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 2017

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 2017 together with the comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2017

	Note	**2017** **HK$'000**	2016 *HK$'000*
Revenue	4	**345,004**	364,259
Cost of services		**(286,752)**	(293,579)
Gross profit		**58,252**	70,680
Other income	5	**5,829**	11,887
Administrative and other operating expenses		**(63,545)**	(84,890)
Finance costs	6	**(679)**	(720)
Loss before tax	6	**(143)**	(3,043)
Income tax expenses	7	**(1,018)**	(4,165)
Loss for the year, attributable to equity holders of the Company		**(1,161)**	(7,208)
Loss per share attributable to equity holders of the Company		***HK cents***	*HK cents*
Basic	9	**(0.08)**	(0.59)
Diluted	9	**n/a**	n/a

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(1,161)**	(7,208)
Other comprehensive income (loss), net of tax		
Items that are reclassified or may be reclassified subsequently to profit or loss		
Exchange difference on consolidation	**2,746**	(2,386)
Change in fair value of available-for-sale financial assets	**649**	–
Reclassification adjustment upon disposal of available-for-sale financial assets	**(649)**	–
	2,746	(2,386)
Total comprehensive income (loss) for the year, attributable to equity holders of the Company	**1,585**	(9,594)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	10	**92,010**	23,005
Current assets			
Trade and other receivables	11	**59,553**	68,707
Pledged bank deposits		**792**	796
Income tax recoverable		**99**	1,736
Bank balances and cash		**86,521**	124,931
		146,965	196,170
Current liabilities			
Trade and other payables	12	**73,604**	73,982
Current portion of obligations under finance leases		**1,020**	1,976
Income tax payable		**6,971**	4,995
Interest-bearing borrowings	13	**35,363**	15,367
		116,958	96,320
Net current assets		**30,007**	99,850
Total assets less current liabilities		**122,017**	122,855
Non-current liabilities			
Deferred tax liabilities		**1,222**	2,625
Non-current portion of obligations under finance leases		**495**	1,515
		1,717	4,140
NET ASSETS		**120,300**	118,715
Capital and reserves			
Share capital		**14,000**	14,000
Reserves		**106,300**	104,715
TOTAL EQUITY		**120,300**	118,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

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 and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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").

Pursuant to the group reorganisation to rationalise the group structure for the initial listing (the "Initial Listing") of the shares of the Company (the "Reorganisation"), the Company acquired the entire equity interests in the companies comprising the Group from Mr. Lau Yu Leung (the "Ultimate Controlling Party"). The Reorganisation was completed on 4 May 2016 and since then, the Company became the holding company of the companies comprising the Group (the "Combined Entities").

The Combined Entities and the Company are under common control of the Ultimate Controlling Party prior to and after the Reorganisation, and that control is not transitory. Accordingly, the acquisition of the Combined Entities is accounted for as business combination under common control 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 statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group have been prepared to include the results, changes in equity and cash flows of the Combined Entities and the Company as if the current group structure has been in existence since 1 January 2016, or since the respective dates of incorporation or acquisition by the Company, whichever period is shorter.

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 "Listing Rules"). A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

The Group has consistently applied all HKFRSs which are effective for the Group's financial year beginning on 1 January 2016 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 7: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of the amendments resulted in the additional disclosures in the consolidated financial statements.

Amendments to HKAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify, among others, how to account for deferred tax assets related to debt instruments measured at fair value.

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

Annual Improvements 2014-2016 Cycle: HKFRS 12 – Clarification of the scope

The amendments clarify that except for the summarised financial information for subsidiaries, joint ventures and associates in which the interests are classified or included in a disposal group that is classified as held for sale in accordance with HKFRS 5, the requirements of HKFRS 12 apply to interests in entities within the scope of HKFRS 5.

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 available-for-sale financial assets, 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.

Annual Improvements to HKFRSs	2014-2016 Cycle: HKFRS 1 and HKAS 28 [1]
Amendments to HKAS 40	Transfers of Investment Property [1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions [1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts [1]
HKFRS 9	Financial Instruments [1]
HKFRS 15	Revenue from Contracts with Customers [1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration [1]
HKFRS 16	Leases [2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments [2]
Amendments to HKAS 28	Investments in Associates and Joint Ventures [2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation [2]
Annual Improvements to HKFRSs	2015-2017 Cycle: HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 [2]
HKFRS 17	Insurance Contracts [3]
Amendments to HKFRS 10 and HKAS 28	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 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] The effective date to be determined

Except as described 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 9 "Financial Instruments"

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial Instruments: Recognition and measurement".

HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

The Group's financial assets, including loans and receivables, are classified and measured at amortised cost. The Group's equity securities that are currently classified as available-for-sale financial assets will satisfy the conditions for classification as fair value through other comprehensive income. Accordingly, the Group does not expect the adoption of HKFRS 9 to have material impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses and will need to perform a more detailed analysis to determine the impact on the Group's consolidated financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, HKFRS 15 introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Based on the current business model, the management does not expect the adoption of HKFRS 15 would result in any significant impact on the amounts reported on the Group's consolidated financial statements in the future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 "Leases"

HKFRS 16 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 gross loss incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs and income tax expenses.

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

	Sea freight forwarding agency services *HK$'000*	Fujian routes *HK$'000*	Guangxi routes *HK$'000*	Guangdong routes *HK$'000*	Hainan routes *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Year ended 31 December 2017							
Revenue from external customers	**71,898**	**64,392**	**104,927**	**87,285**	**16,502**	**–**	**345,004**
Cost of services	**(64,377)**	**(53,816)**	**(83,158)**	**(71,893)**	**(13,508)**	**–**	**(286,752)**
Segment results	**7,521**	**10,576**	**21,769**	**15,392**	**2,994**	**–**	**58,252**
Unallocated income and expenses							
Other income							**5,829**
Administrative and other operating expenses							**(63,545)**
Finance costs							**(679)**
Loss before tax							**(143)**
Income tax expenses							**(1,018)**
Loss for the year							**(1,161)**
Other information							
Depreciation	**–**	**661**	**1,077**	**896**	**169**	**1,607**	**4,410**
Operating lease payments	**–**	**20,234**	**20,084**	**6,701**	**3,998**	**3,107**	**54,124**
Capital expenditures	**–**	**–**	**–**	**–**	**–**	**73,036**	**73,036**

	Sea freight forwarding agency services HK$'000	Fujian routes HK$'000	Guangxi routes HK$'000	Guangdong routes HK$'000	Hainan routes HK$'000	Unallocated HK$'000	Total HK$'000
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)
Other information							
Depreciation	–	581	950	1,162	313	1,485	4,491
Operating lease payments	–	20,529	20,091	8,066	5,194	3,324	57,204
Capital expenditures	–	–	–	–	–	2,980	2,980

4. REVENUE

	2017 *HK$'000*	2016 *HK$'000*
Income from rendering of feeder shipping services	**238,433**	273,654
Income from rendering of carrier owned container services	**34,673**	35,833
Income from rendering of sea freight forwarding agency services	**71,898**	54,772
	345,004	364,259

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**202**	120
Dividend income from available-for-sale financial assets	**119**	–
Exchange gain, net	**–**	1,314
Gain on disposal of property, plant and equipment	**308**	167
Government grants	**3,491**	9,323
Net gain on sale of available-for-sale financial assets	**1,164**	–
Sundry income	**545**	963
	5,829	11,887

6. LOSS BEFORE TAX

This is stated after charging (crediting):

	2017	2016
	HK$'000	*HK$'000*
Finance costs		
Interest on interest-bearing borrowings	**259**	388
Finance charges on obligations under finance leases	**420**	332
	679	720
Other items		
Staff costs (including directors' remuneration)		
Employee benefits expenses	**35,961**	35,928
Contributions to defined contribution plans	**4,522**	4,688
	40,483	40,616
Auditor's remuneration	**983**	1,000
Allowances for doubtful debts	**–**	3,237
Depreciation (charged to "cost of services" and "administrative and other operating expenses", as appropriate)	**4,410**	4,491
Exchange loss (gain), net	**107**	(1,314)
Expenses for the Initial Listing	**–**	18,627
Operating lease payments on feeder vessels and barges (charged to "cost of services")	**51,017**	53,880
Operating lease payments on premises	**3,107**	3,324

7. TAXATION

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**1,138**	1,338
(Over) Under-provision in prior years	**(120)**	705
	1,018	2,043
PRC Enterprise Income Tax		
Current year	**1,600**	3,237
	2,618	5,280
Deferred tax		
Changes in temporary differences	**(1,600)**	(1,115)
Total income tax expenses for the year	**1,018**	4,165

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 2017 and 2016.

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 2017 and 2016.

8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2017.

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.

9. LOSS PER SHARE

The calculation of the basic loss 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 2017 and 2016:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the equity holders of the Company for the purpose of basic loss per share	**1,161**	7,208

	2017	2016
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,400,000**	1,221,000

For the year ended 31 December 2016, the weighted average number of ordinary shares for the purpose of calculating basic loss per share was on the assumption that the Reorganisation and capitalisation issue of 1,049,990,000 ordinary shares of HK$0.01 each had been effective on 1 January 2016.

Diluted loss per share is not presented as there were no potential ordinary shares outstanding during years ended 31 December 2017 and 2016.

10. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2017 and 2016, 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 interests or 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$7,128,000 *(2016: HK$7,512,000)* was recorded under property, plant and equipment.

At 31 December 2017, leasehold land and buildings with an aggregate net book value of approximately HK$71,709,000 *(2016: Nil)* were pledged to secure banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables		
From third parties	**55,050**	66,531
Allowances for doubtful debts	**(3,237)**	(3,237)
	51,813	63,294
Other receivables		
Deposits, prepayments and other debtors	**7,740**	5,413
	59,553	68,707

The allowances for doubtful debts were mainly resulted from a then major customer whom 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:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**23,020**	25,658
31 – 60 days	**16,770**	19,347
61 – 90 days	**5,756**	7,303
Over 90 days	**6,267**	10,986
	51,813	63,294

At 31 December 2017, amount of approximately HK$6,451,000 *(2016: HK$15,367,000)* included in the trade receivables were in connection with invoice discounting bank loan arrangements.

12. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables		
To a related company	**1,687**	2,449
To third parties	**48,758**	50,149
	50,445	52,598
Other payables		
Accrued charges and other creditors	**14,811**	13,343
Deposits received	**8,348**	8,041
	23,159	21,384
	73,604	73,982

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:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**36,725**	37,615
31 – 60 days	**10,800**	10,386
61 – 90 days	**740**	1,559
Over 90 days	**2,180**	3,038
	50,445	52,598

13. INTEREST-BEARING BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Secured bank borrowings:		
Current portion	**35,363**	15,367

(i) Bank borrowings of approximately HK$6,451,000 *(2016: HK$15,367,000)* bear interests at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.875% per annum and are wholly repayable within one year since inception. The bank borrowings are secured by trade receivables of approximately HK$6,451,000 *(2016: HK$15,367,000)* in connection with invoice discounting bank loan arrangements.

(ii) A bank borrowing of approximately HK$3,000,000 *(2016: Nil)* bears interest at HIBOR plus 1.4% per annum and is wholly repayable within one year since inception. The bank borrowing is secured by the leasehold land and buildings of the Group of aggregate net carrying amount of approximately HK$71,709,000 *(2016: Nil)*.

(iii) A mortgage loan of approximately HK$25,912,000 *(2016: Nil)* bears interest at lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum, and is wholly repayable over five years. The mortgage loan is secured by the leasehold land and buildings of the Group of aggregate net carrying amount of approximately HK$71,709,000 *(2016: Nil)*.

The mortgage loan, with a clause in the terms that gives the lender an overriding right to demand repayment without notice at its sole discretion, is classified as current liabilities even though the management does not expect that the lender would exercise their rights to demand repayment.

The range of effective interest rates on the interest-bearing borrowings were 2.1% to 3.2% *(2016: 2.4% to 2.5%)* per annum. All the interest-bearing borrowings are denominated in HK$.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group is pleased to report the results for the year ended 31 December 2017.

During the year ended 31 December 2017, the Group recorded a revenue of approximately HK$345,004,000 (for the year ended 31 December 2016: approximately HK$364,259,000), representing a decrease of 5.3% over the same period last year. The Group recorded a gross profit of approximately HK$58,252,000 (for the year ended 31 December 2016: approximately HK$70,680,000), representing a decrease of 17.6% over the same period last year. The gross profit margin decreased from 19.4% to 16.9%. The Group recorded loss for the year of approximately HK$1,161,000 (for the year ended 31 December 2016: loss for the year of approximately HK$7,208,000).

BUSINESS OVERVIEW

During the year ended 31 December 2017, China's exports value and imports value in the United States dollars ("US dollars") increased by 7.9% and 15.9% respectively as compared with the same period last year, according to the data released by the Ministry of Commerce of the PRC. Yet, keen price competition among the regional shipping carriers impacted the profitability of the Group, 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 14,547 twenty-foot equivalent units (the "TEUs") or 3.9%, from 372,930 TEUs to 358,383 TEUs, and a decrease in gross profit of approximately HK$13,905,000 or 21.5%, from approximately HK$64,636,000 to approximately HK$50,731,000, for the year ended 31 December 2017, as compared to the same period last year. Due to keen price competition, the Group recorded gross profit margin of the routes ranged from 16.4% to 20.7% (for the year ended 31 December 2016: ranged from 19.6% to 21.7%).

During the year ended 31 December 2017, the Group tried to put more effort on the sea freight forwarding agency services so as to diversify operational risks. As a result, the shipment volume of such services increased from 13,272 TEUs to 15,810 TEUs, for the year ended 31 December 2017, 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					
	2017			2016		
	HK$'000	**TEUs**	**Gross profit margin %**	*HK$'000*	TEUs	Gross profit margin %
Fujian routes	**64,392**	**46,319**	**16.4**	59,881	42,046	19.6
Guangxi routes	**104,927**	**123,795**	**20.7**	97,794	93,775	21.2
Guangdong routes	**87,285**	**172,344**	**17.6**	119,558	211,311	21.1
Hainan routes	**16,502**	**15,925**	**18.1**	32,254	25,798	21.7
Sea freight forwarding agency services	**71,898**	**15,810**	**10.5**	54,772	13,272	11.0
	345,004	**374,193**	**16.9**	364,259	386,202	19.4

The Group's operational costs totalled HK$286,752,000, representing a slight decrease of HK$6,827,000 or 2.3% as compared to the same period last year. The change in operational costs was mainly due to decrease in shipment volume of feeder shipping services and carrier owned contour services in 2017; and offset by (i) higher bunker charges which were in line with the increased international fuel price since the second half of 2016; and (ii) higher freight charges due to increased shipping volume of the sea freight forwarding agency services.

The Group's administrative and other operating expenses totalled HK$63,545,000, representing a decrease of HK$21,345,000 or 25.1% as compared to the same period last year. The change in administrative and other operating expenses was mainly due to one-off expenses in relation to the Initial Listing incurred in the year ended 31 December 2016 of approximately HK$18,627,000 and no such expense was noted in the year ended 31 December 2017.

PROSPECTS

China's exports value and imports value recorded improvement since the year 2017. Yet, with strong competitors joining the market of regional shipping carriers, the Group is facing unprecedented price competition. Over our 24 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.

Acquisition of headquarter in Hong Kong and postponing the development of container depot in Pingtan Free Trade Zone

On 8 August 2017, Greater China Shipping Limited, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with an independent third party to acquire an office premise in Hong Kong (the "Acquisition") at a consideration of HK$65,571,000 and it intended to use it as the headquarter of the Group.

The existing headquarter of the Group in Hong Kong is rented under an operating lease which will expire in December 2018. The Acquisition will provide a self-owned office to the Group that (i) provides more spacious area to cater for the Group's future development; (ii) provides capital appreciation potential; (iii) reduces the Group's exposure to future rental expenditure increment; and (iv) ensures the continuity of its operation.

At the time of the Initial Listing, the Directors originally considered the Group has no urgent needs to acquire an office premise for headquarter since the existing operating lease will only expire in December 2018. Thus, at the time of the Initial Listing, the Group planned to use 40% of net proceeds for development of container depot in Pingtan Free Trade Zone (the "Pingtan"), a region envisaged that there would be series of encouraging government policy and tax benefits thereby attracting the establishment of various industrial enterprises. However, in view of the unstable industry environment starting from late 2016, which was substantiated by the fact that some of the industry players delayed their investment in Pingtan, the Group considered that the investment in Pingtan would not be materialised within a short period of time. Given the uncertainties of the timing for utilisation of the investment sum, the Group has been considering whether there is better alternative for the net proceeds. After considering the benefits of the Acquisition stated above, the Directors decide that the Group should change the use of proceeds in a way to enhance the utilisation efficiency of the Company's fund so as to support the Group's operation.

The Acquisition completed on 31 October 2017 and the Group is expected to move in the new headquarter after its renovation in mid 2018.

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. After our thoughtful studies, profit margins of previous targeted ports are unsatisfactory due to adverse factors appeared since the second half of 2016. 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 down.

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 2017, the Group held bank balances and cash of approximately HK$86,521,000 (31 December 2016: approximately HK$124,931,000). The Group had a mortgage loan of approximately HK$25,912,000 at 31 December 2017 and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK$9,451,000 at 31 December 2017 (31 December 2016: HK$15,367,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings were 2.1% to 3.2% (for the year ended 31 December 2016: 2.4% to 2.5%) per annum. The carrying amounts of bank borrowings were denominated in HK$. The Group's gearing ratio as at 31 December 2017, calculated based on the total borrowings to the equity attributable to owners of the Company, was 30.7% (31 December 2016: 15.9%). 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 2017. The capital of the Company comprises ordinary shares and other reserves.

Treasury policies

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2017. 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 2017, 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 2017.

Charge on group assets

As at 31 December 2017, leasehold land and building amounting to approximately HK$71,709,000 (31 December 2016: Nil), trade receivables amounted at approximately HK$6,451,000 (31 December 2016: HK$15,367,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK$792,000 (31 December 2016: approximately HK$796,000) were pledged as security for bank facilities.

Contingent liabilities

As at 31 December 2017, 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 (the "Prospectus") (based on the final offer price of HK$0.315) and the announcement dated 19 May 2017 regarding the change in use of proceeds, 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	–
Acquisition of headquarter in Hong Kong	32.2	32.2
Acquiring additional containers and upgrading computer system and software	4.0	4.0
General working capital	8.0	8.0
	80.3	44.2

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2017, 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 2017, 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 announcement of the Company dated 8 August 2017 and the Prospectus, the Group did not have other future plans for material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2017, the Group has a total of 217 employees (31 December 2016: total 257 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 Directors do not recommend the payment of a dividend for the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

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 2017.

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 2017 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 2017. 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.

During the year 2017, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

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, 16 March 2018

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.