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 2018

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 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	4	**336,962**	345,004
Cost of services		**(283,165)**	(286,752)
Gross profit		**53,797**	58,252
Other income	5	**3,231**	5,829
Administrative and other operating expenses		**(61,116)**	(63,545)
Finance costs	6	**(1,059)**	(679)
Loss before tax	6	**(5,147)**	(143)
Income tax expenses	7	**(83)**	(1,018)
Loss for the year		**(5,230)**	(1,161)
Loss per share		*HK cents*	*HK cents*
Basic	9	**(0.37)**	(0.08)
Diluted	9	**(0.37)**	(0.08)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(5,230)**	(1,161)
Other comprehensive (loss) income, net of tax		
Items that are reclassified or may be reclassified subsequently to profit or loss		
Exchange difference on consolidation	**(1,991)**	2,746
Change in fair value of available-for-sale financial assets	**–**	649
Reclassification adjustment upon disposal of available-for-sale financial assets	**–**	(649)
	(1,991)	2,746
Total comprehensive (loss) income for the year	**(7,221)**	1,585

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment	10	**88,592**	92,010
Current assets			
Financial assets at fair value through profit or loss		**6,136**	–
Trade and other receivables	11	**51,710**	59,553
Pledged bank deposits		**795**	792
Income tax recoverable		**632**	99
Bank balances and cash		**73,035**	86,521
		132,308	146,965
Current liabilities			
Trade and other payables	12	**66,417**	73,604
Current portion of obligations under finance leases		**495**	1,020
Income tax payable		**7,768**	6,971
Interest-bearing borrowings	13	**33,141**	35,363
		107,821	116,958
Net current assets		**24,487**	30,007
Total assets less current liabilities		**113,079**	122,017
Non-current liabilities			
Deferred tax liabilities		**–**	1,222
Non-current portion of obligations under finance leases		**–**	495
		–	1,717
NET ASSETS		**113,079**	120,300
Capital and reserves			
Share capital		**14,000**	14,000
Reserves		**99,079**	106,300
TOTAL EQUITY		**113,079**	120,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 July 2016. 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 ultimate controlling party of the Group is Mr. Lau Yu Leung (the "Ultimate Controlling Party"). 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 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").

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 Hong Kong Institute of Certified Public Accountants (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 consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2017 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

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group.

HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration.

The adoption of the Interpretation does not have any significant impact on the consolidated financial statements.

HKFRS 9 Financial instruments

The following terms are used in the consolidated financial statements:

- FVPL: fair value through profit or loss.
- FVOCI: fair value through other comprehensive income.
- Designated FVOCI: equity instruments measured at FVOCI.
- Mandatory FVOCI: debt instruments measured at FVOCI.

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transitional provisions in HKFRS 9, comparative information has not been restated and the Group has applied HKFRS 9 retrospectively to financial instruments that existed at 1 January 2018 (i.e. the date of initial application), except as described below (if applicable):

(a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:

    (i) the determination of the business model within which a financial asset is held;

    (ii) the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, at Designated FVOCI; and

    (iii) the de-designation of financial assets or financial liabilities at FVPL.

    The above resulting classification shall be applied retrospectively.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.

(c) For investments in equity instruments that were measured at cost under HKAS 39, the instruments are measured at fair value at the date of initial application.

The adoption of HKFRS 9 has no significant effect on the classification and measurement of the Group's financial assets and financial liabilities as at 31 December 2018 and 2017.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. HKFRS 15 establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of HKFRS 15 does not have any significant impact on the consolidated financial statements for the years ended 31 December 2018 and 2017.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for financial assets at FVPL, which are measured at fair value.

Future changes in HKFRSs

At the date of authorisation of the 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	2015 – 2017 Cycle [1]
HKFRS 16	Leases [1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments [1]
Amendments to HKAS 19	Employee benefits [1]
Amendments to HKAS 28	Investments in Associates and Joint Ventures [1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation [1]
Amendments to HKASs 1 and 8	Definition of Material [2]
Amendments to HKFRS 3	Definition of a Business [3]
HKFRS 17	Insurance Contracts [4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020
[4] Effective for annual periods beginning on or after 1 January 2021
[5] 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 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.

At 31 December 2018 and 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$9,510,000 and HK$8,798,000, respectively. The management of the Group 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 statement 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 statement 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 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 2018							
Revenue from external customers	**28,334**	**55,744**	**133,437**	**83,488**	**35,959**	**–**	**336,962**
Cost of services	**(22,696)**	**(49,812)**	**(106,421)**	**(72,364)**	**(31,872)**	**–**	**(283,165)**
Segment results	**5,638**	**5,932**	**27,016**	**11,124**	**4,087**	**–**	**53,797**
Unallocated income and expenses							
Other income							**3,231**
Administrative and other operating expenses							**(61,116)**
Finance costs							**(1,059)**
Loss before tax							**(5,147)**
Income tax expenses							**(83)**
Loss for the year							**(5,230)**
Other information							
Depreciation	**–**	**544**	**1,217**	**785**	**373**	**4,198**	**7,117**
Operating lease payments	**–**	**13,393**	**15,883**	**8,811**	**10,445**	**2,477**	**51,009**
Capital expenditures	**–**	**–**	**–**	**–**	**–**	**4,114**	**4,114**

	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

4. REVENUE

	2018 ***HK$'000***	2017 *HK$'000*
Revenue from contracts with customers within HKFRS 15		
Rendering of feeder shipping services	**266,507**	238,433
Rendering of carrier owned container services	**42,121**	34,673
Rendering of sea freight forwarding agency services	**28,334**	71,898
	336,962	345,004

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**145**	202
Dividend income from available-for-sale financial assets	**–**	119
Exchange gain, net	**1,017**	–
Gain on disposals of available-for-sale financial assets	**–**	1,164
Gain on disposals of property, plant and equipment	**–**	308
Government grants	**610**	3,491
Net fair value gain on financial assets at FVPL	**1,210**	–
Sundry income	**249**	545
	3,231	5,829

6. LOSS BEFORE TAX

This is stated after charging (crediting):

	2018	2017
	HK$'000	*HK$'000*
Finance costs		
Interest on interest-bearing borrowings	**958**	259
Finance charges on obligations under finance leases	**101**	420
	1,059	679
Other items		
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	**32,443**	35,961
Contributions to defined contribution plans	**4,226**	4,522
	36,669	40,483
Auditor's remuneration	**890**	983
Depreciation (charged to "cost of services" and "administrative and other operating expenses", as appropriate)	**7,117**	4,410
Exchange (gain) loss, net	**(1,017)**	107
Operating lease payments on feeder vessels and barges (charged to "cost of services")	**48,532**	51,017
Operating lease payments on premises	**2,477**	3,107

7. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**227**	1,138
Over-provision in prior years	**(144)**	(120)
	83	1,018
PRC Enterprise Income Tax		
Current year	**1,203**	1,600
	1,286	2,618
Deferred tax		
Changes in temporary differences	**(1,203)**	(1,600)
Total income tax expenses for the year	**83**	1,018

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

For the year ended 31 December 2018, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) are subject to the two-tiered profits tax rates regime that the first HK$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at 16.5% of their respective estimated assessable profits for the year ended 31 December 2018. For the year ended 31 December 2017, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for all Hong Kong incorporated subsidiaries.

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 2018 and 2017.

8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the years ended 31 December 2018 and 2017.

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:

	Year ended 31 December	
	2018	2017
	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	**(5,230)**	(1,161)

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

Diluted loss per share is same as basic loss per share as there were no potential ordinary shares outstanding during years ended 31 December 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2018 and 2017, 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$5,887,000 *(2017: HK$7,128,000)* was recorded under property, plant and equipment.

At 31 December 2018, leasehold land and buildings with an aggregate net book value of approximately HK$69,358,000 *(2017: HK$71,709,000)* were pledged to secure banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables		
From third parties	**45,205**	55,050
Loss allowance	**(3,237)**	(3,237)
	41,968	51,813
Other receivables		
Deposits, prepayments and other debtors	**9,742**	7,740
	51,710	59,553

The loss allowance of approximately HK$3,237,000 as at 31 December 2018 and 2017 was mainly and specifically resulted from a then major customer who was in the process of bankruptcy and liquidation.

The Group normally grants credit terms up to 90 days *(2017: 120 days)* to its customers. The ageing analysis of trade receivables, net of loss allowance, by invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**17,784**	23,020
31 – 60 days	**13,676**	16,770
61 – 90 days	**6,144**	5,756
Over 90 days	**4,364**	6,267
	41,968	51,813

At 31 December 2018, amount of approximately HK$5,342,000 *(2017: HK$6,451,000)* included in the trade receivables were in connection with invoice discounting bank loan arrangements.

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables		
To a related company	**1,353**	1,687
To third parties	**41,696**	48,758
	43,049	50,445
Other payables		
Accrued charges and other creditors	**13,299**	14,811
Deposits received	**10,069**	8,348
	23,368	23,159
	66,417	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.

The trade payables due to third parties are unsecured, interest-free and have a credit period of 30 days to 90 days.

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

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**25,588**	36,725
31 – 60 days	**12,505**	10,800
61 – 90 days	**2,195**	740
Over 90 days	**2,761**	2,180
	43,049	50,445

13. INTEREST-BEARING BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Secured bank borrowings:		
Current portion	**33,141**	35,363

(i) Bank borrowings of approximately HK$5,342,000 *(2017: HK$6,451,000)* bear interests at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.875% per annum *(2017: 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$5,342,000 *(2017: HK$6,451,000)* in connection with invoice discounting bank loan arrangements.

(ii) A bank borrowing of approximately HK$3,000,000 *(2017: HK$3,000,000)* bears interest at HIBOR plus 1.4% per annum *(2017: 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$69,358,000 *(2017: HK$71,709,000)*.

(iii) A mortgage loan of approximately HK$24,799,000 *(2017: HK$25,912,000)* bears interest at the lower of HIBOR plus 1.25% per annum and the Hong Kong Dollar Prime Rate minus 2.7% per annum *(2017: 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$69,358,000 *(2017: 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 2.4% to 4.2% *(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 year ended 31 December 2018.

During the year ended 31 December 2018, the Group recorded a revenue of approximately HK$336,962,000 (for the year ended 31 December 2017: approximately HK$345,004,000), representing a decrease of 2.3% over the same period last year. The Group recorded a gross profit of approximately HK$53,797,000 (for the year ended 31 December 2017: approximately HK$58,252,000), representing a decrease of 7.6% over the same period last year. The gross profit margin decreased from 16.9% to 16.0%. The Group recorded loss for the year of approximately HK$5,230,000 (for the year ended 31 December 2017: loss for the year of approximately HK$1,161,000).

BUSINESS OVERVIEW

During the year ended 31 December 2018, container throughput of Hong Kong port decreased by 5.7% as compared with the same period last year, according to the data released by Marine Department of the Government of the Hong Kong Special Administrative Region, the People's Republic of China (the "PRC" or "China"). Yet, keen price competition among the regional shipping carriers impacted the profitability of the Group.

Impacted by the tough operational environment, the Group's feeder shipping services and carrier owned container services recorded a decrease in shipment volume of 6,837 twenty-foot equivalent units (the "TEUs") or 1.9%, from 358,383 TEUs to 351,546 TEUs, and a decrease in gross profit of approximately HK$2,572,000 or 5.1%, from approximately HK$50,731,000 to approximately HK$48,159,000, for the year ended 31 December 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 10.6% to 20.2% (for the year ended 31 December 2017: ranged from 16.4% to 20.7%).

The Group's sea freight forwarding agency services recorded a decrease in shipment volume of such services of 5,844 TEUs or 37.0%, from 15,810 TEUs to 9,966 TEUs, for the year ended 31 December 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 10.5% to 19.9%.

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

	Year ended 31 December					
	2018			2017		
	HK$'000	**TEUs**	**Gross profit margin %**	*HK$'000*	TEUs	Gross profit margin %
Fujian routes	**55,744**	**40,533**	**10.6**	64,392	46,319	16.4
Guangxi routes	**133,437**	**132,480**	**20.2**	104,927	123,795	20.7
Guangdong routes	**83,488**	**151,946**	**13.3**	87,285	172,344	17.6
Hainan routes	**35,959**	**26,587**	**11.4**	16,502	15,925	18.1
Sea freight forwarding agency services	**28,334**	**9,966**	**19.9**	71,898	15,810	10.5
	336,962	**361,512**	**16.0**	345,004	374,193	16.9

The Group's operational costs totalled approximately HK$283,165,000, representing a decrease of approximately HK$3,587,000 or 1.3% 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 approximately HK$3,231,000, representing a decrease of approximately HK$2,598,000 or 44.6% as compared to the same period last year. The change in other income was mainly due to the substantial decrease in government grants from approximately HK$3,491,000 to approximately HK$610,000, for the year ended 31 December 2018, as compared to 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

Uncertainty of Sino-US trade war, fluctuation of international fuel price and keen price competition among the regional shipping carriers bring unprecedented challenges to the Group. Over our long 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 barges and operating provision of barge services

On 10 December 2018, Millions Good Limited, a wholly-owned subsidiary of the Company entered into agreements to acquire three barges at a total consideration of HK$19,450,000 (the "Acquisition"). Those barges were chartered by China-HK Shipping Limited to provide barge services to the Group. The Group considered that the Acquisition, being a vertical integration, would substantially reduce costs in relation to continuing provision of the barge services, and improve efficiency in providing barge services to the Group.

Also, the Directors are of the view that as the demand of the Group for barge services had been relatively stable throughout the past few years, the barges would be able to satisfy the Company's annual requirement for barge services and have surplus capacity for providing barge services to other parties. In order to utilise the barges to the fullest extent, the Company intends that, after satisfying the Company's annual requirement, the barges may provide barge services which are similar to those provided to the Group to other parties using the surplus capacity.

For further details, please refer to the announcement of the Company dated 2 November 2018, 10 December 2018 and circular of the Company dated 25 January 2019.

The Acquisition was completed on 28 February 2019.

Extend reach of routes and routes rearrangement

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

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 2018, the Group held bank balances and cash of approximately HK$73,035,000 (31 December 2017: approximately HK$86,521,000). The Group had a mortgage loan of approximately HK$24,799,000 at 31 December 2018 (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$8,342,000 at 31 December 2018 (31 December 2017: approximately HK$9,451,000) and were wholly repayable within one year since inception. The range of effective interest rates on the borrowings were 2.4% to 4.2% (for the year ended 31 December 2017: 2.1% to 3.2%) per annum. The carrying amounts of bank borrowings were denominated in HK$. The Group's gearing ratio as at 31 December 2018, calculated based on the total borrowings to the equity attributable to owners of the Company, was 29.7% (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 year ended 31 December 2018. The capital of the Company comprises the 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 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 year ended 31 December 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 derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk as at 31 December 2018.

Charge on group assets

As at 31 December 2018, leasehold land and building amounting to approximately HK$69,358,000 (31 December 2017: approximately HK$71,709,000), trade receivables amounted at approximately HK$5,342,000 (31 December 2017: approximately HK$6,451,000) in connection with invoice discounting bank loan arrangements and bank deposits amounting to approximately HK$795,000 (31 December 2017: approximately HK$792,000) were pledged as security for banking facilities.

Contingent liabilities

As at 31 December 2018, the Group had no contingent liabilities.

Dividend Policy

The declaration and payment of shareholder dividends and the amount thereof are at the discretion of the Board and depend upon various factors, including the results of operations, financial condition and future prospects of the Company and taking into account regulatory restrictions on the payment of shareholder dividends, as well as any other factors deemed relevant by the Board. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

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 announcements dated 19 May 2017 and 10 December 2018 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*
Acquisition of barges	19.45	19.45
Operating expenses of barges	10.00	–
Acquisition of headquarter in Hong Kong	32.20	32.20
Acquiring additional containers and upgrading computer system and software	7.00	4.90
General working capital	11.65	11.65
	80.30	68.20

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 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 year ended 31 December 2018, 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 10 December 2018 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 2018, the Group has a total of 192 employees (31 December 2017: total 217 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.

The Company has adopted a share option scheme as incentive to Directors and eligible employees.

FINAL DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 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 year ended 31 December 2018.

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 2018.

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 2018 as set out in the 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 2018. 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 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 2018, 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, 22 March 2019

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.