000, while the gross profit margin slightly increased from 18.1% to 19.4%. The Group recorded government grants of approximately HK$9,323,000 (for the year ended 31 December 2015: HK$14,469,000), representing a decrease of 35.6% over the same period last year. Expenses in relation to the Initial Listing of approximately HK$18,627,000 (for the year ended 31 December 2015: HK$1,310,000), which was one-off in nature, also contributed to a loss for the year by approximately HK$7,208,000 (for the year ended 31 December 2015: profit for the year of approximately HK$39,169,000). The Group's net profit margin decreased from 8.5% to -2.0% during the year ended 31 December 2016. If the effect of the expenses in relation to the Initial Listing was excluded, the Group recorded a profit for the year of approximately HK$11,419,000 (for the year ended 31 December 2015: HK$40,479,000) and the net profit margin would be 3.1% (for the year ended 31 December 2015: 8.8%).

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 July 2016 (the "Listing Date").

BUSINESS OVERVIEW

During the year ended 31 December 2016, the market of waterborne trade faced series of challenges. Freight rates for Asia-Europe liners hit record low levels under the impact of new shipping capacity put into market amid a weak economic growth momentum in the Eurozone. On the other hand, China's exports value and imports value in US dollars fell 7.7% and, 5.5% respectively, for the year ended 31 December 2016 as compared with the same period last year, according to the data released by Ministry of Commerce of the PRC. Keen price competition among the regional shipping carriers was resulted, especially for those ports with relatively high profit margin previously.

Impacted by the tough operational environment, the Group's feeder shipping services and carrier owned container services recorded a decrease in shipment volume of 10,296 twenty-foot equivalent units (the "TEUs") or 2.7%, from 383,226 TEUs to 372,930 TEUs, and a decrease in gross profit of approximately HK$9,914,000 or 13.3% from HK$74,550,000 to HK$64,636,000, for the year ended 31 December 2016 as compared to the same period last year. Yet, the Group thrived to uphold gross profit margin of the routes ranged from 19.6% to 21.7% (for the year ended 31 December 2015: ranged from 17.2% to 20.6%). This was resulted from prompt response to market condition by switching resources to emerging ports in our existing network and effective cost control measures stated below.

In response to low levels of Asia-Europe freight rates, the Group had less effort on the sea freight forwarding agency services as low profit margin was expected. The shipment volume of such services decreased from 19,642 TEUs to 13,272 TEUs, for the year ended 31 December 2016, as compared to the same period last year.

The following table sets out the breakdown of revenue and TEUs by segment for the year:

	Year ended 31 December					
	2016			2015		
	HK$'000	**TEUs**	**Gross profit margin %**	*HK$'000*	TEUs	Gross profit margin %
Fujian routes	**59,881**	**42,046**	**19.6**	76,126	50,154	20.2
Guangxi routes	**97,794**	**93,775**	**21.2**	167,617	121,932	20.6
Guangdong routes	**119,558**	**211,311**	**21.1**	110,135	188,343	18.9
Hainan routes	**32,254**	**25,798**	**21.7**	22,574	22,797	17.2
Sea freight forwarding agency services	**54,772**	**13,272**	**11.0**	82,719	19,642	10.2
	364,259	**386,202**	**19.4**	459,171	402,868	18.1

The Group's operational costs totalled HK$293,579,000, representing a decrease of HK$82,625,000 or 22.0% as compared with the same period last year. The change in operational costs was due to (i) lower bunker charges which were in line with the lower international fuel price in the first half of 2016; (ii) decrease in international freight rates of sea freight forwarding agency service; (iii) rearrangement of shipping routes; and (iv) reinforced effective cost control by the Company's management.

The Group recorded allowances for doubtful debts of approximately HK$3,237,000 during the year ended 31 December 2016 (for the year ended 31 December 2015: HK$Nil). It was mainly resulted from the bankruptcy of a major customer, which was an international container line company.

PROSPECTS

Volatility to China's economic growth, fluctuation of international fuel price, and keen price competition bring uncertainties to the Group. Over our 23 years history in the waterborne trade market, we experienced several economic cycles and industry storms, and thrived to expand our shipping network by capitalising market opportunities. In order to maximise and safeguard shareholders' interests, the Group has planned ahead for the upcoming challenges and set our investment strategies cautiously.

Extend reach of routes

The Group is headquartered in Hong Kong and has grown to become a regional shipping carrier with 19 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 to extend reach of routes in new ports located in the southern China since the Initial Listing. After our thoughtful studies, profit margins of previous targeted ports are unsatisfactory. The Group will continue to seek opportunities in new ports and strive to diversify source of income.

Due to uncertainties of profit margins of new routes, the Board is reviewing the needs of acquiring new vessels. Despite the flexibility of resources new vessels would bring, the Board may consider alternative ways to support the possible new routes, for example, (i) rearrangement of existing shipping routes and (ii) chartering vessels with reasonable rental cost.

Deepen scope of integrated port and logistics related services

On 18 August 2016, Ever Harvest Shipping Limited (“Ever Harvest”), a subsidiary of the Company, entered into a non-legally binding strategic cooperation framework agreement (the “Strategic Cooperation Framework Agreement”) with Pingtan Integrated Pilot Area Management Committee. Pursuant to the Strategic Cooperation Framework Agreement, the parties agree, among other things, to combine the advantage of each of their resources and expertise, to put forward planning, preparation and implementation of the Group’s regional headquarter, and to establish extensive close cooperation with a view to setting up its logistics services centre in Pingtan Free Trade Zone. The total investment amount for this project is expected to be approximately RMB60,000,000.

Pingtan Free Trade Zone, located in Fujian Province of the PRC, is an important hub of “One Belt, One Road”. It would be a place for, among other things, imported cargoes to be stored before clearance, further use of imported cargoes in manufacturing and processing, and exhibition of the imported cargoes. It is envisaged that there would be series of encouraging government policy and tax benefits thereby attracting the establishment of various industrial enterprises.

Since the second half of 2016, cross-strait trade faced challenges and the related businesses including shipping industry of the respective regions like Pingtan Free Trade Zone slowed down. It is observed that other corporate investors suspended or postponed their investment plans. The Group considers the bankruptcy of an international container line company and keen price competition of regional shipping carriers to be adverse factors to the industry. Thus, the project in Pingtan would be postponed for the moment to safeguard interests of shareholders.

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 2016, the Group held bank balances and cash of approximately HK$124,931,000 (31 December 2015: approximately HK$57,416,000). The Group had interest-bearing borrowings of approximately HK$15,367,000 at 31 December 2016 (31 December 2015: Nil) with interests ranging from approximately 2.4% to 2.5% per annum. All bank borrowings were made from banks in Hong Kong and were repayable within one year. The carrying amounts of bank borrowings were denominated in HK$. The Group's gearing ratio as at 31 December 2016, calculated based on the total borrowings to the equity attributable to owners of the Company, was 15.9% (31 December 2015: 4.5%). We believe that the Group's 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 2016. The capital of the Company comprises ordinary shares and other reserves.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2016. 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 the 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 2016, 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 2016.

Charge on group assets

As at 31 December 2016, bank deposits amounting to approximately HK$796,000 (31 December 2015: approximately HK$450,000) was pledged as security for bank facilities.

Contingent liabilities

As at 31 December 2016, the Group had no contingent liabilities.

USE OF PROCEEDS

The below table sets out the proposed applications of the net proceeds set out in the section "Future Plans and Use of Proceeds" of the Prospectus dated 23 June 2016 (based on the final offer price of HK$0.315) and usage up to the date of this announcement:

	Proposed application *HK$' million*	Actual usage up to the date of this announcement *HK$' million*
Expansion of the Group's vessel fleets	36.1	–
Development of container depot in Pingtan Free Trade Zone	32.2	–
Acquiring additional containers and upgrading computer system and software	4.0	0.3
General working capital	8.0	8.0
	80.3	8.3

Maximisation and safeguard of shareholders' interests are both of the first priority in the Group's investment decisions. Given the uncertainties of return of proposed investments, the Board is reviewing the use of proceeds regarding the expansion of the Group's vessel fleets and development of container depot, and searching for a better alternative for the net proceeds from the Initial Listing.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2016, 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 2016, 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 as disclosed in the Prospectus, the Group did not have other future plans for material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016, the Group has a total of 257 employees (31 December 2015: total 271 employees). The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational 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.

FINAL DIVIDEND

The Board of the Company has resolved not to declare a final dividend for the year ended 31 December 2016.

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 since the Listing Date up to the end of the financial year.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed 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 2016.

The figures in respect of the Company's consolidated statement of financial position, consolidated income statement and other comprehensive income, and related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Company's auditors, Mazars CPA Limited ("Mazars"), to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2016. 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 preliminary 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.

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date. The Company has complied with the code provisions of the CG Code set out therein throughout the period from the Listing Date and up to the date of this announcement.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there is no 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, 10 March 2017

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 Leung Ming.