



Evershine Group Holdings Limited

永耀集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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This announcement, for which the directors of EVERSHINE GROUP HOLDINGS LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (the “Director(s)”), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.

HIGHLIGHTS

- The Group achieved a turnover of approximately HK\$57,544,000 (continuing operations: approximately HK\$55,438,000 and discontinued operations: approximately HK\$2,106,000) for the nine months ended 30 September 2016 (2015: approximately HK\$20,839,000, continuing operations: approximately HK\$18,571,000 and discontinued operations: approximately HK\$2,268,000), representing an increase of approximately 176% as compared to corresponding period in 2015, which is mainly attributable to the contribution from the commodities trading business.
- The loss for the period of the Group was approximately HK\$28,148,000 for the nine months ended 30 September 2016 (2015: approximately HK\$14,740,000), representing an increase in loss of approximately 91% over the corresponding period in 2015.
- Loss from ordinary activities attributable to equity shareholders of the Company was approximately HK\$27,592,000 for the nine months ended 30 September 2016 (2015: approximately HK\$13,428,000), representing an increase in loss of approximately 105% over the corresponding period in 2015.
- Basic loss per share for continuing and discontinued operations for the nine months ended 30 September 2016 was approximately 1.91 HK cents (2015: approximately 1.55 HK cents) and loss per share for continuing operations was approximately 1.88 HK cents (2015: approximately 1.37 HK cents).
- The Directors do not recommend any payment of dividend nor transfer of any amount to reserves for the nine months ended 30 September 2016 (2015: Nil).

THIRD QUARTERLY RESULTS (UNAUDITED)

For the nine months ended 30 September 2016

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months and three months ended 30 September 2016 together with the unaudited comparative figures for the corresponding periods in 2015 (the “Relevant Periods”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Continuing operations					
Turnover	2	55,438	18,571	6,632	4,796
Cost of sales		(53,529)	(15,856)	(5,826)	(3,011)
Gross profit		1,909	2,715	806	1,785
Other income and gain	2	4,422	464	(9)	160
Operating and administrative expenses		(31,602)	(12,715)	(11,614)	(4,628)
Loss from continuing operations		(25,271)	(9,536)	(10,817)	(2,683)
Finance costs	4	(2,965)	(856)	(1,779)	-
Loss before taxation	5	(28,236)	(10,392)	(12,596)	(2,683)
Taxation	6	916	62	-	65
Loss after taxation from continuing operations		(27,320)	(10,330)	(12,596)	(2,618)
Discontinued operations					
Loss from discontinued operations		(828)	(4,410)	-	(2,412)
Loss for the period		(28,148)	(14,740)	(12,596)	(5,030)

	Notes	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Attributable to:					
Equity shareholders of the Company					
– From continuing operations		(27,095)	(11,854)	(12,518)	(4,143)
– From discontinued operations		(497)	(1,574)	-	(481)
		(27,592)	(13,428)	(12,518)	(4,624)
Non-controlling interests					
– From continuing operations		(225)	(6)	(78)	(5)
– From discontinued operations		(331)	(1,306)	-	(401)
		(556)	(1,312)	(78)	(406)
Loss for the period		(28,148)	(14,740)	(12,596)	(5,030)
Loss per share					
From continuing and discontinued operations					
– Basic and diluted	8	(1.91 HK cents)	(1.55 HK cents)	(0.82 HK cents)	(0.48 HK cents)
From continuing operations					
– Basic and diluted	8	(1.88 HK cents)	(1.37 HK cents)	(0.82 HK cents)	(0.44 HK cents)
From discontinued operations					
– Basic and diluted	8	(0.03 HK cents)	(0.18 HK cents)	-	(0.04 HK cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited		Unaudited	
	Nine months ended		Three months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(28,148)	(14,740)	(12,596)	(5,030)
Other comprehensive income/ (expenses) for the period				
Items that may be reclassified subsequently to profit or loss:				
Exchanged differences on translation of overseas financial statements of subsidiaries	(1,455)	(124)	139	(124)
Other comprehensive income/ (expenses) for the period	(1,455)	(124)	139	(124)
Total comprehensive expenses for the period	(29,603)	(14,864)	(12,457)	(5,154)
Attributable to:				
Equity shareholders of the Company	(29,042)	(13,551)	(12,402)	(4,747)
Non-controlling interests	(561)	(1,313)	(55)	(407)
Total comprehensive expenses for the period	(29,603)	(14,864)	(12,457)	(5,154)

Notes:

1. Basis of preparation and principal accounting policies

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited consolidated third quarterly results are consistent with those adopted in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2015.

The results of subsidiaries acquired or disposed of during the period are included in the condensed consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions and balances within the Group have been eliminated on consolidation.

The unaudited condensed consolidated third quarterly financial statements of the Group have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

2. Turnover, other income and gain

The Group is engaged in the provision of travel agent services, property investment business, fashion garment trading, mobile application business, commodities trading business and the cemetery business. On 30 March 2016, the Company disposed the sale share of Creative Star Limited. With effect from completion of the disposal, the Group ceased to carry on the business of advertising and marketing services. Details refer to Company's announcement dated 30 March 2016.

Revenue recognised during the Relevant Periods is as follows:

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Turnover				
Continuing operations:				
Revenue from travel agent services	22,525	18,555	6,194	4,780
Service income from mobile application	81	16	5	16
Rental income	433	–	433	–
Trading business	32,399	–	–	–
Sub-total	55,438	18,571	6,632	4,796
Discontinued operations:				
Advertising and marketing services income	2,106	695	–	165
Artist management income	–	1,573	–	510
	2,106	2,268	–	675
Total	57,544	20,839	6,632	5,471
Other income and gain				
Gain on disposal of subsidiaries	3,794	–	–	–
Sundries	600	301	(11)	–
Interest income	28	163	2	160
Sub-total	4,422	464	(9)	160
Total	61,966	21,303	6,623	5,631

3. Segmental information

The Group's operating activities are carried out in the People's Republic of China (the "PRC") and Hong Kong.

An analysis of the Group's revenues and results for the period by business segments is as follows:

(i) For the nine months ended 30 September 2016 (Unaudited)

	Continuing operations					Discontinued operations		Total HK\$'000
	Travel agent services HK\$'000	Rental income HK\$'000	Mobile application HK\$'000	Trading business HK\$'000	Cemetery HK\$'000	Advertising and marketing services HK\$'000	Entertainment HK\$'000	
Revenue	22,525	433	81	32,399	-	2,106	-	57,544
Elimination of inter-segment revenue	-	-	-	-	-	-	-	-
Consolidated revenue	22,525	433	81	32,399	-	2,106	-	57,544
Profit/(Loss)								
Reportable segment profit/(loss)	(65)	(2,705)	(7,426)	(1,002)	(2,078)	(828)	-	(14,104)
Elimination of inter-segment profits	-	-	-	-	-	-	-	-
Reported segment loss derived from the Group's external customers	(65)	(2,705)	(7,426)	(1,002)	(2,078)	(828)	-	(14,104)
Unallocated items:								
Other income and gain								4,422
Operating and administrative expenses								(16,417)
Finance costs								(2,965)
Loss before taxation								(29,064)
Taxation								916
Loss for the period								(28,148)
Attributable to:								
Equity shareholders of the Company								(27,592)
Non-controlling interests								(556)
Loss for the period								(28,148)

3. Segmental information (Continued)

(ii) For the nine months ended 30 September 2015 (Unaudited)

	Continuing operations		Discontinued operations		Total HK\$'000
	Travel agent services HK\$'000	Mobile application HK\$'000	Advertising and marketing services HK\$'000	Entertainment HK\$'000	
Revenue	18,555	48	2,225	1,573	22,401
Elimination of inter-segment revenue	-	(32)	(1,530)	-	(1,562)
Consolidated revenue	18,555	16	695	1,573	20,839
Profit					
Reportable segment profit/(loss)	(70)	(23)	373	(1,722)	(1,442)
Elimination of inter-segment profits	-	(32)	(1,530)	-	(1,562)
Reported segment loss derived from the Group's external customers	(70)	(55)	(1,157)	(1,722)	(3,004)
Unallocated items:					
Other income and gain					440
Operating and administrative expenses					(11,382)
Finance costs					(856)
Loss before taxation					(14,802)
Taxation					62
Loss for the period					(14,740)
Attributable to:					
Equity shareholders of the Company					(13,428)
Non-controlling interests					(1,312)
Loss for the period					(14,740)

4. Finance costs

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Interest on promissory notes	1,124	855	99	–
Others	1,841	1	1,680	–
	2,965	856	1,779	–

5. Loss before taxation

Loss before taxation is arrived at after charging:

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Amortisation of intangible assets	8,700	1,266	2,900	422
Depreciation	2,416	596	2,162	181
Operating lease charges in respect of property rentals	1,987	2,611	646	843
Staff costs including directors' emoluments	5,997	4,041	2,610	1,167

6. Taxation

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the Relevant Periods. PRC Enterprise Income Tax is computed according to the relevant legislation, interpretations and practices in respect thereof during the Relevant Periods. The applicable PRC income tax rate is 25%.

7. Discontinued operations

Creative Star Group

On 30 March 2016, the Company as vendor and Mr. Wong Ka Fai as purchaser entered into a sale and purchase agreement pursuant to which the Company agreed to sell and such purchaser agreed to acquire the entire issued share capital of Creative Star Limited for a cash consideration of HK\$8. With effect from the disposal, the Group ceased to carry out the business of advertising and marketing services.

Details were disclosed in the Company's announcement dated 30 March 2016.

8. Loss per share

The calculation of the basic loss per share is based on loss attributable to ordinary equity shareholders of the Company for the nine months and three months ended 30 September 2016 of approximately HK\$27,592,000 and HK\$12,518,000 respectively (2015: approximately HK\$13,428,000 and HK\$4,624,000 respectively) and the weighted average of 1,442,000,000 and 1,519,000,000 (2015: 866,673,000 and 952,231,000) ordinary shares respectively in issue during the Relevant Periods.

The diluted loss per share for the period is equal to the basic loss per share as the outstanding convertible bonds and share options were anti-dilutive.

9. Capital and reserves (Unaudited)

	Attribution to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Exchange reserve	Statutory reserve	Convertible bond reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	755,030	752	53	-	44	(699,486)	56,393	(19,657)	36,736
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	(13,428)	(13,428)	(1,312)	(14,740)
Issue of right shares	81,927	-	-	-	-	-	81,927	-	81,927
Issue of placing shares	34,207	-	-	-	-	-	34,207	-	34,207
Exchange difference on translation of financial statements of overseas subsidiaries	-	(123)	-	-	-	-	(123)	(1)	(124)
As at 30 September 2015	871,164	629	53	-	44	(712,914)	158,976	(20,970)	138,006
At 1 January 2016	908,401	(13)	53	11,063	44	(711,482)	208,066	8,701	216,767
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	(27,592)	(27,592)	(556)	(28,148)
Exercise of convertible bonds	49,680	-	-	(11,063)	-	-	38,617	-	38,617
Disposal of subsidiaries	-	-	-	-	-	-	-	3,355	3,355
Exchange difference on translation of financial statements of overseas subsidiaries	-	(1,450)	-	-	-	-	(1,450)	(5)	(1,455)
Additional non-controlling interests arising on acquisition of subsidiaries	-	-	-	-	-	-	-	(27)	(27)
As at 30 September 2016	958,081	(1,463)	53	-	44	(739,074)	217,641	11,468	229,109

10. Share capital

	As at 30 September 2016		As at 31 December 2015	
	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)	Number of shares '000 (Audited)	Amount HK\$'000 (Audited)
Issued and fully paid:				
At 1 January	1,142,677	908,401	560,137	755,030
Issue of right shares	-	-	280,068	81,927
Issue of placing shares	-	-	302,472	71,444
Exercise of convertible notes	360,000	49,680	-	-
At the end of period	1,502,677	958,081	1,142,677	908,401

11. Dividend

The Directors do not recommend any payment of dividend nor transfer of any amount to reserve for the nine months ended 30 September 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review and Prospect

Travel agency business

The financial results of the travel agency business were unsatisfied due to slower economy and stronger competition. The operating cost has been increasing as a result the business is unprofitable. The Group has entered into a memorandum of understanding with an independent party for the possible disposal of the travel agency business at the end of 2015.

Properties investment business

In June 2016, the Company completed the acquisition of properties in Wanchai District, Hong Kong. Details of the properties are disclosed in the section of “Material Acquisition and Significant Investments” of this announcement. Upon the completion of the acquisition, the Group has established the property investment business.

Mobile application business

The performance of the mobile application business was lower than expected. This is due to continuous changing of market practices in terms of payment gateway integration, mobile application publishing and market acceptance. As a result, the mobile application has to be frequently updated to cope with the payment calculation policy of the mobile service providers in China, and therefore, severely impeded the development and enhancement schedule of the mobile application.

Commodities Trading business

The Group has started its trading business in commodities since the last quarter of 2015. We have established an experienced team lead by the Chairman of the Group to handle the transactions. The commodities trading business has become a new contributor to the revenue of the Group. We believe the commodities prices is consolidating at current level and therefore the trading activities will become more robust in the coming days. The Group intends to obtain banking facilities for further development of the trading business.

Cemetery business

The Group has entered in the cemetery business in the PRC through the acquisition of the entire issued share capital of Fortune Ford Limited which was completed on 30 November 2015. The cemetery services segment is experiencing reform in the PRC that favours officially approved operators. Due to the growing demand for legitimate burial and limited supply, the price of burial plot in the PRC has been soaring in recent years. The operating subsidiary of the cemetery has rented a piece of land adjacent to the cemetery and is applying for enlarging the size of the cemetery to 136 Mu. Upon approval by the authority, the total saleable burial plot will be increased substantially. The first phase renovation of the cemetery has been completed and a certain number of burial plots are ready for sale. We believe the contribution of the cemetery business would be significant in the coming years.

Marketing and advertising business

On 30 March 2016, the Group ceased to carry on the business of advertising and marketing services. Details were disclosed to Company’s announcement dated 30 March 2016.

Financial Review

Turnover

The unaudited consolidated turnover of the Group for the nine months ended 30 September 2016 was approximately HK\$57,544,000 (2015: approximately HK\$20,839,000) representing an increase of approximately 176% over the corresponding period in 2015, which is mainly attributable to the contribution from the commodities trading business.

Loss for the period

The loss for the period of the Group was approximately HK\$28,148,000 for the nine months ended 30 September 2016 (2015: approximately HK\$14,740,000), representing an increase in loss of approximately 91% over the corresponding period in 2015.

Loss attributable to equity shareholders

The loss attributable to equity shareholders of the Company was approximately HK\$27,592,000 for the nine months ended 30 September 2016 (2015: approximately HK\$13,428,000), representing an increase in loss of approximately 105% over the corresponding period in 2015.

Basic loss per share

For the nine months ended 30 September 2016, basic loss per share was approximately 1.91 HK cents (2015: approximately 1.55 HK cents).

Foreign currency risk

The majority of the Group's transactions, income and expenditure, bank loan and other borrowings are denominated in HK\$ and Renminbi ("RMB"), no hedging or other arrangements to reduce the currency risk have been implemented during the nine months ended 30 September 2016 as the Board considers that the potential foreign exchange exposure of the Group is limited.

Contingent liabilities

As at 30 September 2016, the Group had no material contingent liabilities (31 December 2015: Nil).

Charges on Group's Assets

On 11 December 2014, a secured and unguaranteed loan facility amounting to HK\$2,000,000 has been granted to the Group ("Loan Facility"). The Loan Facility was secured by a charge over the entire issued and paid up capital of a subsidiary of the Company – Argos (China) Investment Limited. The interest rate is 1% over Prime Lending Rate per annum. The Group shall repay the Loan Facility upon expiry of 6 months after the drawdown date. On 29 May 2015, the maturity date of the loan has been extended to 24 December 2015. On 24 December 2015, the Company and the lender have entered into a memorandum of understanding ("MOU") regarding the possible disposal of the entire equity interests of Argos (China) Investment Limited. Details were disclosed in the Company's announcement dated 24 December 2015.

As at 30 September 2016, there were term loans with total principal amount of approximately HK\$52,000,000 which carry interest at 4.75% per annum above the Hong Kong Dollar Best Lending Rate with repayment period of 24 months. The loans were secured by i) first legal charges of the two properties acquired by the Company which was completed on 27 June 2016; ii) the Company's corporate guarantee; iii) an unlimited personal guarantee given by Mr. Hung Tat Chi Alan, an alternative Director of the Company; and iv) assignments of rental of the properties. Details of the two properties are discussed in the section of "Materials Acquisition and Significant Investments" in this announcement.

Convertible notes issued on 30 November 2015

Pursuant to the sale and purchase agreement dated 15 September 2015, the Company issued convertible notes in the principal amount of HK\$49,680,000 to the vendor as part of the consideration to satisfy the acquisition of Fortune Ford Limited. The vendor exercised the conversion rights attaching to the convertible notes on 20 January 2016 and 15 March 2016, 181,159,420 and 178,840,580 of new shares have been allotted and issued at the conversion price of HK\$0.138 per conversion share respectively.

Details were disclosed in the Company's announcements dated 15 September 2015 and 30 November 2015 and circular dated 7 November 2015.

Convertible notes issued on 3 June 2016

Pursuant to the subscription agreement dated 3 June 2016, the Company has completed the issue of convertible notes of principal amount of HK\$30,000,000 (the "Convertible Notes A"). On the assumption that the Convertible Notes A would be converted into conversion shares (the "Conversion Shares") in full at the initial conversion price of HK\$0.4 per Conversion Share, 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 was intended to be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

Details were disclosed in the Company's announcements dated 16 May 2016 and 3 June 2016.

Information required under Section 436 of the Companies Ordinance

The financial information relating to the Company for the period ended 30 September 2016 and 2015 included in this announcement is derived from, but does not constitute the Company's statutory annual consolidated financial statements for these two years.

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance").

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Material Acquisition and Significant Investments

Acquisition of Properties

On 24 March 2016, the Company and an independent third party (the “Vendor”) entered into two acquisition agreements (the “Acquisition Agreements”), pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire share capital of Spring Hero Developments Limited (“Spring Hero”) and Sharp Pick Ventures Limited (“Sharp Pick”) (the “Acquisition”). Spring Hero and Sharp Pick individually is the owner of the whole of the 15th Floor and 16th Floor of Henan Building, Nos. 90 and 92 Jaffe Road and Nos. 15–19 Luard Road, Wanchai, Hong Kong, respectively (“Property A” and “Property B”, respectively) and the principal business activity is property investment. The saleable floor area of Property A and Property B was approximately 2,346 square feet and 2,324 square feet, respectively, while the fair value of Property A and Property B was approximately HK\$44,983,000 and HK\$44,830,000, respectively.

The Acquisition was approved by shareholders in the extraordinary general meeting held on 10 June 2016 and the Acquisition was completed on 27 June 2016.

The aggregate total consideration of the Acquisition was approximately HK\$45,145,000 which were satisfied by i) cash of approximately HK\$4,900,000 and ii) promissory notes issued to the Vendor with principal amount in aggregate of HK\$48,432,000 carrying a fixed interest rate at 6% per annum.

Upon the completion of the Acquisition, Property A was leased to independent tenants and was classified as investment property of the Group while Property B was occupied by the Group for office use and hence was classified as office premises of the Group.

Details of the Acquisition were disclosed in the Company’s announcements dated 24 March 2016, 19 April 2016, 6 May 2016, 20 May 2016, 27 June 2016 and 5 July 2016 and circular dated 24 May 2016.

Information on Possible Acquisitions and Projects

(i) The memorandum of understanding in relation to a proposed acquisition

On 14 December 2015, the Company entered into a non-legally binding memorandum of understanding (the “MOU I”) with Li Yang Qin and Deng Xianggui (together the “Vendors”) in relation to the proposed acquisition of 100% issued shares in Color Bridge Industrial Company Limited (“CBI”) and 90% issued shares in Color-Bridge Printing & Packaging Company Limited (“CBPP”) (the “Proposed Acquisition”). CBI is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. CBPP is a company incorporated in Hong Kong with limited liability and is principally engaged in color printing works.

Upon the signing of the MOU I, the Company paid to the Vendors the sum of HK\$10,000,000 as deposit (the “Deposit I”) according to the terms of the MOU I, which will be fully refunded subject to the terms and conditions of the MOU I.

In the event that the Proposed Acquisition will not be proceeded with, the Vendors should within seven (7) days after the receipt of the written notice given by the Company to the Vendors refund the Deposit I in full without any deduction to the Company without interest. In any event, the Vendors shall immediately refund the Deposit I in full without interest to the Company upon the termination of the MOU I, save and except a formal agreement is executed on or before 6 months of the MOU I (the “Long Stop Date”).

It is the intention of the parties to the MOU I to apply the Deposit I towards the consideration of the Proposed Acquisition upon the entering into of the formal agreement subject to the terms and conditions therein.

As a security for the refund of the Deposit I, each of the Vendors shall upon the signing of the MOU I execute share charges in such form and substance to the satisfaction of the Company to charge all CBI Shares and CBPP Shares held by each of the Vendors in favour of the Company.

On 14 June 2016, the Vendors and the Company by way of extension letter, extended the Long Stop Date to 30 September 2016. Details were disclosed in the Company’s announcement dated 14 December 2015.

As at the date of this announcement, the MOU I has been lapsed and the Deposit I has been fully refunded to the Company.

(ii) The memorandum of understanding in relation to a proposed acquisition

On 16 March 2016, the Company entered into the non-legally binding memorandum of understanding (the “MOU III”) with Lee Sze Yan (the “Vendor B”) in relation to the possible acquisition of issued shares in Topbridge Industrial Company Limited (“Topbridge”).

Under the MOU III, the Company intends to acquire and the Vendor B intend to sell the sale shares at a consideration to be agreed by the parties. The sale shares shall represent at least 5% and up to 30% of the issued share capital of the Topbridge. The consideration may be settled by the Company in cash and/or by allotment and issue of shares in the share capital of the Company or a combination of the above or any other forms as the parties thereto may agree in writing. Topbridge is a company incorporated in Hong Kong with limited liability and the Vendor B is the legal and beneficial owner of the entire issued share capital of Topbridge. Topbridge intends to build and operate a resort which locates in the wetland, Dong Ting Hu, Hunan Province, the PRC with an area of approximately 300 km² in the wetland. Details were disclosed in the Company’s announcement dated 16 March 2016.

As of the date of this announcement, the MOU III has lapsed and ceased to have any effect due to conditions not being met by the long stop date of MOU III, i.e. 16 September 2016.

(iii) The proposed projects in Europe and the Republic of Turkey (“Turkey”)

The Group is committed to continuously exploring new and different investment opportunities in order to broaden its source of income. This allows the Group to diversify risks from any single segment of business and maintain profitability and be sustainable. The Group intends to tap into the properties investment and development market in the worldwide including Europe and Turkey which has high potential to be one of the Group’s main profit streams.

On 5 February 2016, the Company and the 6th Engineering Bureau of China City Construction Holding Group Company (“The 6th Engineering Bureau”) entered into a non-legally binding memorandum of understanding (the “MOU II”).

Under the MOU II, The 6th Engineering Bureau has the intention to participate in the engineering and construction works in relation to the proposed land development and large scale project(s) of the Company in Turkey and will underwrite the engineering works of relevant projects in accordance with the intention and design of the Company while The 6th Engineering Bureau would also give suggestions on the design and feasibility of the projects.

Upon the implementation of the projects, the parties to the MOU II shall obtain all necessary approvals to enter into binding formal cooperation agreement(s). The terms of the cooperation agreement(s) shall be subject to negotiations between the parties.

On 6 May 2016, the Company entered into a Strategic Cooperation Agreement (the “Cooperation Agreement”) with The 6th Engineering Bureau.

Pursuant to the Cooperation Agreement, the Company has nominated The 6th Engineering Bureau as its technical engineering consultant for the projects, the Company and The 6th Engineering Bureau shall negotiate in good faith in respect of every projects in Europe and enter into relevant project agreement(s) which would set out the scope of services, fees and the corresponding duties of the parties.

The 6th Engineering Bureau shall provide relevant technical engineering consultancy services to the Company in respect of every projects, which may include but not limited to the following consultancy works, such as feasibility studies, project design, blueprints, engineering quotes and budgets, testing and checking, procurement of materials, engineering and construction works, engineering supervision and inspection.

The Company shall provide all necessary information and data to allow The 6th Engineering Bureau to conduct relevant works and shall pay relevant fee(s) in accordance with the terms of the project(s) agreement(s). Subject to the payment of all consultancy fees to The 6th Engineering Bureau if applicable, all copyrights of the technical documents provided by The 6th Engineering Bureau shall be transferred to the Company and the Company shall be entitled to utilise such documents for the relevant projects.

The proposed property development project located in Gaziosmanpasa, Turkey

The Company has identified a proposed property project in Gaziosmanpasa, Turkey (“Proposed Property Project A”). In order to conduct the feasibility study regarding the initial design of the Proposed Property Project A and also to provide the construction blueprint of the Proposed Property Project A, on 16 May 2016, Ottoman Evershine Development Limited, a wholly-owned subsidiary of the Company, entered into the consultancy agreement with The 6th Engineering Bureau regarding the provision of technical engineering consultancy services (the “Consultancy Agreement”). Based on the assumption that the Proposed Property Project A would have a construction area of 110,108 sq. m., the consultancy fee according to the Consultancy Agreement will be RMB1,650,000 based on RMB15 per sq. m. subject to the stage of completion of the project.

The proposed project of Ankara Yenimahalle Station, Turkey

On 30 August 2016, the Company entered into a letter of intent (the “LoI”) with The 6th Engineering Bureau, ASTRA İNŞAAT ANONİM ŞİRKETİ (“ASTRA”), ÇİFTAY İNŞAAT TAAHHÜT VE TİCARET A.Ş. (“ÇİFTAY”) and PASİFİK GAYRİMENKUL YATIRIM İNŞ. A.Ş. (“PASİFİK”) whereas each of PASİFİK, ÇİFTAY and ASTRA is a company duly constituted and existing under the laws of Turkey.

PASİFİK and ÇİFTAY have been awarded in the tender by the local authority for the revenue sharing model project of Ankara Yenimahalle Station (the “Project Ankara”), which is situated at Ankara, Turkey. Pursuant to the LoI, the Company, The 6th Engineering Bureau and ASTRA proposed their intention to be partners with the joint venture formed by PASİFİK and ÇİFTAY in Project Ankara subject to the execution and completion of the actual agreements after arm’s length negotiations among the parties. The parties to the LoI have agreed to discuss the terms of partnership, business plan, business concept, direction, profit sharing, project analysis and all further issues that may be necessary for Project Ankara.

Pursuant to the LoI, the joint venture will provide all the necessary documents and information to the Company, The 6th Engineering Bureau and ASTRA regarding the entire project, including but not limited to business model of the project. The Company, The 6th Engineering Bureau and ASTRA will conduct necessary review and analysis on the related documents and make relevant feasibility study.

Details of the proposed projects were disclosed in the Company’s announcements dated 5 February 2016, 6 May 2016, 16 May 2016, 18 May 2016 and 30 August 2016.

APPOINTMENT OF EXECUTIVE DIRECTOR

Subsequent to the reporting period, Mr. Chan Ming Kei was appointed as an executive Director with effect from 7 November 2016. The biographical details were set out in the Company’s announcement dated 7 November 2016.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2016, the following Directors or chief executives of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Name of Director	Capacity/nature of interests	Number of ordinary share(s) held	Number of underlying share(s) held	Approximate percentage of the Company's issued share capital
Mr. Lau Yu	Beneficial Owner	247,519,000	–	16.47%

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 30 September 2016, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEMES

The share option scheme adopted on 9 May 2011 (the "2011 Share Option Scheme") by the Shareholders was terminated and a new share option scheme was adopted on 1 February 2016 (the "2016 Share Option Scheme") by the Shareholders. The purpose of the 2016 Share Option Scheme is to enable the Company to grant Share Options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the long term development of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate, attract, retain and/or provide benefits to the Eligible Participants. The 2016 Share Option Scheme was adopted for a period of 10 years commencing from 1 February 2016 and will remain in force until 31 January 2026.

Eligible Participant under the 2016 Share Option Scheme includes any full-time or part-time employees, consultants or potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or has contributed to the Company and/or any of its subsidiaries.

The subscription price shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

- (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; and
- (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 14 days from the date of grant. Unless otherwise determined by the Board in the relevant offer letter to a grantee, there is no minimum period for which any option must be held before it can be exercised and no performance target which needs to be achieved by a grantee before the options can be exercised. An option may be exercised in accordance with the terms of the 2016 Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Based on 1,323,836,776 shares in issue as at the date of adoption of the 2016 Share Option Scheme, the maximum number of shares to be issued upon the exercise of options that may be granted under the 2016 Share Option Scheme are 132,383,677 shares, being 10% of the shares in issue as at the date of adoption. The total number of shares available for issue under the 2016 Share Option Scheme is 132,383,677 Shares, representing 8.81% of the total number of Shares in issue as at the date of this announcement.

Pursuant to the GEM Listing Rules, the total number of shares which may be issued upon the exercise of all options to be granted under the 2016 Share Option Scheme must not, in aggregate, exceed 10% of the shares in issue as at the date of adoption of the 2016 Share Option Scheme. The Board shall not grant any options which would result in the maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the 2016 Share Option Scheme and any other share option schemes adopted by the Company exceeding, in aggregate, 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted under the 2016 Share Option Scheme and any other share option schemes of the Company to each Eligible Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue (the "Individual Limit"). Any further grant of options to an Eligible Participant which would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding options)

in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to approval of the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting.

Any grant of options to a connected person (as defined in the GEM Listing Rules) must be approved by all Independent Non-executive Directors (excluding any Independent Non-executive Director who is the proposed grantee). Where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an Independent Non-executive Director or any of their respective associates, and the proposed grant of options, when aggregated the options already granted to such connected person in the past 12 months period, would entitle that person to receive more than 0.1% of the total issued shares of the Company for the time being and the value of which is in excess of HK\$5,000,000, then the proposed grant must be subject to the approval of the shareholders at the general meeting. Apart from the connected person involved, all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant).

There is no outstanding share option under the 2011 Share Option Scheme as at 1 January 2016 and 30 September 2016. As at the date of this announcement, no options have been granted under the 2016 Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Schemes" and "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures" above, at no time during the nine months ended 30 September 2016 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Model Code"). The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings as set out in the Model Code throughout the period under review. The Company was not aware of any non-compliance during the nine months ended 30 September 2016.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 30 September 2016, the Company has not been notified by any person (other than the Directors or chief executives) who had an interest or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name of substantial shareholders	Capacity and nature of Interests	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Tutuncu Oguz	Beneficial Owner	338,796,000	22.55%
Mr. Boyraci Osman	Beneficial Owner	106,865,000	7.11%
Mr. Tang Jay	Beneficial Owner	76,167,000	5.07%

Save as disclosed above, as at 30 September 2016, the Directors or chief executives of the Company were not aware of any party who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly interested in 5% or more of the number of shares carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the nine months ended 30 September 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

During the nine months ended 30 September 2016, as far as the Directors are aware of, none of the Directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee of the Company (the "Audit Committee") are the review and supervision of the Group's financial and accounting policies and practices, financial controls, internal controls and risk management systems. The Audit Committee comprises four independent non-executive Directors, namely Mr. Liu Kwong Sang (Chairman), Ms. Choy So Yuk, BBS, JP, Ms. Lam Yuk Ying, Elsa and Mr. Leung Man Chun.

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated financial statements for the nine months ended 30 September 2016.

By order of the Board
Evershine Group Holdings Limited
Lau Yu
Chairman and executive Director

Hong Kong, 9 November 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), Mr. Chan Ming Kei; and the independent non-executive Directors are Ms. Choy So Yuk, BBS, JP, Ms. Lam Yuk Ying, Elsa, Mr. Leung Man Chun and Mr. Liu Kwong Sang.