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## **Evershine Group Holdings Limited**

**永耀集團控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 8022)**

### **PROPOSED ISSUE OF CONVERTIBLE NOTES**

On 16 May 2016 (after trading hours), the Company entered into the conditional Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Notes.

On the assumption that the Convertible Notes would be converted into Conversion Shares in full at the initial Conversion Price, the 75,000,000 Conversion Shares represent approximately 4.99% of the existing issued share capital of the Company and approximately 4.75% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares. The net proceeds of the Subscription of approximately HK\$25 million will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

## **SUBSCRIPTION AGREEMENT**

On 16 May 2016 (after trading hours), the Company entered into the conditional Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Notes.

**Date:** 16 May 2016 (after trading hours)

**Parties:** (i) The Company as issuer  
(ii) The Subscriber as subscriber

### **The Subscriber**

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are independent third parties and not connected persons (as defined under the GEM Listing Rules) of the Company.

### **The Subscription Price**

The subscription price payable by the Subscriber under the Subscription Agreement for the Convertible Notes shall be HK\$25,800,000, i.e. 86% of the face value of the aggregate principal amount of the Convertible Notes.

### **Principal Terms of the Convertible Notes**

**Issuer:** The Company

**Principal amount:** HK\$30,000,000

**Maturity Date:** The second anniversary of the date of issue of the Convertible Notes

**Redemption:** The Company may at any time before the maturity date by written notices to relevant holder(s) of the Convertible Notes, and with consent of relevant holder(s) of the Convertible Notes, redeem the Convertible Notes (in whole or in part) at 100% to the principal amount of the part of the Convertible Notes to be redeemed.

Any amount of the Convertible Notes which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

Any amount of the Convertible Notes which is redeemed by the Company will be forthwith cancelled.

- Interest: The Convertible Notes shall bear no interest.
- Transferability: The Convertible Notes may be assigned or transferred to any transferee subject to prior notification to the Company. The Convertible Notes may not be assigned or transferred to any connected person of the Company (as defined under the Listing Rules) without prior written consent of the Company.
- Conversion: Provided that (i) any conversion of the Convertible Note does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder which exercised the conversion rights and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares at any one time in compliance with the GEM Listing Rules and subject to the General Mandate Threshold and the right of the Company to redeem, the holder of the Convertible Notes shall have the right at any time from the date of issue of the Convertible Notes up to 3 days prior to the maturity date to convert the whole or part of the outstanding principal amount of the Convertible Notes registered in its name into Shares.
- Conversion Price: The Convertible Notes shall be converted at the Conversion Price. Upon issue of the Convertible Notes, the initial Conversion Price will be HK\$0.40 per Conversion Share (subject to adjustments).
- The Conversion Price shall be adjusted as provided in the Convertible Notes instrument in each of the following cases:
- (i) an alteration of the number of the Shares by reason of any consolidation or subdivision;
  - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
  - (iii) a capital distribution (as defined in the Convertible Notes instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
  - (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80 per cent. of the market price;

- (v) an issue wholly for cash or for reduction of liabilities being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share (as defined in the Convertible Notes instrument) initially receivable (or in the case of reduction in liabilities, the amount of liabilities to be reduced) for such securities is less than 80 per cent. of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price;
- (vi) an issue being made by the Company wholly for cash or for reduction of liabilities of Shares at a price per Share less than 80 per cent. of the market price;
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the Convertible Notes instrument) less than 80 per cent. of the market price; and
- (viii) an issue wholly made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares for the acquisition of asset, if in any case the total effective consideration per Share (as defined in the Convertible Notes instrument) initially receivable for such securities is less than 80 per cent. of the market price.

The maximum number of Conversion Shares issuable upon conversion of the Convertible Notes shall be subject to the threshold of 264,767,355 Shares (subject to consolidation or subdivision) or such number of Shares which may be permissible to be issued under the General Mandate (the “**General Mandate Threshold**”). If there is any adjustment event occurred which leads to the number of Conversion Shares issuable under the Convertible Notes to exceed the General Mandate Threshold, then the Noteholder(s) shall be entitled to convert the Notes into such number of Conversion Shares subject to the General Mandate Threshold based on the adjusted Conversion Price and any outstanding remaining principal amount of the Convertible Notes shall be redeemed by the Company on the maturity date in accordance with the terms herein.

**Voting Rights:**

The holder of the Convertible Notes will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Notes.

**Ranking:** The payment obligations of the Company under the Convertible Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Conversion Shares issued upon conversion of the Convertible Notes will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.

**Listing:** The Convertible Notes will not be listed on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

**Lock-up:** There is no lock-up restriction on subsequent transfer of the Conversion Shares.

Based on the initial Conversion Price of HK\$0.40 per Conversion Share, a maximum number of 75,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent: (i) approximately 4.99% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.75% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes in full.

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

### **Conversion Price and subscription price per Conversion Share**

The initial Conversion Price of HK\$0.40 per Conversion Share represents:

- (i) a premium of approximately 1.27% over the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 16 May 2016, being the date of the Subscription Agreement; and
- (ii) a premium of approximately 2.04% over the average of the closing prices of HK\$0.392 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 13 May 2016.

The subscription price per Conversion Share (assuming full conversion of the Convertible Notes) of HK\$0.344 per Conversion Share represents:

- (i) a discount of approximately 12.91% to the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 16 May 2016, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 12.24% to the average of the closing prices of HK\$0.392 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 13 May 2016.

The discount of the subscription price to the face value of the principal amount of the Convertible Notes was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, that the Convertible Notes bear no interest and the Conversion Price.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price of HK\$25,800,000 for the Convertible Notes shall be settled by the Subscriber in cash upon completion.

### **Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the General Mandate at the extraordinary general meeting of the Company held on 1 February 2016 subject to the threshold of 264,767,355 Shares (representing approximately 20% of the number of Shares of the Company in issue as at 1 February 2016) (the "General Mandate Threshold"). Immediately before the date of the Subscription Agreement, the General Mandate has not been utilized. On the initial conversion price of HK\$0.40 per Conversion Shares, 75,000,000 Conversion Shares will be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Notes, which will utilise about 28% of the General Mandate.

### **Conditions of the Subscription**

The Subscription is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares;
- (ii) all the necessary consents and approvals required to be obtained by the Company in respect of the Subscription having been obtained; and
- (iii) all the necessary consents and approvals required to be obtained by the Subscriber in respect of the Subscription having been obtained.

In the event that the condition of the Subscription is not fulfilled on or before 31 May 2016 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

### **Completion of the Subscription**

Completion of the Subscription will take place on the third business days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the parties).

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.

### **REASONS FOR THE SUBSCRIPTION AGREEMENT**

The Group is principally engaged in provision of travel agent services, fashion garment trading and mobile application business. The Group had also tapped into the funeral business through the acquisition of the entire issued share capital of Fortune Ford Limited which was completed on 30 November 2015 (details of which are set out in the circular of the Company dated 7 November 2015).

The Directors consider raising funds by issuing Convertible Notes is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the future development of the Group. The Directors consider that the issue of the Convertible Notes is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The gross proceeds of the Subscription are approximately HK\$27 million. The net proceeds of the Subscription of approximately HK\$25 million will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms and conditions of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscription will strengthen the financial position of the Group.

## CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as at the date of this announcement and upon full conversion of the Convertible Notes at the initial Conversion Price are as follows:

Shareholders	At the date of this announcement		Upon full conversion of the Convertible Notes at the initial Conversion Price	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Lau Yu ( <i>Note 1</i> )	173,653,000	11.56%	173,653,000	11.01%
Tutuncu Oguz	345,792,000	23.01%	345,792,000	21.92%
Cheng Kwok Wo	183,399,000	12.20%	183,399,000	11.63%
Boyraci Osman	84,929,000	5.65%	84,929,000	5.38%
The holder(s) of the Convertible Notes	–	–	75,000,000	4.75%
Other public Shareholders	715,204,356	47.58%	715,204,356	45.31%
Total:	<u>1,502,677,356</u>	<u>100.00%</u>	<u>1,577,677,356</u>	<u>100.00%</u>

*Note:*

1. Mr. Lau Yu is the Chairman and an executive Director of the Company.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
12 November 2015	Placing of 190,446,000 new Shares at the placing price of HK\$0.198 per placing share	Approximately HK\$37.2 million	As general working capital of the Group	(i) approximately HK\$20 million used as deposit for the lease of cruisers;  (ii) approximately HK\$10 million used as deposit for the proposed acquisition of Color-Bridge Industrial Company Ltd and Color-Bridge Printing & Packaging Company Limited; and  (iii) approximately HK\$7.2 million has been used as general working capital of the Group.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“Company”	Evershine Group Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Conversion Price”	the conversion price per Conversion Share and initially at HK\$0.40 per Conversion Share (subject to adjustments)
“Conversion Shares”	the Shares to be allotted and issued upon conversion of the Convertible Notes
“Convertible Notes”	the 2-year zero coupon unlisted Convertible Notes in principal amount of HK\$30,000,000 to be issued by the Company in accordance with the terms of the Subscription Agreement
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the extraordinary general meeting held on 1 February 2016, pursuant to which a maximum of 264,767,355 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Just Classic Limited, a company incorporated in the British Virgin Islands and the subscriber to the Subscription Agreement
“Subscription”	the subscription for the Convertible Notes by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 16 May 2016 and entered into between the Company and the Subscriber in respect of the Subscription
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By Order of the Board  
**Evershine Group Holdings Limited**  
**Hung Tat Chi Alan**  
*Alternate Director to Mr. Bülent Yenil*

Hong Kong, 16 May 2016

*As of the date hereof, the executive Directors are Mr. Lau Yu and Mr. Bülent Yenil (Mr. Hung Tat Chi Alan as alternate Director); and the independent non-executive Directors are Ms. Lam Yuk Ying, Elsa, Mr. Liu Kwong Sang, Ms. Choy So Yuk, BBS, JP and Mr. Leung Man Chun.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the website of the Company at <http://www.8022hk.com>.*