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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "Board") of directors (the "Directors") of Ever Harvest Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results and the unaudited condensed consolidated statement of financial position of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
		(unaudited)	(unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	4	**168,241**	173,696
Cost of services		**(144,156)**	(147,159)
Gross profit		**24,085**	26,537
Other income	5	**701**	2,987
Administrative and other operating expenses		**(29,050)**	(28,352)
Finance costs	6	**(541)**	(393)
(Loss) Profit before tax	6	**(4,805)**	779
Income tax expenses	7	**(126)**	(669)
(Loss) Profit for the period, attributable to equity holders of the Company		**(4,931)**	110
		HK cents	*HK cents*
(Loss) Earnings per share attributable to equity holders of the Company			
Basic	9	**(0.35)**	0.01
Diluted	9	**n/a**	n/a

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
(Loss) Profit for the period	**(4,931)**	110
Other comprehensive (loss) income		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange difference on consolidation	**(485)**	1,181
Change in fair value of available-for-sale financial assets	**–**	649
	(485)	1,830
Total comprehensive (loss) income for the period, attributable to equity holders of the Company	**(5,416)**	1,940

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	At 30 June 2018 (unaudited) HK$'000	At 31 December 2017 (audited) HK$'000
Non-current assets			
Property, plant and equipment		**91,615**	92,010
Current assets			
Financial assets at fair value through profit or loss		**4,952**	–
Trade and other receivables	10	**64,386**	59,553
Pledged bank deposits		**796**	792
Income tax recoverable		**–**	99
Bank balances and cash		**77,361**	86,521
		147,495	146,965
Current liabilities			
Trade and other payables	11	**80,756**	73,604
Current portion of obligations under finance leases		**872**	1,020
Income tax payable		**6,907**	6,971
Interest-bearing borrowings	12	**34,427**	35,363
		122,962	116,958
Net current assets		**24,533**	30,007
Total assets less current liabilities		**116,148**	122,017
Non-current liabilities			
Deferred tax liabilities		**1,206**	1,222
Non-current portion of obligations under finance leases		**58**	495
		1,264	1,717
NET ASSETS		**114,884**	120,300
Capital and reserves			
Share capital		**14,000**	14,000
Reserves		**100,884**	106,300
TOTAL EQUITY		**114,884**	120,300

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2018

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") and the ultimate controlling party (the "Ultimate Controlling Party") is Mr. Lau Yu Leung. 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 17/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 mainly engaged in rendering of sea freight transportation and freight forwarding services in Hong Kong and in the People's Republic of China (the "PRC" or "China").

The unaudited condensed consolidated financial statements for the six months ended 30 June 2018 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2017, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard ("HKAS") and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2017.

The Interim Financial Statements have been prepared on the historical costs basis, except for financial assets at fair value through profit or loss which are measured at fair value, and 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.

2. ADOPTION OF NEW/REVISED HKFRSs

The adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current period had no material impact on the financial performance and financial position of the Group for the current and prior periods.

Amendments to HKAS 28	As part of the annual improvements to HKFRS 2014-2016 cycle
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

HKFRS 9 "Financial Instruments"

(i) Classification of financial assets and financial liabilities

In accordance with HKFRS 9 "Financial Instruments", an investment in equity securities is classified as financial asset at fair value through profit or loss ("FVTPL") unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at financial asset at fair value through other comprehensive income ("FVTOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

The management assessed its equity investment is held for trading purpose and is therefore classified as financial assets at FVTPL.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit losses" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to trade and other receivables, pledged bank deposits and bank balances and cash.

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

For trade and other receivables, the Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. ECL are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of reporting period. The management is of the opinion that the impact of the change in impairment methodology regarding to trade and other receivables on the Group's accumulated profits and equity is immaterial.

While the pledged bank deposits and the bank balances and cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss is immaterial.

HKFRS 15 "Revenue from Contracts with Customers"

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The management has performed an assessment on the impact of the HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the Group's accumulated profits and equity is recognised.

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2018. 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 position, financial performance and cash flows of the Group.

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.

As at 30 June 2018 and 31 December 2017, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of properties and feeder vessels amounted to approximately HK$14,801,000, and HK$8,798,000, respectively. The management of the Company does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statements of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated statements of cash flows.

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.

	Sea freight forwarding agency services (unaudited) *HK$'000*	Fujian routes (unaudited) *HK$'000*	Guangxi routes (unaudited) *HK$'000*	Guangdong routes (unaudited) *HK$'000*	Hainan routes (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Six months ended 30 June 2018						
Revenue from external customers	**16,134**	**27,522**	**68,396**	**39,459**	**16,730**	**168,241**
Cost of services	**(13,285)**	**(26,160)**	**(56,037)**	**(34,223)**	**(14,451)**	**(144,156)**
Segment results	**2,849**	**1,362**	**12,359**	**5,236**	**2,279**	**24,085**
Unallocated income and expenses						
Other income						**701**
Administrative and other operating expenses						**(29,050)**
Finance costs						**(541)**
Loss before tax						**(4,805)**
Income tax expenses						**(126)**
Loss for the period						**(4,931)**

	Sea freight forwarding agency services (unaudited) *HK$'000*	Fujian routes (unaudited) *HK$'000*	Guangxi routes (unaudited) *HK$'000*	Guangdong routes (unaudited) *HK$'000*	Hainan routes (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Six months ended 30 June 2017						
Revenue from external customers	35,554	32,724	43,352	47,525	14,541	173,696
Cost of services	(32,245)	(27,287)	(36,010)	(39,591)	(12,026)	(147,159)
Segment results	3,309	5,437	7,342	7,934	2,515	26,537
Unallocated income and expenses						
Other income						2,987
Administrative and other operating expenses						(28,352)
Finance costs						(393)
Profit before tax						779
Income tax expenses						(669)
Profit for the period						110

4. REVENUE

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Income from rendering of feeder shipping services	**133,517**	121,614
Income from rendering of carrier owned container services	**18,590**	16,528
Income from rendering of sea freight forwarding agency services	**16,134**	35,554
	168,241	173,696

5. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Bank interest income	**102**	215
Exchange gain, net	**359**	–
Gain on disposal of property, plant and equipment	**–**	155
Net gain on financial assets at fair value through profit or loss	**15**	–
Gain on sale of available-for-sale financial assets	**–**	255
Government grants	**–**	2,120
Sundry income	**225**	242
	701	2,987

6. (LOSS) PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Finance costs		
Interest on interest-bearing borrowings	**477**	251
Finance charges on obligations under finance leases	**64**	142
	541	393
Other items		
Staff costs (including directors' remunerations)		
Employee benefits expenses	**14,028**	14,675
Contributions to defined contribution plans	**2,160**	1,840
	16,188	16,515
Depreciation (charged to "cost of services" and "administrative and other operating expenses", as appropriate)	**3,556**	2,213
Exchange (gain) loss, net	**(359)**	346
Operating lease payments on feeder vessels and barges (charged to "cost of services")	**24,764**	28,759
Operating lease payments on premises	**1,342**	1,548

7. TAXATION

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**126**	192
PRC Enterprise Income Tax	**–**	477
	126	669

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

In March 2018, the two-tiered profits tax rates regime was signed into law of Hong Kong, under which, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2018, Hong Kong profits tax for the qualifying company is calculated in accordance with the two-tiered profits tax rates regime at 8.25%.

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 six months ended 30 June 2018 and 2017. No PRC Enterprise Income Tax has been provided as the Group's PRC operations incurred losses for taxation purpose for the six months ended 30 June 2018.

8. DIVIDENDS

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2018 and 2017.

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:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) Earnings		
(Loss) Earnings for the period attributable to the equity holders of the Company for the purpose of basic (loss) earnings per share	**(4,931)**	110

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	**1,400,000**	1,400,000

Diluted (loss) earnings per share is not presented as there were no potential ordinary shares outstanding during six months ended 30 June 2018 and 2017.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Trade receivables		
From third parties	**54,975**	55,050
Allowances for doubtful debts	**(3,237)**	(3,237)
	51,738	51,813
Other receivables		
Deposits, prepayments and other debtors	**12,648**	7,740
	64,386	59,553

Allowances for doubtful debts

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
At the beginning and end of the reporting period	**3,237**	3,237

The allowances for doubtful debts as at 30 June 2018 and 31 December 2017 were in connection with a major customer who 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:

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Within 30 days	**23,719**	23,020
31 – 60 days	**13,927**	16,770
61 – 90 days	**7,416**	5,756
Over 90 days	**6,676**	6,267
	51,738	51,813

At 30 June 2018, amount of approximately HK$6,122,000 *(31 December 2017: approximately HK$6,451,000)* included in the trade receivables were in connection with invoice discounting bank loan arrangements.

11. TRADE AND OTHER PAYABLES

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Trade payables		
To a related company	**681**	1,687
To third parties	**58,101**	48,758
	58,782	50,445
Other payables		
Accrued charges and other creditors	**11,303**	14,811
Deposit received	**10,671**	8,348
	21,974	23,159
	80,756	73,604

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:

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Within 30 days	**42,953**	36,725
31 – 60 days	**9,511**	10,800
61 – 90 days	**6,242**	740
Over 90 days	**76**	2,180
	58,782	50,445

12. INTEREST-BEARING BORROWINGS

	At 30 June 2018 (unaudited)	At 31 December 2017 (audited)
	HK$'000	*HK$'000*
Secured bank borrowings:		
Current portion	**34,427**	35,363

(i) Bank borrowings of approximately HK$6,122,000 (31 December 2017: approximately HK$6,451,000) 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$6,122,000 (31 December 2017: approximately HK$6,451,000) in connection with invoice discounting bank loan arrangements (Note 10).

(ii) A bank borrowing of approximately HK$3,000,000 (31 December 2017: approximately HK$3,000,000) 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$70,534,000 (31 December 2017: approximately HK$71,709,000).

(iii) A mortgage loan of approximately HK$25,305,000 (31 December 2017: approximately HK$25,912,000) 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$70,534,000 (31 December 2017: approximately HK$71,709,000).

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 4.0% (31 December 2017: 2.1% to 3.2%) 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 six months ended 30 June 2018.

During the six months ended 30 June 2018, the Group recorded a revenue of approximately HK$168,241,000 (for the six months ended 30 June 2017: HK$173,696,000), representing a slight decrease of 3.1% over the same period last year. The Group recorded a gross profit of approximately HK$24,085,000 (for the six months ended 30 June 2017: HK$26,537,000), representing a decrease of 9.2% over the same period last year. The gross profit margin narrowed from 15.3% to 14.3%. The Group recorded loss for the period of approximately HK$4,931,000 (for the six months ended 30 June 2017: profit of approximately HK$110,000).

BUSINESS OVERVIEW

During the six months ended 30 June 2018, China's exports value and imports value in the United States dollars ("US dollars") increased by 12.8% and 19.9% respectively as compared with the same period last year, according to the data released by the Ministry of Commerce of China. Yet, keen price competition among the regional shipping carriers impacted the profitability of the Group.

The Group's feeder shipping services and carrier owned container services recorded an increase in shipment volume of 1,305 twenty-foot equivalent units (the "TEUs"), from 173,653 TEUs to 174,958 TEUs, and a decrease in gross profit of approximately HK$1,992,000 or 8.6%, from HK$23,228,000 to HK$21,236,000, for the six months ended 30 June 2018, as compared to the same period last year. Due to keen price competition, the Group recorded gross profit margin of the routes ranged from 4.9% to 18.1% (for the six months ended 30 June 2017: ranged from 16.6% to 17.3%). Especially in the Fujian routes, there was a decrease in shipment volume of 3,066 TEUs or 13.5% and a decrease in gross profit margin from 16.6% to 4.9%, for the six months ended 30 June 2018, as compared to the same period last year. The significant change in gross profit margin was mainly attributable to (i) decrease in utilisation rate of vessels under the Fujian routes due to decrease in shipment volume; and (ii) increase in international fuel price as compared to the same period last year.

The Group's sea freight forwarding agency services recorded a decrease in shipment volume of such services of 3,068 TEUs or 37.0%, from 8,290 TEUs to 5,222 TEUs, for the six months ended 30 June 2018, as compared to the same period last year. As the Group focused on customers with high profit margin, the gross profit margin increased from 9.3% to 17.7%.

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

	Six months ended 30 June					
	2018			2017		
	HK$'000 **(unaudited)**	**TEUs**	**Gross profit margin %**	*HK$'000* (unaudited)	TEUs	Gross profit margin %
Fujian routes	**27,522**	**19,692**	**4.9**	32,724	22,758	16.6
Guangxi routes	**68,396**	**65,656**	**18.1**	43,352	56,050	16.9
Guangdong routes	**39,459**	**77,186**	**13.3**	47,525	83,690	16.7
Hainan routes	**16,730**	**12,424**	**13.6**	14,541	11,155	17.3
Sea freight forwarding agency services	**16,134**	**5,222**	**17.7**	35,554	8,290	9.3
	168,241	**180,180**	**14.3**	173,696	181,943	15.3

The Group's operational costs totalled HK$144,156,000, representing a decrease of HK$3,003,000 or 2.0% as compared with the same period last year. The change in operational costs was mainly due to higher bunker charges which were in line with the increased international fuel price as compared to the same period last year; and offset by lower freight charges due to decreased shipping volume of the sea freight forwarding agency services.

The Group's other income totalled HK$701,000, representing a decrease of HK$2,286,000 or 76.5% as compared to the same period last year. The change in other income was mainly due to the absence of government grants in the six months ended 30 June 2018 while the Group recorded government grants of approximately HK$2,120,000 for the same period last year. These government grants were mainly incentives for rewarding the Group's efforts in stablising container shipping capacity and lumber containers, and were in the sole discretion of the local government, subject to relevant PRC laws, regulations and policies.

PROSPECTS

China's exports value and imports value recorded continuous improvement since the year 2017. Yet, with strong competitors joining the market of regional shipping carriers, the Group is facing unprecedented price competition. Throughout the years in the waterborne trade market, we experienced several economic cycles and industry storms, and thrived to expand our shipping network by capitalising market opportunities. The Group will continue to look for various market opportunities and plan ahead for upcoming challenges, and maximise and safeguard shareholders' interests.

Extend reach of routes and routes rearrangement

The Group is headquartered in Hong Kong and has grown to become a regional shipping carrier with 18 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.

In the first half of 2018, the Group experienced low gross profit margin for our regular routes in Fujian Province. It brings to concern of the Board regarding utilisation rates of our vessels. After reviewing shipping volume of our points of operation, the Group is rearranging our existing shipping routes and strive to increase utilisation rates of each voyage and vessel. The Group will continue to monitor changes in vessel utilisation closely and take all possible measures to enhance the cost efficiency.

Considered the abovesaid uncertainties, the Board is reviewing the needs of acquiring new vessels 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. The Group held bank balances and cash of approximately HK$77,361,000 at 30 June 2018 (31 December 2017: approximately HK$86,521,000). As at 30 June 2018, The Group had a mortgage loan of approximately HK$25,305,000 (31 December 2017: approximately HK$25,912,000) and was wholly repayable over five years. Also, the Group had other bank borrowings of approximately HK$9,122,000 at 30 June 2018 (31 December 2017: HK$9,451,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings were 2.1% to 4.0% (for the year ended 31 December 2017: 2.1% to 3.2%) per annum. The carrying amounts of bank borrowings were denominated in HK$. The Group's gearing ratio as at 30 June 2018, calculated based on the total borrowings to the equity attributable to owners of the Company, was 30.8% (31 December 2017: 30.7%). 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 six months ended 30 June 2018. The capital of the Company comprises the 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 six months ended 30 June 2018. 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 six months ended 30 June 2018, 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 hedging devices when necessary. The Group did not hedge against the foreign exchange rate risk as at 30 June 2018.

Charge on group assets

As at 30 June 2018, leasehold land and building amounting to approximately HK$70,534,000 (31 December 2017: approximately HK$71,709,000), trade receivables amounted at approximately HK$6,122,000 (31 December 2017: approximately HK$6,451,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK$796,000 (31 December 2017: approximately HK$792,000) were pledged as security for bank facilities.

Contingent liabilities

As at 30 June 2018, 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 six months ended 30 June 2018, 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 six months ended 30 June 2018, the Group did not have any material acquisitions and disposals 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 205 employees (31 December 2017: 217). Total staff costs (including Directors' emoluments) were approximately HK$16,188,000 for the six months ended 30 June 2018, as compared to approximately HK$16,515,000 for the same period last year.

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff (including Directors). The remuneration policy and remuneration packages of the executive Directors and members of the senior management of the Group are reviewed by the Remuneration Committee.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2018.

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 six months ended 30 June 2018.

REVIEW OF INTERIM RESULTS

The Company established our audit committee which comprises four independent non-executive directors, namely Mr. Lee Ka Lun as the chairman of the audit committee, Mr. Lo Wan Sing Vincent, Mr. Lam Lo and Mr. Kam Leung Ming, all of whom possess experience in financial and/or general management. Our audit committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30 June 2018 and this announcement.

CORPORATE GOVERNANCE 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. The Company has complied with the code provisions of the CG Code set out therein throughout the six months ended 30 June 2018.

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

Hong Kong, 29 August 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry as executive Directors; Madam Tong Hung Sum as non-executive Director; Mr. Lo Wan Sing Vincent, Mr. Lam Lo, Mr. Lee Ka Lun and Mr. Kam Leung Ming as independent non-executive Directors.