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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)

PLACING OF 2017 CONVERTIBLE NOTES UNDER GENERAL MANDATE

Placing Agent



SUCCESS

SUCCESS SECURITIES LIMITED

實德證券有限公司

On 3 March 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent as placing agent for the purpose of procuring, as agent of the Company, on a best effort basis, not less than six Placées to subscribe in cash for the 2017 Convertible Notes on the terms and subject to the conditions set out in the Placing Agreement.

Assuming the 2017 Convertible Notes are fully placed, based on the initial Conversion Price of HK\$0.43 per Conversion Share, 200,000,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the 2017 Convertible Notes, representing: (a) approximately 12.48% of the existing issued share capital of the Company; and (b) approximately 11.09% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the 2017 Convertible Notes).

The initial Conversion Price of HK\$0.43 per Conversion Share represents: (a) a discount of approximately 18.87% over the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 19.17% over the average closing price of HK\$0.532 per Share as quoted on the Stock Exchange for the last five trading days immediately prior the date of the Placing Agreement.

Assuming the maximum amount of the 2017 Convertible Notes are placed, the gross proceeds from the Placing will be approximately HK\$86.0 million and the net proceeds will be approximately HK\$83.42 million. It is intended that the net proceeds from the Placing will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 17 May 2016. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 3 March 2017

Issuer

The Company

Placing Agent

Success Securities Limited

Pursuant to the Placing Agreement, the Company had agreed to appoint the Placing Agent as placing agent for the purpose of procuring, as agent of the Company, on a best efforts basis, not less than six Placees to subscribe in cash for the 2017 Convertible Notes on the terms and subject to the conditions set out in the Placing Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons or any of their respective associates (as defined under the GEM Listing Rules).

The Placing Agent will receive a placing commission of 3% of the amount equal to the aggregate principal amount of the 2017 Convertible Notes actually placed by the Placing Agent on behalf of the Company pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

Placees

The placing 2017 Convertible Notes are to be placed, on a best effort basis, to the Placees and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will use its reasonable endeavours to ensure that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company.

Principal terms of the 2017 Convertible Notes

Issuer	:	The Company
Total principal amount	:	Up to an aggregate principal amount of HK\$86,000,000
Interest	:	13% per annum on the outstanding principal amount of the 2017 Convertible Notes, which will be payable by the Company quarterly in arrears
Maturity date	:	The date falling on the second anniversary of the date of issue of the 2017 Convertible Notes, or if such date is not a Business Day, the next Business Day
Maturity	:	Unless previously converted or cancelled, upon maturity of the 2017 Convertible Notes, the Company will pay to the holders of the 2017 Convertible Notes an amount equal to the aggregate of: (a) 100% of the principal amount of the 2017 Convertible Notes outstanding; and (b) interest accrued and outstanding pursuant to the terms and conditions of the 2017 Convertible Notes

Conversion rights

: A holder of the 2017 Convertible Notes will have the right to convert in whole or in part of the principal amount of the 2017 Convertible Notes into Conversion Shares at the initial Conversion Price of HK\$0.43 per Conversion Share, commencing from the first date of issue of the 2017 Convertible Note and ending on the date falling five Business Days immediately prior to the Maturity Date provided that (i) any conversion of the 2017 Convertible Notes 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, whether or not such mandatory offer obligation is triggered of by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the 2017 Convertible Notes (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the 2017 Convertible Notes) represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code 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 of at any one time in compliance with the GEM Listing Rules.

Fractions of the Conversion Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.

Conversion Shares

: Assuming the 2017 Convertible Notes are fully placed, based on the initial Conversion Price of HK\$0.43 per Conversion Share, 200,000,000 Conversion Shares (subject to the threshold of 200,535,471 Shares under the General Mandate) will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the 2017 Convertible Notes, representing: (a) approximately 12.48% of the existing issued share capital of the Company; and (b) approximately 11.09% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the 2017 Convertible Notes).

The maximum aggregate nominal value of the Conversion Shares is HK\$86,000,000. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

- Conversion Price : The initial Conversion Price of HK\$0.43 per Conversion Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent performance of the Shares and represents: (a) a discount of approximately 18.87% over the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 19.17% over the average closing price of HK\$0.532 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.
- Redemption : The Company shall be at its discretion entitled to redeem the whole amount, or any part thereof, of the 2017 Convertible Notes outstanding or such amount of the 2017 Convertible Notes to be converted at 100 per cent to the amount of the 2017 Convertible Notes outstanding or such amount of 2017 Convertible Notes to be converted, rather than to issue the relevant number of Conversion Shares by giving written notice to the Noteholder(s) within ten (10) Business Days. The Company shall then pay the relevant amount of redemption monies to the Noteholder(s) together with outstanding interest accrued thereon up to the date of redemption within 14 Business Days of service by the Noteholder(s) of the notice.
- Adjustments events : The Conversion Price will be adjusted in accordance with the formula as set out in the conditions of the 2017 Convertible Notes with effect from the close of business in Hong Kong on the effective date of such price adjustment event as if the 2017 Convertible Notes have already been issued.
- Transferability : The 2017 Convertible Notes are freely transferable (provided that the principal amount to be assigned or transferred shall be at least HK\$500,000 and in integral multiples of HK\$500,000 unless the outstanding principal amount is less than HK\$500,000) by a holder of the 2017 Convertible Notes to any person, provided that such transfer shall comply with the GEM Listing Rules and relevant laws and regulations.

- Voting : The Noteholder(s) will not be entitled to attend or vote at any meetings of the Company by reason only of its being holders of the 2017 Convertible Notes.
- Listing : No application will be made for the listing of the 2017 Convertible Notes on the Stock Exchange or any other stock exchange.
- Ranking of the Conversion Shares : The Conversion Shares, when converted upon exercise of the conversion rights attaching to the 2017 Convertible Notes by the holders thereto, will be issued as fully paid up and ranked pari passu in all respects with the Shares in issue at the time when such Conversion Shares are allotted and issued, including the right to receive all dividends and distributions which may be declared, made or paid after the of allotment and issue of the Conversion Shares and will be issued free and clear of all liens, encumbrances, equities or other third party rights.

Conditions precedent to the Placing

Completion of the Placing Agreement is conditional upon:

- (a) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in the Conversion Shares;
- (b) the compliance of any other requirements on the part of the Company under the GEM Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Placing and issue of the 2017 Convertible Notes; and
- (c) the Placing Agreement not having been terminated in accordance with its terms.

If the foregoing provisions are not fulfilled on or prior to the Long Stop Date or the Placing Agreement being terminated under the Placing Agreement, none of the parties will have any claim against the other for any costs or losses.

Completion

Completion of the Placing shall take place on the third Business Day after the fulfilment of the above condition or on such other date as the Company and the Placing Agent may agree.

Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, if, at any time prior to 4:00 p.m. on the Completion Date:

- (a) in the reasonable opinion of the Placing Agent, the Placing would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, affecting local securities markets; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospect of the Company or the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
 - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
 - (vi) the commencement by any third party of any litigation against any member of the Group which is or might be material to the Company or the Group taken as a whole; or

- (b) any adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) the announcement of the Company when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the reasonable opinion of the Placing Agent is material to the Group as a whole and is likely to affect materially and adversely the success of the Placing; or
- (d) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the representations, warranties and undertakings set out in Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of Placing Agreement,

In the event that the Placing Agent terminates the Placing Agreement pursuant to the foregoing provisions, all obligations of each of the parties under the Placing Agreement, save for the indemnity undertaken by the Company for the Placing Agent will cease and determine and no party will have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Assuming the 2017 Convertible Notes are fully placed by the Placing Agent and based on the fees of the Placing Agent at the amount of approximately HK\$2,580,000 and other expenses, the gross and net proceeds from the Placing are estimated to be HK\$86,000,000 and HK\$83,420,000, respectively. Assuming the 2017 Convertible Notes are fully placed and all the conversion rights attaching to the 2017 Convertible Notes are exercised, the net price for the Placing is approximately HK\$0.417 per Conversion Share.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot and issue up to 300,535,471 Shares until the revocation, variation or expiration of the General Mandate. On 9 January 2017, the Company entered a placing agreement to place 100,000,000 new Shares at a price of HK\$0.42 per Share under the General Mandate and the placing was completed on 19 January 2017. As at the date of this announcement, the Company has not fully exercised the power to allot and issue any new Shares pursuant to the General Mandate.

The issue of the 2017 Convertible Notes and allotment and issue of the Conversion Shares are not subject to any additional Shareholders' approval.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group principally engages in provision of travel agent services, advertising and marketing services, fashion garment trading, mobile application business, trading business, the cemetery business, property investment and money lending business.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the 2017 Convertible Notes and the Placing are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

As disclosed above, assuming the maximum amount of the 2017 Convertible Notes are placed, the net proceeds from the Placing are estimated to be approximately HK\$83.4 million. It is intended that the net proceeds from the Placing will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceed
16 May 2016	Issue of Convertible Notes in the principal amount HK\$30,000,000	HK\$25,000,000	applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.	<p>(i) approximately HK\$11 million has been used to partially repay outstanding promissory notes and short-term loan;</p> <p>(ii) approximately HK\$8 million has been used for procurement of inventories of the commodities trading business; and</p> <p>(iii) approximately HK\$6 million has been used as general working capital of the Group.</p>
9 January 2017	Placing of new shares for up to 100,000,000 placing shares at HK\$0.42 per placing share	HK\$41,160,000	applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group	<p>(i) approximately HK\$30 million has been used to partially repay outstanding promissory notes;</p> <p>(ii) approximately HK\$8 million has been lent out for the money lending business; and</p> <p>(iii) remaining proceeds have been used as general working capital as at the date of this announcement.</p>

Save as disclosed above, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (assuming the maximum amount of the 2017 Convertible Notes have been placed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Conversion Shares attaching to the conversion rights of the 2017 Convertible Notes) are set out below:

Shareholders	As at the date of this announcement		Immediately after the completion of the Placing assuming full conversion of 2017 Convertible Notes but no conversion of 2016 Convertible Notes		Immediately after the completion of the Placing and assuming full conversion of the 2016 Convertible Notes and 2017 Convertible Notes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tutuncu Oguz	357,387,000	22.30%	357,387,000	19.83%	357,387,000	19.03%
Lau Yu	174,919,000	10.91%	174,919,000	9.70%	174,919,000	9.32%
Chiu Ngai Hung	166,033,000	10.36%	166,033,000	9.21%	166,033,000	8.84%
Boyraci Osman	105,227,000	6.57%	105,227,000	5.84%	105,227,000	5.60%
Holders of 2016 Convertible Notes	–	0.00%	–	0.00%	75,000,000	3.99%
Holders of 2017 Convertible Notes	–	0.00%	200,000,000	11.09%	200,000,000	10.65%
Other public Shareholders	799,111,356	49.86%	799,111,356	44.33%	799,111,356	42.56%
Total	1,602,677,356	100.00%	1,802,677,356	100.00%	1,877,677,356	100.00%

Note:

- The aggregate percentage may not add up to 100% due to rounding.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2016 Convertible Notes”	the 2-year zero coupon unlisted convertible notes in principal amount of HK\$30,000,000 issued by the Company in accordance with the terms of the subscription agreement of the Company dated 16 May 2016
“2017 Convertible Notes”	the convertible notes in a maximum aggregate principal amount of up to HK\$86,000,000, to be issued by the Company to the Placees procured by the Placing Agent in accordance to the terms and conditions of the Placing Agreement
“AGM”	the annual general meeting of the Company held on 17 May 2016 at which the General Mandate was granted to the Directors
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Evershine Group Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the GEM Board of the Stock Exchange
“Completion”	completion of the Placing pursuant to the provisions of the Placing Agreement
“Completion Date”	third Business Day after the fulfilment of the conditions of the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing
“connected person(s)”	having the meaning ascribed thereto under the GEM Listing Rules
“Conversion Price”	initially conversion price of HK\$0.43 per Conversion Share, subject to adjustment
“Conversion Share(s)”	those Shares to be issued upon the exercise of the conversion rights attaching to the 2017 Convertible Notes, namely, a maximum of 200,000,000 Shares, in aggregate, falling to be issued upon exercise of the conversion rights attaching to the 2017 Convertible Notes at the Conversion Price in full (subject to adjustment)

“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 300,535,471 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Takeovers Codes) with the Company and any of its connected persons or any of their respective associates (as defined under the GEM Listing Rules)
“Long Stop Date”	3 April 2017 (or such other date as may be agreed between the Company and the Placing Agent in writing)
“Maturity Date”	the date falling on the second anniversary of the date of issue of the 2017 Convertible Notes
“Noteholder(s)”	holder(s) of the 2017 Convertible Notes
“Placee(s)”	any individuals, corporates, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing of the 2017 Convertible Notes up to the maximum amount of HK\$86,000,000 procured by or on behalf of the Placing Agent to selected Placees on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Success Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 3 March 2017 in relation to the Placing under the General Mandate

“SFC”	Securities and Futures Commission
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

On behalf of the Board
Evershine Group Holdings Limited
Chan Ming Kei
Executive Director and Company Secretary

Hong Kong, 3 March 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 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>.