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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)

SUPPLEMENTAL ANNOUNCEMENT 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

Reference is made to the announcement of Evershine Group Holdings Limited (the “**Company**”) dated 20 January 2017 (the “**Announcement**”) in relation to, among other things, the Acquisition. Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Announcement.

The Company would like to supplement the following additional information in relation to the Acquisition:

(1) Basis for the Consideration

In deriving the fair value of 40% of the issued share capital of the Target Company, an independent valuer determined a set of the comparable companies and mainly focused on (i) the companies which are principally engaged in online games related business with the revenue generated mainly in China, (ii) consensus of annual net profit of the companies in 2017 is available, and (iii) their information is sufficient (e.g., listing and operating histories, and availability of the financial information to the public). There were 9 comparable companies selected by an independent valuer and used as comparable to the Target Company. The valuation was prepared by an independent valuer based on the market approach in which the price-to-earnings multiple (the “**P/E multiple**”) was adopted. The P/E multiple of the comparable companies is derived by dividing the market capitalization of the underlying company as at 30 November 2016 by its consensus of annual earnings in 2017. The adopted P/E multiple of approximately 17 times in the valuation was derived from the average of the P/E multiple of the comparable companies.

(2) The Profit Guarantee and the Put Option

The compensation mechanism in respect of the shortfall to the Guaranteed Profit (the “**Compensation Mechanism**”) was determined after arm’s length negotiations between the Purchaser and the Vendor having taken into account the following factors:

- (a) the Target Group launched a major mobile game, namely “Heroes Flick” (“**Heroes Flick**”), in Hong Kong and Taiwan in December 2016;
- (b) the Target Group sub-licensed Heroes Flick to a subsidiary of Asiasoft Corporation Public Company Limited (“**Asiasoft**”) for distribution in approximately 12 countries including Southeast Asia and other countries. Asiasoft is a company listed on the Stock Exchange of Thailand since 2008. The Board also considers the mobile game market in Asia Pacific region is optimistic;
- (c) the Target Group focuses on Asian markets including, among others, the PRC, Hong Kong, Taiwan and other Asian markets, and the market in the PRC experiences rapid growth in the recent year; and
- (d) in addition to the business of mobile game development and publishing, the Target Group also engages in the business of providing digital solution consultancy and development services on a project basis. To the best knowledge of the Company, the Target Group is also in the process of negotiating service agreements, among others, in respect of the provision of website design and development services with certain Independent Third Parties.

In the event that the Actual Profit is below HK\$5.25 million (which is calculated by the formula of the Compensation Sum as set out in the Announcement by assuming the Compensation Sum is HK\$50 million), the Purchaser shall be entitled to exercise the Put Option to sell the Sale Shares to the Vendor at the price equivalent to the Consideration of HK\$80 million, whereupon the Vendor shall have the obligation to purchase the Sale Shares at such price. The Put Option serves the purpose of recovering full amount of the Consideration paid by the Purchaser to the Vendor; and

Alternatively, if subject to further assessment by the Purchaser on the then prospects of the Target Group, the market condition and the recoverable amount of which, including, among others, preparing an independent valuation of which is higher than HK\$30 million, and under such circumstances, the Purchaser may considering accepting HK\$50 million as Compensation Sum and retaining the Sale Shares in the Target Group as long-term or capital investments to maximise the interests of the Company and the Shareholders.

As such, the Purchaser is well protected if the Compensation Sum exceeds HK\$50 million and from any unsatisfactory performance of the Target Group. In view of the above, the Board considers that the Compensation Mechanism is fair and reasonable.

(3) Extension of the Long Stop Date

As additional time is required for the fulfilment of the conditions precedent under the Agreement, on 20 February 2017 (after trading hours), the Purchaser, the Vendor and the Company entered into a letter of confirmation to extend the Long Stop Date to 31 March 2017.

Save and except for the above, all other terms and conditions of the Agreement shall remain unchanged and continue in full force and effect.

By order of the Board
Evershine Group Holdings Limited
Hung Tat Chi Alan
Alternate Director to Mr. Bülent Yenal

Hong Kong, 20 February 2017

As of the date hereof, the executive Directors are Mr. Bülent Yenal (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.

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