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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)

ANNOUNCEMENT

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus dated 23 June 2016 (the “Prospectus”) relating to the public offering and listing of the shares of Ever Harvest Group Holdings Limited (the “Company”) on the main board of The Stock Exchange of Hong Kong Limited on 6 July 2016 (the “Global Offering”). The board of directors (the “Board”) would like to announce that the Company has decided to adjust the intended use of proceeds from the Global Offering in the manner set out in this announcement to enhance the Company’s fund management and the utilisation efficiency of the proceeds to support the Group’s operation. Unless otherwise defined herein, terms in this announcement shall have the same meaning as defined in the Prospectus.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting the underwriting fees, commissions and other expenses in relation thereto, was approximately HK\$80.3 million. It was disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus and the annual report of the Company for the year ended 31 December 2016 that the Company intended to use the net proceeds received from the Global Offering for the following purposes:

- approximately HK\$36.1 million or 45% of the net proceeds would be applied to expand the Group’s vessel fleet;

- approximately HK\$32.2 million or 40% of the net proceeds would be applied to the development of our container depot in Pingtan Free Trade Zone and the associated logistics service center;
- approximately HK\$4.0 million or 5% of the net proceeds would be applied to acquiring additional containers and upgrading computer system and software to support our business growth; and
- approximately HK\$8.0 million or 10% of the net proceeds would be applied to general working capital of the Group.

CHANGES IN USE OF PROCEEDS

For reasons set out in the paragraph below headed “Reasons for the Change in Use of Proceeds” of this announcement, the Board resolved to change the proposed use of the net proceeds as follows:

	As disclosed in the Prospectus <i>HK\$' million</i>	Adjusted as at the date of this announcement <i>HK\$' million</i>
Expansion of the Group’s vessel fleets	36.1	36.1
Development of container depot in Pingtan Free Trade Zone	32.2	–
Acquisition of headquarter in Hong Kong	–	32.2
Acquiring additional containers and upgrading computer system and software	4.0	4.0
General working capital	8.0	8.0
	<u>80.3</u>	<u>80.3</u>

As at the date of this announcement, approximately HK\$71.8 million of the net proceeds from the Global Offering remains unutilised.

REASONS FOR THE CHANGE IN USE OF PROCEEDS

The Company originally planned to use 40% of the net proceeds for development of container depot in Pingtan Free Trade Zone. It was originally envisaged that there would be series of encouraging government policy and tax benefits thereby attracting the establishment of various industrial enterprises, and as such, it is expected that there

would be a lot of trading to be carried out in the Pingtan Free Trade Zone and there would be a large demand for logistics services there. However, 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. The Group considers the bankruptcy of an international container line company and keen price competition among regional shipping carriers to be adverse factors to the whole industry and will not be remediated in a short period of time. Hence, in view of the above recent changes, the Board is of the view that the Group should search for a better alternative for the net proceeds, which is more in line with the current business needs of the Company and is beneficial to the long term development of the Group's business.

In the meantime, the Group is looking for suitable property to be acquired as our headquarter, amongst other things, to (i) provide more spacious area to cater for the Group's expanding staff and future development; (ii) improving the Group's financial position through reducing the rental expenses; and (iii) ensure the continuity of its operation. As at the date of this announcement, we had not identified any specified location, nor had we entered into any definitive agreement in respect of the acquisition.

The Board (including the independent non-executive Directors) confirms that there are no material changes in the nature of business and as set out in the Prospectus and considers that the above change in the use of proceeds from the Global Offering will facilitate efficient use of the financial resources of the Company and strengthen the future development of the Company and is in the interests of the Company and its Shareholders as a whole.

By the order of the Board
Ever Harvest Group Holdings Limited
Lau Yu Leung
Chairman

Hong Kong, 19 May 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.