

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FORMATION OF A JOINT VENTURE COMPANY

THE JOINT VENTURE AGREEMENT

On 7 August 2020 (after trading hours), Ottoman Evershine Engineering, a direct wholly-owned subsidiary of the Company and Markbox entered into the Joint Venture Agreement, pursuant to which the parties, agreed to establish the Joint Venture Company. The Joint Venture Company is to be owned as to 51% by Ottoman Evershine Engineering and 49% by Markbox respectively, pursuant to the terms of the Joint Venture Agreement.

LISTING RULES IMPLICATIONS

As the highest percentage ratio for the formation of the Joint Venture Company (including the loan commitment to be contributed by Ottoman Evershine Engineering into the Joint Venture Company) exceeds 5% but are all less than 25%, the formation of the Joint Venture Company constitutes a discloseable transaction of the Company under Rule 19.08 of the GEM Listing Rules.

THE JOINT VENTURE AGREEMENT

On 7 August 2020 (after trading hours), Ottoman Evershine Engineering, a direct wholly-owned subsidiary of the Company and Markbox, an Independent Third Party, entered into the Joint Venture Agreement, pursuant to which the parties, agreed to establish the Joint Venture Company.

Principal terms of the Joint Venture Agreement:

1. The Joint Venture Company will be a newly established company incorporated and existing under the laws of Hong Kong and is to be owned as to 51% by Ottoman Evershine Engineering and 49% by Markbox respectively.
2. The principal business of the Joint Venture Company will be the provision of works and/or services, consultancy or otherwise, in relation to building, construction and decoration works, which shall include works and/or services associated with the manufacturing and construction of prefabricated structures as well as the trading of building, construction and decoration materials and supplies, with the desire to expand into the business of property investment and development as well in the future.
3. Markbox will be responsible for providing a team of experienced staff members in the work mentioned above. These staff members will be involved in the bidding for contracts and provision of any consultancy services. They will also be responsible for the work associated with the design, selection of materials and liaison with relevant parties (including, inter alia, the clients, main contractors, subcontractors, suppliers of materials and factories producing the parts/products) for the production of the necessary parts for each of the projects, as well as involving in the quality control, monitoring the process of the products production and arranging for final quality checks and approval for compliance with the specified requirements in relation to the products for use in each of the specific projects.
4. Ottoman Evershine Engineering will be responsible for managing the financial affairs of the Joint Venture Company, which shall include its commitment to advance a total of HK\$3,000,000 by way of an unsecured interest-free shareholder's loan for use by the Joint Venture Company as and when necessary, subject to satisfactory completion of the due diligence exercise conducted by Ottoman Evershine Engineering within six months after the signing of the Joint Venture Agreement in relation to the business operations of Markbox and Markbox's provision of the relevant information necessary for the due diligence exercise. Furthermore, Ottoman Evershine Engineering will also be involved in designing the business direction and strategy of the Joint Venture Company, promoting sales of the works and/or services of the Joint Venture Company and handling all administrative matters of the Joint Venture Company.
5. Taking advantage of the Group's property development and investment business network and the well-established business connection developed in Turkey over the years through Boyracı Construction (as defined below) and its partners, the Group will assist the Joint Venture Company, capturing the business opportunity of temporary and permanent housing demand upon any economic rebounds, to promote and further develop its business, particularly in any work associated with MIC (as defined below) and the trading of building, construction and decoration materials, firstly in Turkey and then with the view to expand it to other European markets.

6. Save for HK\$3,000,000 agreed commitment of unsecured interest-free shareholder's loan to be made by Ottoman Evershine Engineering as mentioned in paragraph 4 above, Ottoman Evershine Engineering has no obligations to inject further capital into the Joint Venture Company.
7. Upon signing of the Joint Venture Agreement, save for any projects on hand that are yet to be completed by Markbox, all future projects with respect to the provision of works and services discussed in paragraph 2 above shall be undertaken by the Joint Venture Company. Markbox shall not undertake any work, service, engagement and/or activity, directly or indirectly, that will be in competition with the business of Joint Venture Company.
8. The board of directors of the Joint Venture Company will comprise five members, with three to be appointed by Ottoman Evershine Engineering and two to be appointed by Markbox.
9. Ottoman Evershine Engineering and Markbox agree with and undertake to each other that they will not without the prior written consent of the other party sell, transfer, or otherwise dispose or encumber any of its shares in the Joint Venture Company. If any of Ottoman Evershine Engineering or Markbox wishes to transfer its shares in the Joint Venture Company, it shall first offer the shares for acquisition by the other party.
10. The Joint Venture Agreement shall be conditional upon, and shall not be effective until the grant of all requisite consents and approvals by all relevant authorities (including but not limited to the Stock Exchange) as necessary and applicable.

As the Joint Venture Company is a newly established company, no financial information or historical performance of the Joint Venture Company will be available for disclosure in this announcement.

REASONS AND BENEFITS FOR THE FORMATION OF THE JOINT VENTURE COMPANY

As noted in the Annual Report of the Company for the year ended 31 December 2019, one of the Company's major businesses is property development and investment business. The Company holds a 60% interest in a Turkish company, Boyracı Yapı İnşaat ve Taahhüt Gayrimenkul Yatırım Anonim Şirketi ("Boyracı Construction"), which is specialised in elite urban transformation projects and makes profit by demolishing old buildings for the landlord and transform them into earthquake resistant buildings.

Pursuant to the terms of the Joint Venture Agreement, Markbox will be responsible for providing a team of staff member experienced providing services in relation to construction works, which shall include services associated with the manufacturing and construction of prefabricated structures, commonly known as Modular Integrated Construction (“MIC”).

Based on the information from the Buildings Department of the Hong Kong Government, MIC refers to a construction whereby free-standing integrated modules (completed with finishes, fixtures and fittings) are manufactured in a prefabrication factory and then transported to site for installation in a building. The application may cover a single volumetric module or a combination of various modules forming a typical floor and a building block including the associated standard structural and connection details.

Based on the information from the Hong Kong Construction Industry Council, MIC is a new construction method that adopts the concept of “factory assembly followed by on-site installation”. Different from prefabricated components which comprises small parts of the structure and the majority of the work has to be carried out on-site; instead, with MIC, the building or structure is substantially completed off-site, reducing on-site construction works and enhancing site safety.

Advantages of MIC includes:

- 1) Shorten construction time and hence reduced cost;
- 2) Improve working environment and site safety;
- 3) Sustainability and environmentally friendly;
- 4) High construction quality; and
- 5) Better management.

As per the Technical Circular (Works) No. 2/2020 issued by the Development Bureau of the Hong Kong Government on 31 March 2020, the Government has been promoting the adoption of MIC in the construction industry and will lead the wider adoption of MIC in new government building works as well as building projects funded by the Government. On or after 1 April 2020, the Government is opening for tender for total construction floor area larger than 300m² under the Capital Works Programme with the adoption of MIC covering six types of building, including staff quarters, hostels, residential and care homes, schools, office buildings and medical facilities.

The Board considers that formation of the Joint Venture Company will be a vertical expansion of the Group’s existing businesses as the business of the Joint Venture Company is closely associated with the business of property development. Furthermore, the MIC experience of the team members of Markbox will allow the Company to possess new technical knowhow on developing real estate properties and hence better position the Group for the property development and investment business in Turkey. As described above, the MIC technology can shorten the construction time and reduce overall construction cost, this allows Boyracı Construction, if it is able and feasible to adopt the MIC technology, to reduce cost generated from the construction work as well as the cost for compensating the landlord during the construction period, hence a better profit margin. In addition, MIC structures can be designed with earthquake and typhoon resistance and can also satisfy certain insulation requirements, which are all beneficial to building structures in Turkey and other place if necessary.

As a whole, the Company considers that the formation of the Joint Venture Company represents a very good potential investment for the Group and will be beneficial for the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest percentage ratio for the formation of the Joint Venture Company (including the loan commitment to be contributed by Ottoman Evershine Engineering into the Joint Venture Company) exceeds 5% but are all less than 25%, the formation of the Joint Venture Company constitute a discloseable transaction of the Company under Rule 19.08 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Evershine Group Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the GEM Board of the Stock Exchange (stock code: 8022)
“Director(s)”	directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Government”	the Government of the Hong Kong Special Administrative Region

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party”	a party (including its ultimate beneficial owners) who is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Joint Venture Agreement”	the joint venture agreement dated 7 August 2020 entered into between Ottoman Evershine Engineering and Markbox
“Joint Venture Company”	a limited liability company to be formed under the Joint Venture Agreement and to be established under the laws of Hong Kong
“Markbox”	Markbox Limited, a company which was incorporated and is existing under the laws of Hong Kong
“Ottoman Evershine Engineering”	Ottoman Evershine Engineering Company Limited, a wholly owned subsidiary of the Company which was incorporated and is existing under the laws of British Virgin Islands
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Turkey”	the Republic of Turkey
“%”	per cent

On behalf of the Board
Evershine Group Holdings Limited
Hung Tat Chi Alan
Executive Director

Hong Kong, 7 August 2020

As of the date of this announcement, the Board comprises two executive Directors, namely Mr. Hung Tat Chi Alan and Ms. Keung Yat Fai Janice; one non-executive Director, namely Mr. Chan Wai Kit; and three independent non-executive Directors, namely 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 at www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at <http://www.evershinegroup.com.hk>