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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 40% OF THE ISSUED SHARE CAPITAL OF FIRST SURPLUS INVESTMENTS LIMITED INVOLVING THE ISSUE OF THE PROMISSORY NOTE

THE AGREEMENT

The Board is pleased to announce that on 20 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Company (as the Guarantor) entered into the Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing 40% of the issued share capital of the Target Company. The Consideration payable by the Purchaser to the Vendor pursuant to the Agreement is HK\$80 million and will be payable as to (i) HK\$30 million by cash; and (ii) HK\$50 million by issuance of the Promissory Note.

GEM LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceed 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting and announcement requirements under the GEM Listing Rules.

As the Acquisition is subject to certain conditions precedent under the Agreement, it may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE AGREEMENT

Date: 20 January 2017 (after trading hours)

Parties: (i) the Vendor;
(ii) the Purchaser; and
(iii) the Guarantor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

The Sale Shares, representing 40% of the issued share capital of the Target Company.

Consideration

Pursuant to the Agreement, the Consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (i) HK\$30 million by cash upon Completion; and
- (ii) HK\$50 million by way of issue of the Promissory Note to the Vendor or his nominee(s) upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to among others, the preliminary valuation of 40% of the issued share capital of the Target Company of HK\$80 million as at 30 November 2016 prepared by an independent valuer based on the market approach. The Directors consider that the Consideration is fair and reasonable.

The Promissory Note

The Guarantor shall issue to the Vendor (or his nominee(s)) the Promissory Note in the principal amount of HK\$50 million upon Completion on the following principal terms:

Issuer : the Guarantor

Principal amount to be issued : HK\$50 million

Maturity date : the date immediately following 2 years after the date of issue of the Promissory Note

Interest : 6% per annum

- Transferability : non-transferrable in part or in whole to any party
- Early redemption : the Guarantor may by giving of not less than seven Business Days' prior notice in writing to the noteholder to redeem the whole or any part of the Promissory Note

The Profit Guarantee and the Put Option

Pursuant to the Agreement, the Vendor irrevocably and unconditionally guarantee to the Purchaser that the audited consolidated net profit after taxation (excluding unusual or extraordinary items) of the Target Group for the year ended 31 December 2017 (the “**Actual Profit**”), which is (i) based on the financial statements prepared in accordance with the HKFRS (the “**Audited Financial Statements**”); and (ii) to be audited by auditor(s) assigned or agreed by the Purchaser, shall not be less than HK\$14 million (the “**Guaranteed Profit**”).

Pursuant to the Agreement, in the event that the Actual Profit is less than the Guaranteed Profit, the Purchaser shall be entitled to require the Vendor to compensate in one of the following manner:

- (i) compensation of amount in respect of the shortfall (the “**Compensation Sum**”) calculated in accordance with the following formula:

$$\text{Compensation Sum} = \frac{\text{Guaranteed Profit} - \text{Actual Profit}}{\text{Guaranteed Profit}} \times \text{Consideration}$$

For the avoidance of doubt, the maximum amount of Compensation Sum payable by the Vendor shall be HK\$50 million. The Compensation Sum shall be paid by the Vendor to the Purchaser by (i) firstly by way of set off against the full outstanding amount of the Promissory Note and (ii) the balance (if any) by cash within seven Business Days after determination of the Actual Profit.

OR

- (ii) the Purchaser shall have the right during the period from the issue of the Audited Financial Statements to 30 June 2018 (both days inclusive) and at its full discretion to sell the Sale Shares to the Vendor at the price equivalent to the Consideration, whereupon the Vendor shall have the obligation to purchase the Sale Shares at such price (the “**Put Option**”). For the avoidance of doubt, no additional premium or other money is payable for exercise of the Put Option by the Purchaser.

If the Purchaser exercises the Put Option, it may constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules and may subject to the Shareholder's approval. The Company will comply with applicable GEM Listing Rules and make further announcement(s) as and when appropriate in such event.

Conditions precedent

Completion is conditional upon the fulfilment of the following conditions precedent:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review of the Target Group;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Company and the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereunder having been obtained;
- (d) the obtaining of a valuation report with the valuation of 40% of the issued share capital of the Target Company being not less than HK\$80,000,000 prepared by an independent valuer appointed by the Purchaser in form and substance satisfactory to the Purchaser;
- (e) the warranties provided by the Vendor under the Agreement remaining true and accurate in all material respects; and
- (f) the warranties provided by the Purchaser under the Agreement remaining true and accurate in all material respects.

None of the conditions precedent set out above can be waived by any party under the Agreement.

If any of the above conditions is not fulfilled on or before the Long Stop Date, the Agreement shall cease and the Vendor shall return to the Purchaser all the deposits and other moneys paid by the Purchaser to the Vendor (without interest) under the Agreement, and none of the parties to the Agreement shall have any obligations and liabilities towards the other thereunder except for antecedent breaches of the terms (if any).

Completion

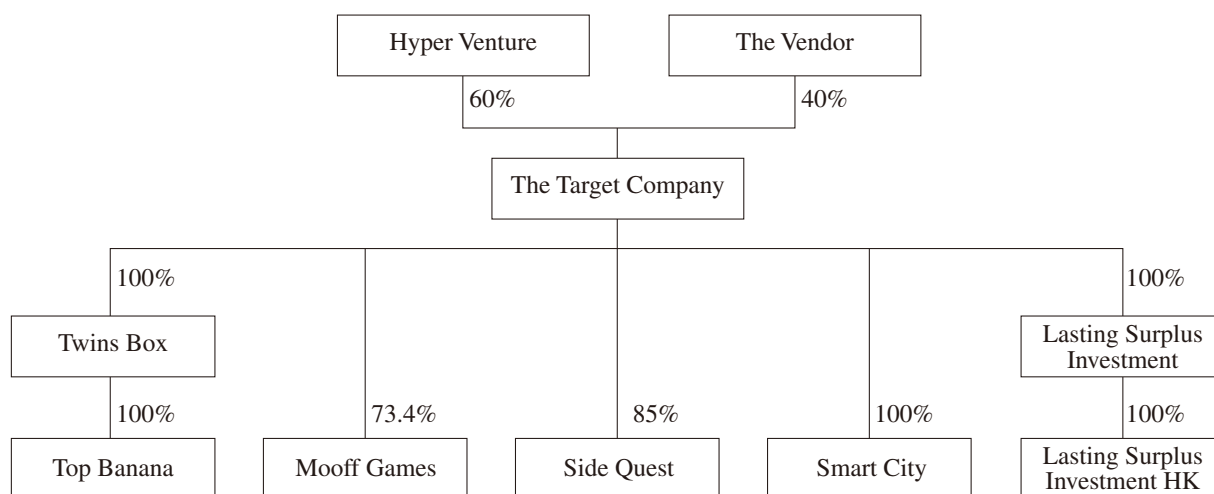
Completion shall take place on the Completion Date.

INFORMATION OF THE VENDOR

The Vendor is a Hong Kong citizen and owns 40% of the issued share capital of the Target Company as at the date of this announcement.

INFORMATION OF THE TARGET GROUP

The graph below sets out the group structure of the Target Group as at the date of this announcement:



The Target Company is a company incorporated in the BVI with limited liability and is owned as to 60% and 40% by Hyper Venture and the Vendor respectively.

Twins Box is a company incorporated in the BVI with limited liability and is wholly-owned by the Target Company.

Top Banana is a company incorporated in Hong Kong with limited liability and is wholly-owned by the Twins Box.

Mooff Games is a company incorporated in Hong Kong with limited liability and is owned as to 73.4%, 16.0% and 10.6% by the Target Company, Mr. Man Kwok Chung and Mr. Simon Alexander Marriott respectively.

Side Quest is a company incorporated in Hong Kong with limited liability and is owned as to 85% and 15% by the Target Company and Full Rich Human Resources Limited respectively.

Smart City is a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company.

Lasting Surplus Investment is a company incorporated in the BVI with limited liability and is wholly-owned by the Target Company.

Lasting Surplus Investment HK is a company incorporated in Hong Kong with limited liability and is wholly-owned by the Lasting Surplus Investment.

The Target Group is principally engaged in development of mobile games, game publishing, applications, related intellectual property and platform, and provision of related solutions. As at the date of this announcement, the Target Group has launched one major game application, namely Heroes Flick, and it is targeted by the Target Group to stay dedicated in further developing Heroes Flick into a top grossing mobile game, particularly in Asia.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Hyper Venture, Full Rich Human Resources Limited and their ultimate beneficial owner(s), Mr. Man Kwok Chung and Mr. Simon Alexander Marriott are Independent Third Parties.

Financial information of the Target Group

Set out below are the consolidated financial information of the Target Group prepared in accordance with the HKFRS for the two years ended 31 March 2015 and 2016:

	For the financial year ended	
	31 March	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	1,545	5,376
Loss after taxation	1,299	3,977

As at 31 December 2016, the unaudited consolidated net assets of the Target Group amounted to approximately HK\$18,960,000.

Upon Completion, the Target Company will become an associate of the Company and the investment of the Group in the Target Company will be classified as investment in associated corporation in accordance with the relevant accounting standards.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in provision of travel agent services, fashion garment trading, commodities trading, mobile application business, cemetery business, property investment and money lending business.

The Group has been actively seeking various investment opportunities from time to time to develop its existing business portfolio with potential growth. By investing in the Target Group, it is expected that the Group can further develop mobile application business and capture the opportunities in the mobile online game industry.

In light of the above, the Directors are of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

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As the Acquisition is subject to certain conditions precedent under the Agreement, it may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the agreement dated 20 January 2017 entered into between the Purchaser, the Vendor and the Guarantor in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“Company” or “Guarantor”	Evershine Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on GEM (stock code: 8022)
“Completion”	the completion of the Acquisition
“Completion Date”	the third Business Day after the date which the conditions precedents to the Agreement are fulfilled or such other date as the Vendor and the Purchaser may agree
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisition, being HK\$80 million
“Director(s)”	the director(s) of the Company

“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hyper Venture”	Hyper Venture Limited, a company incorporated in the BVI with limited liability
“Independent Third Party(ies)”	parties which are not connected persons of the Company and are independent of and not connected with the Company and its connected persons
“Lasting Surplus Investment”	Lasting Surplus Investment Limited, a company incorporated in the BVI with limited liability, being a direct wholly-owned subsidiary of the Target Company
“Lasting Surplus Investment HK”	Lasting Surplus Investment HK Limited, a company incorporated in Hong Kong with limited liability, and wholly-owned by Lasting Surplus Investment
“Long Stop Date”	20 February 2017, or such later date as the Vendor and the Purchaser may agree
“Mooff Games”	Mooff Games Limited, a company incorporated in Hong Kong with limited liability, and owned as to 73.4% by the Target Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Promissory Note(s)”	the promissory note(s) in the aggregate principal amount of HK\$50 million to be issued by the Guarantor to the Vendor (or his nominee(s)) pursuant to the Agreement
“Purchaser”	Ottoman Evershine Holdings Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	40% of the total issued share capital of the Target Company
“Share(s)”	ordinary share(s) in the share capital of the Company

“Shareholder(s)”	the holders of the Shares
“Side Quest”	Side Quest Limited, a company incorporated in Hong Kong with limited liability, and owned as to 85% by of the Target Company
“Smart City”	Smart City Technology Limited, a company incorporated in Hong Kong with limited liability, being a direct wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	First Surplus Investments Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Top Banana”	Top Banana Limited, a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Target Company
“Twins Box”	Twins Box Holdings Limited, a company incorporated in the BVI with limited liability, being a direct wholly-owned subsidiary of the Target Company
“Vendor”	Mr. Yiu Wing Hei
“HK\$”	Hong Kong dollars, the lawful currency 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, 20 January 2017

As of the date hereof, the executive Directors are Mr. Bülent Yenil (Mr. Hung Tat Chi Alan as alternate Director), Mr. Chan Ming Kei and Mr. Ling Ko Yin Jason; and the independent non-executive Directors are Mr. Chan Kwun Chung, Ms. Choy So Yuk, BBS, JP, Ms. Lam Yuk Ying, Elsa, 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 for at least 7 days from the date of its posting and on the website of the Company at <http://www.8022hk.com>.