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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)

CONTINUING CONNECTED TRANSACTIONS – RENEWAL OF MASTER SERVICES AGREEMENT

Reference is made to the prospectus of the Company dated 23 June 2016 in relation to, among others, the purchase of barge services by the Group from China-HK under the Existing Master Services Agreement which will expire on 31 December 2018.

The Company and China-HK entered into the Master Services Agreement 2019 on 20 December 2018 (after trading hours), pursuant to which the Group will purchase and China-HK will provide the barge services for a term of six months commencing on 1 January 2019 and ending on 30 June 2019.

As at the date of this announcement, China-HK was 100% owned by Mr. Lau Yu Leung, one of our Directors and Controlling Shareholders, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules, hence the transactions contemplated under the Master Services Agreement 2019 constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual cap of the Consideration under the Master Services Agreement 2019 exceeds 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Master Services Agreement 2019 are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND INFORMATION

Reference is made to the prospectus of the Company dated 23 June 2016 in relation to, among others, the continuing connecting transactions between the Group and China-HK under the Existing Master Services Agreement in respect of the Group's purchase of barge services by the Group from China-HK (the "Provision of Barge Services").

As the Existing Master Services Agreement will expire on 31 December 2018 and the Company intends to continue the Provision of Barge Services in its ordinary and usual course of business, the Company and China-HK entered into the Master Services Agreement 2019 on 20 December 2018 (after trading hours), pursuant to which the Group will continue to purchase and China-HK will continue to provide barge services for a term of six months commencing on 1 January 2019 and ending on 30 June 2019.

Master Services Agreement 2019

The key terms of the Master Services Agreement 2019 are summarised as follows:

Date:	20 December 2018
Parties:	(1) the Company (as purchaser); and (2) China-HK (as service provider)
Subject matter:	The Group will purchase and China-HK will provide barge services in accordance with the terms of the Individual Agreements.
Individual agreements:	During the Term, respective members of the Group and China-HK will from time to time enter into individual agreements (the "Individual Agreements") which will set out the terms of the individual Provision of Barge Services negotiated based on the following principles and pricing policies: (a) the Provision of Barge Services would be on normal commercial terms or better following arm's length negotiations; and (b) the prices of Provision of Barge Services would be agreed upon with reference to the prevailing market prices of barges services.
Term:	The term of the Master Services Agreement 2019 is six months commencing on 1 January 2019 and ending on 30 June 2019 (the "Term").

The continuing connected transactions contemplated under the Master Services Agreement 2019 are on a non-exclusive basis, which means that the Group will maintain its discretionary rights to purchase barge services from other independent third parties. Pursuant to the Master Services Agreement 2019, either party may terminate the agreement by giving a written notice to the other party one (1) month in advance.

ANNUAL CAP

Historical figures

The following table sets out the approximate aggregate values of purchase of barges services by the Group from China-HK for the two years ended 31 December 2016, 31 December 2017 and the 6 months ended 30 June 2018 respectively, and the annual caps for the three years ending 31 December 2018:

	For the year ended 31 December 2016 (audited) HKD'000	For the year ended 31 December 2017 (audited) HKD'000	For the six months ended 30 June 2018 (unaudited) HKD'000
Annual cap	26,000	26,500	27,000
Actual consideration	18,516	13,415	5,874

As far as the Directors are aware, none of the annual caps under the Existing Master Services Agreement has been exceeded as at the date of this announcement.

Proposed annual cap

The annual cap of the Provision of Barge Services under the Master Services Agreement 2019 for the six months ending 30 June 2019 is HK\$7,500,000.

The annual cap amount is mainly determined with reference to factors such as (i) historical transaction amount between the Group and China-HK; (ii) expected demand for our services by our customers; (iii) the expected demand for such barge service by the Group which also relates to waiting time for berthing loaded vessels at terminals for discharge.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICES AGREEMENT 2019

References are made to the voluntary announcement of the Company dated 2 November 2018 and the announcement of the Company dated 10 December 2018 in relation to the acquisition of barges (the “Acquisition”).

At the date of this announcement, the Acquisition is not yet completed. As the Acquisition is expected to complete after the expiry of the Existing Master Services Agreement, in order to maintain barge services, which are essential to the operation of the Group, the Directors consider it necessary to continue to purchase the barge services from China-HK. The Group will cease to purchase barge services from China-HK after the Acquisition is completed.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China-HK was 100% owned by Mr. Lau Yu Leung, one of our Directors and Controlling Shareholders, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules, hence the transactions contemplated under the Master Services Agreement 2019 constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual cap of the Provision of Barge Services under the Master Services Agreement 2019 exceeds 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Master Services Agreement 2019 are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the articles of association of the Company and the Listing Rules, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest, and if he shall do so his vote shall not be counted. Accordingly, all the executive Directors (namely, Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry) and the non-executive Director (namely, Madam Tong Hung Sum) are required to abstain and have abstained from voting on the relevant Board resolutions to approve the Master Services Agreement 2019, including the annual cap amount.

The Board (including independent non-executive Directors) consider that the terms of the Master Services Agreement 2019 are fair and reasonable, on normal commercial terms or better, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Group and its Shareholders as a whole, and the annual cap is fair and reasonable.

INFORMATION ON CHINA-HK

China-HK is incorporated in Hong Kong and is principally engaged in the provision of barge services. China-HK is 100% owned by Mr. Lau Yu Leung, a Director and Controlling Shareholder.

INFORMATION ON THE GROUP

The Group is principally engaged in feeder shipping services, carrier owned container services and sea freight forwarding agency services.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings:

“Board”	the board of Directors;
“China-HK”	China-HK Shipping Limited (華港船務有限公司), a limited liability company established under the laws of Hong Kong;
“Company”	Ever Harvest Group Holdings Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Directors”	the directors of the Company;
“Existing Master Services Agreement”	the master services agreement entered into between the Company and China-HK dated 30 June 2016 in relation to the purchase of barge services by the Group from China-HK for the term commencing on 6 July 2016 and ending on 31 December 2018;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Master Services Agreement 2019”	the master services agreement entered into between the Company and China-HK dated 20 December 2018 in relation to the purchase of barge services by the Group from China-HK for the term commencing on 1 January 2019 and ending on 30 June 2019;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong.

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

Hong Kong, 20 December 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.