



**Evershine Group Holdings Limited**  
**永耀集團控股有限公司**

(Incorporated in Hong Kong with limited liability)

Stock Code : 8022

INTERIM REPORT

**2017**



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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## HIGHLIGHTS

- The Group recorded revenue of approximately HK\$36,146,000 (continuing operations: approximately HK\$27,145,000 and discontinued operations: approximately HK\$9,001,000) for the six months ended 30 June 2017 (2016: approximately HK\$50,912,000, continuing operations: approximately HK\$32,475,000 and discontinued operations: approximately HK\$18,437,000 (re-presented)), representing a decrease of approximately 29% as compared to the corresponding period in 2016, which is mainly attributable to decrease in the revenue of commodity trading business.
- The loss for the period of the Group was approximately HK\$35,383,000 for the six months ended 30 June 2017 (2016: approximately HK\$15,552,000), representing an increase of loss approximately 128% over the corresponding period in 2016.
- Loss from ordinary activities attributable to shareholders of the Company was approximately HK\$34,753,000 for the six months ended 30 June 2017 (2016: approximately HK\$14,371,000), representing an increase in loss of approximately 142% over the corresponding period in 2016.
- Basic loss per share for continuing and discontinued operations for the six months ended 30 June 2017 was approximately HK2.18 cents (2016: approximately HK1.06 cents) and loss per share for continuing operations was approximately HK2.18 cents (2016: approximately HK1.01 cents (re-presented)).
- The Directors do not recommend any payment of interim dividend for the six months ended 30 June 2017 (2016: Nil).

## INTERIM RESULTS (UNAUDITED)

For the six months ended 30 June 2017

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 six months and three months ended 30 June 2017 together with the unaudited comparative figures for the corresponding period in 2016 (the “Relevant Periods”) as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2017	2016	2017	2016
		HK\$'000	HK\$'000 (Re-presented)*	HK\$'000	HK\$'000 (Re-presented)*
<b>Continuing operations</b>					
Revenue	2	27,145	32,475	20,613	12,481
Cost of sales and services		(24,857)	(32,280)	(19,310)	(12,509)
Gross profit		2,288	195	1,303	(28)
Other income and other gains and losses	2	(2,200)	4,413	(2,211)	79
Share of profit/loss of associates		982	–	1,353	–
Operating and administrative expenses		(20,711)	(18,855)	(10,821)	(10,285)
Finance costs	4	(15,728)	(1,186)	(10,382)	(161)
Loss before taxation	5	(35,369)	(15,433)	(20,758)	(10,395)
Taxation	6	–	916	–	491
Loss after taxation from continuing operations		(35,369)	(14,517)	(20,758)	(9,904)
<b>Discontinued operations</b>					
Loss from discontinued operations		(14)	(1,035)	278	(72)
<b>Loss for the period</b>		<b>(35,383)</b>	<b>(15,552)</b>	<b>(20,480)</b>	<b>(9,976)</b>

\* On 21 April 2017, the Group entered into an agreement to dispose the travel agency service business. As a result, the revenue from the provision of travel agency services was included in discontinuing operations for the six months ended 30 June 2017 and its corresponding results were re-presented in discontinuing operations. The disposal was completed on 8 May 2017.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2017	2016	2017	2016
		HK\$'000	HK\$'000 (Re-presented)*	HK\$'000	HK\$'000 (Re-presented)*
<b>Attributable to:</b>					
<b>Shareholders of the Company</b>					
– From continuing operations		<b>(34,753)</b>	(14,371)	<b>(20,170)</b>	(9,836)
– From discontinued operations		<b>(14)</b>	(703)	<b>278</b>	(72)
		<b>(34,767)</b>	(15,074)	<b>(19,892)</b>	(9,908)
<b>Non-controlling interests</b>					
– From continuing operations		<b>(602)</b>	(146)	<b>(592)</b>	(68)
– From discontinued operations		<b>(14)</b>	(332)	<b>4</b>	–
		<b>(616)</b>	(478)	<b>(588)</b>	(68)
<b>Loss for the period</b>		<b>(35,383)</b>	(15,552)	<b>(20,480)</b>	(9,976)
<b>(Loss) earnings per share</b>					
From continuing and discontinued operations					
– Basic and Diluted	8	<b>(2.18 cents)</b>	(1.06 cents)	<b>(1.24 cents)</b>	(0.66 cents)
From continuing operations					
– Basic and Diluted	8	<b>(2.18 cents)</b>	(1.01 cents)	<b>(1.26 cents)</b>	(0.66 cents)
From discontinued operations					
– Basic and Diluted	8	<b>(0 cents)</b>	(0.05 cents)	<b>0.02 cents</b>	(0 cents)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>Loss for the period</b>	<b>(35,383)</b>	(15,552)	<b>(20,480)</b>	(9,976)
<b>Other comprehensive income/ (expenses) for the period, net of tax</b>				
Items that may be reclassified subsequently to profit or loss				
Share of exchange difference of associates	<b>554</b>	–	<b>1,682</b>	–
Exchanged differences on translation of financial statements of overseas subsidiaries	<b>2,652</b>	(1,594)	<b>874</b>	(482)
Other comprehensive income/ (expenses) for the period	<b>3,206</b>	(1,594)	<b>2,556</b>	(482)
<b>Total comprehensive expenses for the period</b>	<b>(32,177)</b>	(17,146)	<b>(17,924)</b>	(10,458)
Attributable to:				
Shareholders of the Company	<b>(31,636)</b>	(16,640)	<b>(17,394)</b>	(10,359)
Non-controlling interests	<b>(541)</b>	(506)	<b>(530)</b>	(99)
<b>Total comprehensive expenses for the period</b>	<b>(32,177)</b>	(17,146)	<b>(17,924)</b>	(10,458)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		58,646	53,812
Investment properties		51,900	51,900
Intangible assets	9	115,980	118,351
Interests in associates	10	131,591	60,418
Deposit for acquisition of subsidiaries		15,561	–
		<b>373,678</b>	284,481
<b>Current assets</b>			
Inventories		2,294	3,518
Trade and other receivables	11	58,336	119,112
Loan receivables	12	6,250	–
Restricted bank deposits		–	2,406
Derivative asset – put option		6,123	–
Cash and cash equivalents		8,649	12,406
		<b>81,652</b>	137,442
<b>Current liabilities</b>			
Trade and other payables	13	9,543	40,433
Short-term loans	14	52,000	52,000
Promissory notes	15	29,705	27,508
Obligation under finance lease		126	–
		<b>91,374</b>	119,941
<b>Net current (liabilities)/assets</b>		<b>(9,722)</b>	17,501
<b>Total assets less current liabilities</b>		<b>363,956</b>	301,982
<b>Non-current liabilities</b>			
Obligation under finance lease		767	–
Promissory notes	15	49,533	83,152
Convertible notes	16	107,284	24,348
		<b>157,584</b>	107,500
<b>NET ASSETS</b>		<b>206,372</b>	194,482
<b>CAPITAL AND RESERVES</b>			
Share capital	17	1,000,493	959,333
Reserves		(806,331)	(777,518)
<b>Total equity attributable to shareholders of the Company</b>		<b>194,162</b>	181,815
<b>Non-controlling interests</b>		<b>12,210</b>	12,667
<b>TOTAL EQUITY</b>		<b>206,372</b>	194,482

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Convertible notes reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2016	908,401	(13)	53	11,063	44	(711,482)	208,066	8,701	216,767
(Loss)/profit for the year	-	-	-	-	-	(65,399)	(65,399)	475	(64,924)
Share of exchange difference on associates	-	(65)	-	-	-	-	(65)	-	(65)
Exchange difference on translation of financial statements of overseas subsidiaries	-	(4,089)	-	-	-	-	(4,089)	(163)	(4,252)
Total comprehensive expenses for the year	-	(4,154)	-	-	-	(65,399)	(69,553)	312	(69,241)
Capital injection from non-controlling interest	-	-	-	-	-	-	-	45	45
Issuance of convertible notes	-	-	-	3,433	-	-	3,433	-	3,433
Issuance of shares upon conversion of convertible notes	50,932	-	-	(11,063)	-	-	39,869	-	39,869
Disposal of subsidiaries	-	-	-	-	-	-	-	3,609	3,609
At 31 December 2016 and 1 January 2017 (audited)	959,333	(4,167)	53	3,433	44	(776,881)	181,815	12,667	194,482
Loss for the period	-	-	-	-	-	(35,383)	(35,383)	(616)	(35,999)
Share of exchange difference on associates	-	554	-	-	-	-	554	-	554
Exchange difference on translation of financial statement of overseas subsidiaries	-	2,577	-	-	-	-	2,577	75	2,652
Total comprehensive expenses for the period	-	3,131	-	-	-	(35,383)	(32,252)	(541)	(32,793)
Issuance of convertible notes	-	-	-	3,439	-	-	3,439	-	3,439
Issuance of placing shares	41,160	-	-	-	-	-	41,160	-	41,160
Disposal of subsidiaries	-	(83)	(53)	-	-	136	-	84	84
As at 30 June 2017 (unaudited)	1,000,493	(1,119)	-	6,872	44	(812,128)	194,162	12,210	206,372

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Net cash outflow from operating activities	<b>(7,314)</b>	(41,828)
Net cash outflow from investing activities	<b>(94,006)</b>	(10,565)
Net cash inflow from financing activities	<b>97,005</b>	23,140
Net decrease in cash and cash equivalents	<b>(4,315)</b>	(29,253)
Cash and cash equivalents at the beginning of period	<b>12,406</b>	38,210
Effect of foreign exchange rate changes	<b>558</b>	(1,002)
Cash and cash equivalents at the end of period	<b>8,649</b>	7,955
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	<b>8,649</b>	7,955



Notes:

**1. Basis of preparation and principal accounting policies**

The Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except investment properties and contingent consideration asset – put option that are stated at the fair value. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2016 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are expected to be reflected in the 2017 annual financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

The results of subsidiaries acquired or disposed of during the period are included in the condensed consolidated income statement 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 consolidated interim results have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee.

*Contingent consideration asset – put option*

Contingent consideration asset – put option is initially recognised at fair value at the date when the option contract is entered into and is subsequently remeasured to the fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

## 2. Revenue, other income and other gains and losses

During the Period, the Group's revenue was generated from trading business, rentals, money lending business, cemetery business and service income from mobile application. On 21 April 2017, the Group entered into an agreement to dispose the travel agency service business. As a result, the revenue from the provision of travel agency services was included in discontinuing operations for the six months ended 30 June 2017 and its corresponding results were re-presented in discontinuing operations. The disposal was completed on 8 May 2017.

Revenue recognised during the Relevant Period is as follows:

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Represented)	2017 HK\$'000	2016 HK\$'000 (Represented)
Revenue from continuing operations				
Trading business	<b>25,399</b>	32,399	<b>19,707</b>	12,475
Rental income	<b>842</b>	–	<b>421</b>	–
Money lending business	<b>690</b>	–	<b>437</b>	–
Cemetery business	<b>214</b>	–	<b>48</b>	–
Mobile application services	–	76	–	6
<b>Sub-total</b>	<b>27,145</b>	32,475	<b>20,613</b>	12,481
Revenue from discontinued operations				
Travel agency services	<b>9,001</b>	16,331	<b>3,513</b>	9,028
Advertising and marketing services	–	2,106	–	–
	<b>9,001</b>	18,437	<b>3,513</b>	9,028
	<b>36,146</b>	50,912	<b>24,126</b>	21,509
Other income and other gains and losses				
Gain on disposal of subsidiaries	<b>505</b>	3,794	<b>505</b>	–
Sundry income	<b>10</b>	611	<b>1</b>	79
Interest income	<b>23</b>	8	<b>21</b>	–
Loss on fair value change of derivative asset – put option (note 10)	<b>(2,738)</b>	–	<b>(2,738)</b>	–
	<b>(2,200)</b>	4,413	<b>(2,211)</b>	79

### 3. Segmental information

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

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

(i) For the six months ended 30 June 2017 (Unaudited)

	Continuing operations					Discontinued operation		Total HK\$'000
	Property development and investment		Money lending	Cemetery services	Mobile application	Sub-total HK\$'000	Travel agency services	
	Trading HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Segment revenue from external customers	25,399	842	690	214	-	27,145	9,001	36,146
Segment (loss) profit	(1,819)	332	683	(2,883)	1,323	(2,364)	(14)	(2,378)
Unallocated corporate income						528		528
Unallocated corporate expenses						(17,805)		(17,805)
Finance costs						(15,728)		(15,728)
Loss before taxation						(35,369)	(14)	(35,383)

### 3. Segmental information (Continued)

(ii) For the six months ended 30 June 2016 (Unaudited) (Re-presented)

	Continuing operations				Discontinued operations			Total HK\$'000
	Trading HK\$'000	Cemetery services HK\$'000	Mobile application HK\$'000	Sub-total HK\$'000	Travel agency services HK\$'000	Advertising and marketing services HK\$'000	Sub-total HK\$'000	
<b>Segment revenue from external customers</b>	32,399	-	76	32,475	16,331	2,106	18,437	50,912
Segment loss	(636)	(1,521)	(4,931)	(7,088)	(207)	(828)	(1,035)	(8,123)
Unallocated corporate income				4,413	-	-	-	4,413
Unallocated corporate expenses				(11,572)	-	-	-	(11,572)
Finance costs				(1,186)	-	-	-	(1,186)
Loss before taxation				(15,433)	(207)	(828)	(1,035)	(16,468)

#### 4. Finance costs

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest on convertible notes	5,773	–	4,528	–
Interest on promissory notes	7,201	1,025	4,368	–
Interest on short-term loans	2,746	161	1,478	161
Others	8	–	8	–
	<b>15,728</b>	1,186	<b>10,382</b>	161

#### 5. Loss before taxation

Loss before taxation from continuing operations has been arrived at after charging:

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Re-presented)		(Re-presented)
Cost of inventories recognised as expenses	24,857	32,280	19,310	12,509
Amortisation of intangible assets	2,257	5,800	1,026	2,900
Depreciation	1,489	254	1,061	200
Operating lease charges in respect of property rentals	1,154	1,341	536	947
Staff costs including directors' emoluments	6,797	3,215	3,516	1,161



## 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

### *Argos Group*

On 21 April 2017, the Company as vendor and Ringloma Limited ("Ringloma") as purchaser entered into an agreement, pursuant to which Ringloma has conditionally agreed to acquire for and the Company has conditionally agreed to dispose of the 100% of the issued share capital of Argos (China) Investment Limited ("Argos") and all obligations, liabilities and debts owing or incurred by Argos and its subsidiaries to the Group at the consideration of HK\$2,000,000 to be settled by way of setting off a loan amounting to HK\$2,000,000 that the Group previously granted by Ringloma. Upon completion, Argos and its subsidiaries will cease to be subsidiaries of the Group and their financial results will no longer be consolidated into the financial results of the Group. The disposal was completed on 8 May 2017.

Details were set out in the Company's announcements dated 21 April 2017 and 8 May 2017.

### *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 Mr. Wong Ka Fai agreed to acquire the Creative Star Group at a cash consideration of HK\$8. With effect from completion of the disposal, the Group has ceased to carry on the business of advertising and marketing services.

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

## 8. Loss per share

The calculation of the basic loss per share is based on the loss attributable to shareholders of the Company of HK\$34,767,000 (2016: HK\$15,074,000 (re-presented)) and the weighted average of 1,592,180,118 (2016: 1,415,478,066) shares in issue during the period.

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

## 9. Movements in property, plant and equipment, investment properties and intangible assets

For the six months ended 30 June 2017, the Group did not have any material acquisitions and disposal of property, plant and equipment except for addition of motor vehicles at carrying amount of approximately HK\$1,350,000.

For the six months ended 30 June 2017, the Group did not have any material acquisitions and disposal of investment properties and intangible assets.

## 10. Interests in associates

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Unlisted shares, at cost	<b>114,501</b>	44,795
Share of post-acquisition gain/(loss) and other comprehensive expenses, net of dividend	<b>3,818</b>	2,351
Share of net assets	<b>118,319</b>	47,146
Amount due from associates	<b>13,272</b>	13,272
	<b>131,591</b>	60,418



## 10. Interests in associates (Continued)

On 9 January 2017, Ottoman Evershine Holdings Limited (“OEH”), a direct wholly owned subsidiary of the Company and an independent third party of the Company (“FSI Vendor”) entered into a sales and purchase agreement (“FSI SPA”), pursuant to which OEH would conditionally acquire 40% of the issued share capital (“FSI Sale Shares”) of First Surplus Investments Limited (“FSI”) at consideration of HK\$80,000,000 (“FSI Consideration”) and satisfied by (i) HK\$30,000,000 by cash upon completion and (ii) HK\$50,000,000 by way of issue of the promissory note (“FSI PN”) to the FSI Vendor or his nominee(s) upon completion.

Pursuant to the FSI SPA, the FSI Vendor irrevocably and unconditionally guarantee to OEH that the audited consolidated net profit after taxation (excluding unusual or extraordinary items) of FSI and its subsidiaries as a 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 OEH, shall not be less than HK\$14,000,000 (the “Guaranteed Profit”). Pursuant to the FSI SPA, in the event that the Actual Profit is less than the Guaranteed Profit, OEH shall be entitled to require the FSI 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:

$$\text{Compensation Sum} = (\text{Guaranteed Profit} - \text{Actual Profit}) \times \text{Guaranteed Profit}$$

For the avoidance of doubt, the maximum amount of Compensation Sum payable by the FSI Vendor shall be HK\$50,000,000; or

- (ii) OEH 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 FSI Sale Shares to the FSI Vendor at the price equivalent to the FSI Consideration, whereupon the FSI Vendor shall have the obligation to purchase the FSI 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 OEH.

On 17 March 2017, all the conditions precedent of the acquisition of the Sale Shares have been fulfilled and FSI became an associate of the Company.

Details were disclosed in the Company’s announcements dated 20 January 2017, 20 February 2017 and 17 March 2017.

The fair value of the FSI Consideration as of 9 January 2017 amounted to approximately HK\$69,706,000 was comprised by cash consideration and the fair value of FSI PN amounted to approximately HK\$30,000,000 and HK\$48,567,000 (note 15) respectively, net of the fair value of the derivative asset – put option obtained from the FSI Vendor amounted to HK\$8,860,000. During the 6 months ended 30 June 2016, loss on fair value change of the derivative asset – put option was approximately HK\$2,738,000 (note 2).

## 10. Interests in associates (Continued)

Details of the principal associates are as follows:

Name of company	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid up capital	Proportion of ownership interest Group's effective holding		Principal activity
			30 June 2017	31 December 2016	
Leading Global INC Limited	Hong Kong	10,000 shares (HK\$10,000)	30% (Direct)	30% (Direct)	Investment holdings
Yongyao Technology (Jiang Xi) Co. Ltd	PRC	Registered capital of HK\$7,000,000	30% (Indirect)	30% (Indirect)	Trading of Clothing
Boyracı Yapı İnşaat ve Taahhut Gayrimenkul Yatırım Anonim Şirketi	Turkey	Registered capital of TRY21,000,000	30% (Indirect)	30% (Indirect)	Building constructions, property developments and trading of construction materials
First Surplus Investment Limited	BVI	50,000 shares of US1 each	40% (Indirect)	–	Investment holdings
Smart City Technology Limited	Hong Kong	12,000 shares (HK\$1,010,000)	40% (Indirect)	–	Development of mobile games
Top banana Limited	Hong Kong	1 share (HK\$1)	40% (Indirect)	–	Development of mobile games and related services

## 11. Trade and other receivables

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade debtors (note a & b)	<b>29,743</b>	72,215
Other receivables	<b>6,169</b>	15,547
Interest receivables	<b>234</b>	–
Rental and other deposits	<b>20,757</b>	20,806
Prepayments	<b>1,433</b>	10,544
	<b>58,336</b>	119,112

(a) *Ageing analysis*

The ageing analysis of trade debtors at the end of respective reporting period is as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 1 month	<b>8,739</b>	22,359
More than 1 month but within 6 months	–	7,700
More than 6 months but within 1 year	<b>8,070</b>	42,156
More than 1 year but within 2 years	<b>12,934</b>	–
	<b>29,743</b>	72,215

## 11. Trade and other receivables (Continued)

### (b) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Neither past due nor impaired	8,739	30,059
Past due but not impaired and past due within 6 months	8,070	42,156
Past due but not impaired and past due within 1 year	12,934	–
	<b>29,743</b>	72,215

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Management closely monitors the credit quality based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there is no significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 12. Loan receivables

The Group's loan receivables arised from the money lending business in Hong Kong. All of the loan receivables are unsecured, interest-bearing at 12% to 16% per annum. As at 30 June 2017, all of the loan receivables are neither past due nor impaired, and are wholly repayable within one year. The credit quality of loan receivables has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have defaults in the past.

### 13. Trade and other payables

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade creditors (note a)	2,482	13,971
Other payables and accrued charges	4,017	7,270
Amounts due to related persons (note b)	3,044	2,987
Receipts in advance	-	16,205
	<b>9,543</b>	40,433

(a) *Ageing analysis*

The ageing analysis of trade creditors at the end of respective reporting period is as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 1 month	4	9,141
More than 1 month but within 3 months	-	647
More than 3 months but within 6 months	-	4,183
More than 6 months but within 1 year	2,478	-
	<b>2,482</b>	13,971

- (b) As at 30 June 2017 and 31 December 2016, the balances represent amounts due to Lau Yu, a former director of the Company who resigned as director of the Company on 9 December 2016. The amounts are unsecured and non-interest bearing.

#### 14. Short-term loans

	30 June 2017 (Unaudited)		31 December 2016 (Audited)	
	Effective interest rate (%)		Effective interest rate (%)	
	HK\$'000		HK\$'000	
Current:				
Loans from non-financial institutions – secured	<b>HKD Best Lending Rate plus 4.75%</b>	<b>52,000</b>	HKD Best Lending Rate plus 4.75%	52,000

On 1 September 2016, two secured and guaranteed loan facilities amounting to HK\$26,000,000 each have been granted to the Group (the “Loans”). The Loans were secured by (i) a corporate guarantees for HK\$26,000,000 each to be given by the Company; (ii) an unlimited personal guarantee to be given by Mr. Hung Tat Chi Alan, an executive director of the Company; (iii) mortgages by the way of first legal charge for all monies over the properties; and (iv) assignments of rental on the properties. The interest rates are 4.75% over HKD Best Lending Rate per annum.

#### 15. Promissory notes

	30 June 2017	31 December 2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At 1 January	<b>110,660</b>	27,170
Promissory notes issued (note)	<b>48,567</b>	84,909
Settlement of promissory notes	<b>(87,661)</b>	(4,815)
Interest paid	<b>(2,188)</b>	(613)
Interest charged	<b>7,702</b>	6,820
Fair value changes	<b>2,158</b>	(2,811)
At the end of period/year	<b>79,238</b>	110,660

Note: On 17 March 2017, the Company issued a promissory note in the principal amount of HK\$50,000,000 (the “PN”) for acquisition of First Surplus Investments Limited. The PN is unsecured and it bears interest of 6% per annum and falls due on 17 March 2019. As at the date of the issuance, the fair value of the PN was approximately HK\$48,567,000.

## 16. Convertible notes

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Carrying amount at the beginning of the year	24,348	38,523
Issuance of convertible notes	79,981	22,367
Interest paid	(2,818)	–
Interest charged	5,773	2,702
Conversion of convertible notes	–	(39,244)
Carrying amount at the end of the period/year	<b>107,284</b>	24,348

On 16 May 2016, the Company issued an unsecured zero coupon convertible notes (the “CN 1”) in the principal amount of HK\$30,000,000 at HK\$25,800,000 by cash, applied towards appropriate acquisitions and investment opportunities and general working capital of the Group. The CN 1 is denominated in Hong Kong dollars. The CN 1 entitles the holders to convert them into Conversion Shares (the “Conversion Shares”) of the Company at any time between the date of issue of the notes and their settlement date on 16 May 2018 at a conversion price of HK\$0.4 per convertible share.

The CN 1 contains two components, liability and equity elements. The effective interest rate of the liability element is 15.62% per annum. The equity element of CN 1 is presented in equity heading “Convertible notes reserve” amounting to HK\$3,433,000.

On 23 March 2017, the Company issued an unsecured convertible notes (the “CN2”) in the principal amount of HK\$86,000,000. The net proceeds received by the Company was approximately HK\$83,420,000. The CN 2 is denominated in Hong Kong dollars. The CN 2 entitles the holders to convert them into conversion shares of the Company at any time between the date of issue of the CN 2 and their settlement date on 23 March 2019 at a conversion price of HK\$0.43 per convertible share. The CN 2 carries interest rate of 13% per annum on the outstanding principal amount of the CN 2, which will be payable by the Company quarterly in arrears.

The CN 2 contains two components, liability and equity elements. The effective interest rate of the liability element is 16.27% per annum. The equity element of CN 2 is presented in equity heading “Convertible notes reserve” amounting to HK\$3,439,000.

## 17. Share capital

	As at 30 June 2017		As at 31 December 2016	
	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)	Number of shares '000 (Audited)	Amount HK\$'000 (Audited)
Note				
<b>Issued and fully paid:</b>				
At 1 January	<b>1,502,677</b>	<b>959,333</b>	1,142,677	908,401
Issuance of placing shares (a)	<b>100,000</b>	<b>41,160</b>	–	–
Exercise of convertible notes	–	–	360,000	50,932
At the end of period/year	<b>1,602,677</b>	<b>1,000,493</b>	1,502,677	959,333

Note (a): Pursuant to the placing agreement dated 9 January 2017, the Company appointed the placing agent to procure placees to subscribe for up to 100,000,000 shares of the Company at a price of HK\$0.420 per share. On 19 January 2017, the Company issued and allotted 100,000,000 shares at the net placing price of HK\$0.42 to not less than six allottees. The closing market price was HK\$0.51 per share of the Company on the date on which the terms of the issue were fixed. The net proceeds was approximately HK\$41,160,000 (approximately HK\$0.412 per share).



## 18. Disposal of subsidiaries

On 8 May 2017, the Group completed the disposal of the entire issued share capital of Argos (China) Investment Limited (“Argos”) and all liabilities incurred by Argos and its subsidiaries to the Group at a consideration of HK\$2,000,000 to be settled by way of setting off of a HK\$2,000,000 other payable that the purchaser of Argos previously granted to the Group on 11 December 2014.

	HK\$'000	HK\$'000
Consideration satisfied by setting off of other payables		2,000
Property, plant and equipment	271	
Account and other receivables	48,450	
Cash and cash equivalents	2,482	
Accounts and other payables	(49,792)	
Net assets disposed	1,411	
Derecognition of non-controlling interest	84	
Less: net assets attributable to shareholders disposed		1,495
Gain on disposal		505
Analysis of the net outflow of cash and cash equivalents:		
Total Cash Consideration		–
Cash and cash equivalents disposed		(2,482)
Net cash outflow		(2,482)

## 19. Commitments

### (a) Operating lease commitments

As lessee

As at 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within one year	1,684	1,249
In the second to fifth years	8,902	8,468
	<b>10,586</b>	9,717

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 4 years. The leases did not include extension options. None of the leases includes contingent rentals.

As lessor

As at 30 June 2017, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within one year	692	853
In the second to fifth years	519	114
	<b>1,211</b>	967

## 19. Commitments (Continued)

### (b) Capital commitment

As at 30 June 2017, the Group had the following capital commitment:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Contracted but not provided for		
— Capital injection of subsidiaries	8,637	1,164
— Acquisition of a subsidiary	35,399	—

## 20. Interim dividend

The Directors do not recommend any payment of interim dividend for the six months ended 30 June 2017 (2016: Nil).

## 21. Events after reporting period

On 6 June 2017, an indirect wholly owned subsidiary of the Company conditionally entered into a sale and purchase agreement ("Sale and Purchase Agreement") with Mr. Osman Boyracı, a connected person of the Company, in relation to the acquisition of 630,000 shares of the share capital of Boyracı Yapı İnşaat ve Taahhüt Gayrimenkul Yatırım Anonim Şirketi ("Boyracı"), a company incorporated in Turkey, representing 30% of the share capital of the Boyracı. As of the date of this report, the Company is holding 30% of the share capital of Boyracı which was acquired on 30 December 2016.

Upon the fulfillment of the certain conditions, this acquisition of an additional 30% equity interest of Boyracı will become an indirect 60%-owned subsidiary of the Company, and its financial results, assets and liabilities will be consolidated and accounted for as a subsidiary in the financial statements of the Group. The acquisition is subject to the approval of independent shareholders in the forthcoming extraordinary general meeting of the Company.

For details, please refer to the Company's announcement dated 6 June 2017.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Operation Review and Prospects**

For the six months ended 30 June 2017 (the “Period”), the Group recorded revenue from continuing operations of approximately HK\$27,145,000 (2016: approximately HK\$32,475,000 (re-presented)), while revenue generating from discontinuing operations for the Period was approximately HK\$9,001,000 (2016: approximately HK\$18,437,000 (re-presented)). The Group’s loss attributable to shareholders increased to approximately HK\$34,767,000 for the Period (2016: approximately HK\$15,074,000). Such increase of the loss was mainly attributable to (i) the increase of finance costs of approximately HK\$14,542,000; and (ii) the decrease of the gain on disposal of subsidiaries of approximately HK\$3,259,000.

#### *Trading Business*

The Group trades commodities, mainly including but not limited to steaming coal and chrome. During the Period, the revenue contributed from the trading segment was approximately HK\$25,399,000 (2016: approximately HK\$32,399,000). During the second quarter of the year, the trading business has recorded revenue of HK\$19,707,000, representing a significant increase of 246% as compared with the first quarter of the year. We consider that the stabilising commodity prices and the recovering market confidence are the reasons for the growth. The Group also entered into the trading business of construction materials including marbles and onyx stones and it is expected that revenue may be contributed from the trading of these products during the second half of the year. The Group also intends to obtain banking facilities for further expansion of the trading business.

#### *Property Development and Investment*

The Group currently holds two properties in Wan Chai, Hong Kong. One of the properties has been used as the headoffice and one of the properties has been leased out to earn rental income while they also capture any possible future capital appreciation. During the Period, approximately HK\$842,000 rental income were received from tenants (2016: Nil). The Group taps into building construction, property development and trading of construction materials business through its associate company in Turkey.



### *Cemetery Business*

The Cemetery Business of the Group is located in Zhecheng City, Hunan Province, the PRC. The cemetery services segment is experiencing reform in the PRC that favours officially approved operators. Due to the growing demand for legitimate burial and also the limited supply, the price of burial plots in the PRC has been soaring in recent years. During the Period, revenue recognised for the sales of niches and burial plots was approximately HK\$214,000 (2016: Nil). As the development of the cemetery area is close to completion, we believe that the contribution of the cemetery business would be significant in the coming years.

### *Money Lending Business*

During the Period, the Group conducted the money lending business through Ottoman Evershine Finance Limited, a wholly-owned subsidiary of the Company, which was granted a money lender licence by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and made loans to customers and interest income of approximately HK\$690,000 was recorded (2016: Nil). We will closely monitor the credit status of the loan portfolios and look for new customers in order to broaden the revenue basis of the Group.

### *Mobile Application Business*

During the Period, no revenue was contributed from the mobile application business (2016: approximately HK\$76,000). The previous mobile application business included a mobile game application of the name “Ninja in Barrel” and a mobile application named “Patalogue” which have been discontinued due to the market acceptance and the performance of this business was lower than expected.

During the Period, the Group acquired 40% equity interest in First Surplus Investments Limited (“FSI”). The acquisition was completed on 17 March 2017. The results sharing from this interest in associates will be consolidated to the Group starting from the second quarter of this year. FSI and its subsidiaries are principally engaged in development of mobile games, game publishing, applications, related intellectual property and platform, and provision of related solutions. FSI contains full team of development, support and market publication. Through the acquisition, it is expected that the Group can further develop mobile application business and capture the opportunities in the mobile online game industry and also the software industry. Details of the acquisition are disclosed in the section of “Material Acquisition and Investments” in this report.



### *Travel Agency Business*

The financial results of the travel agency business and the comparative results of its corresponding period in 2016 were re-classified as discontinuing operations during the Period. The results from this segment dropped drastically due to slow economy and strong competition. During the Period, the revenue contributed from the travel agency segment was approximately HK\$9,001,000 (2016: approximately HK\$16,331,000). The operating cost has been increasing as the business is unprofitable. On 21 April 2017, the Company and Ringloma Limited (“Ringloma”) entered into an agreement conditionally to dispose the current travel agency business, i.e. the 100% of the issued share capital of Argos (China) Investment Limited (“Argos”) and all obligations, liabilities and debts owing or incurred by Argos and its subsidiaries to the Group at the consideration of HK\$2,000,000 to be settled by way of setting off a loan amounting to HK\$2,000,000 that the Group previously granted by Ringloma. Upon Completion of the disposal on 8 May 2017, Argos and its subsidiaries ceased to be subsidiaries of the Company and their financial results no longer be consolidated into the financial results of the Group. Details were set out in the Company’s announcements dated 21 April 2017 and 8 May 2017.

### **Dividend**

The Directors do not recommend the payment of any interim dividend for the period ended 30 June 2017 (2016: HK\$Nil).

### **Financial Position**

#### *Charges on Group’s Assets*

As at 30 June 2017, charges on Group’s assets include two term loans and a finance lease liability:

- 1) the carrying amount of the term loans amount to approximately HK\$52,000,000 which carries 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, with carrying amount of HK\$95,240,000 as at 30 June 2017; ii) the Company’s corporate guarantee; iii) an unlimited personal guarantee given by Mr. Hung Tat Chi Alan, an executive Director of the Company; and iv) assignments of rental of the properties; and



- 2) the carrying amount of the finance lease liability amounts to HK\$893,000 which carries interest at 3.5% per annum. The maturity date of the finance lease liability is on 24 March 2020. The loan was secured by a motor vehicle with net book value of HK\$950,000 as at 30 June 2017.

#### *Liquidity and Financial Resources*

As at 30 June 2017, the total assets of the Group was approximately HK\$455,330,000 (31 December 2016: approximately HK\$421,923,000), including cash and bank balances of approximately HK\$8,649,000 (31 December 2016: approximately HK\$12,406,000).

#### *Capital Structure*

The number of issued shares of the Company as at 30 June 2017 and 31 December 2016 were 1,602,677,356 and 1,502,677,356 shares, respectively.

#### *Placing of shares of the Company under general mandate (issued on 19 January 2017)*

Pursuant to the placing agreement dated 9 January 2017, the Company appointed the placing agent to procure, on a best effort basis, placees to subscribe for up to 100,000,000 shares of the Company at a price of HK\$0.420 per share. On 19 January 2017, the Company issued and allotted 100,000,000 shares at the net placing price of HK\$0.42 each to not less than six allottees. The closing market price was HK\$0.51 per share of the Company on the date on which the terms of the issue were fixed. Up to the date of this Report, the net proceeds was approximately HK\$41,160,000 (approximately HK\$0.412 per share) and (i) approximately HK\$30,000,000 was used to partially repay outstanding promissory notes; (ii) approximately HK\$8,000,000 was lent out for the money lending business; and (iii) remaining proceeds were used as general working capital.

Details were disclosed in the Company's announcements dated 9 January 2017 and 19 January 2017.



#### *Placing convertible notes under general mandate (issued on 23 March 2017)*

Pursuant to the placing agreement dated 3 March 2017, the Company appointed the placing agent to procure, on a best effort basis, placees to subscribe for convertible notes of the Company up to principal amount of HK\$86,000,000 at the initial conversion price of HK\$0.43 per conversion share. The maximum number of Conversion Shares issuable upon conversion of the convertible notes shall be subject to the threshold of 200,535,471 Shares (subject to consolidation or subdivision) or such number of shares which may be permissible to be issued under the general mandate. On 23 March 2017, the Company issued convertible notes of principal in aggregate of HK\$86,000,000 and the net proceeds of approximately HK\$83,420,000 (equivalent to approximately HK\$0.417 per conversion shares) was received by the Company. The Company intended to apply i) approximately HK\$30,000,000 to settle the consideration in relation to the acquisition of 40% issued share capital of First Surplus Investments Limited; ii) approximately HK\$30,000,000 would be lent as loans to customers under the Group's money lending business; iii) approximately HK\$10,000,000 would be used for procurement of inventories of the commodities trading business; and iv) approximately HK\$13,420,000 would be used as general working capital. The actual use of the net proceeds up to 30 June 2017 was in the following manner: i) approximately HK\$30,000,000 was used to settle the consideration in relation to the acquisition of 40% issued share capital of First Surplus Investments Limited; ii) approximately HK\$5,800,000 was lent as loans to customers under the Group's money lending business; iii) approximately HK\$21,000,000 was used to settle the outstanding promissory notes and the interest expenses; iv) HK\$15,561,000 was paid as deposit for the acquisition of further 30% issued share capital of Boyracı Yapı İnşaat ve Taahhut Gayrimenkul Yatırım Anonim Şirketi; and v) the remaining net proceeds of approximately HK\$11,059,000 was used as general working capital.

Details were disclosed in the Company's announcements dated 3 March 2017 and 23 March 2017.

#### *Foreign currency risk*

The Group's major business operations and investments are in PRC, Hong Kong and Turkey. All the outstanding balances of borrowings and obligations under finance leases are denominated in HKD. Other than described above, most of the assets, liabilities and transactions of the Group are primarily denominated in Hong Kong dollar, Renminbi, United States dollar and Turkish Lira. The Group has not entered into any instruments to hedge the foreign exchange exposure and considered the potential foreign exchange exposure of the Group is limited. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

#### *Contingent liabilities*

As at 30 June 2017, the Group has no material contingent liabilities (31 December 2016: Nil).



## Material Acquisition and Investments

### **Acquisition of 40% issued share capital of First Surplus Investments Limited**

On 20 January 2017, Ottoman Evershine Holdings Limited (“OEH”), a direct wholly owned subsidiary of the Company and an independent third party of the Company (“FSI Vendor”) entered into a sales and purchase agreement (“SPA”), pursuant to which OEH would conditionally acquire 40% of the issued share capital (“Sale Shares”) of First Surplus Investments Limited (“FSI”) at consideration of HK\$80,000,000 (“FSI Consideration”) and satisfied by (i) HK\$30,000,000 by cash upon completion and (ii) HK\$50,000,000 by way of issue of the promissory note to the FSI Vendor or his nominee(s) upon completion.

Pursuant to the SPA, the FSI Vendor irrevocably and unconditionally guarantee to OEH 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 OEH, shall not be less than HK\$14,000,000 (the “Guaranteed Profit”). Pursuant to the SPA, in the event that the Actual Profit is less than the Guaranteed Profit, OEH shall be entitled to require the FSI 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:

$$\text{Compensation Sum} = (\text{Guaranteed Profit} - \text{Actual Profit}) \times \text{Guaranteed Profit}$$

For the avoidance of doubt, the maximum amount of Compensation Sum payable by the FSI Vendor shall be HK\$50,000,000; or

- (ii) OEH 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 FSI Vendor at the price equivalent to the FSI Consideration, whereupon the FSI 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 OEH.

On 17 March 2017, all the conditions precedent of the acquisition of the Sale Shares have been fulfilled and FSI became an associate of the Company.



Details were disclosed in the Company's announcements dated 20 January 2017, 20 February 2017 and 17 March 2017.

***Acquisition of additional 30% of the equity interest of Boyracı Yapı İnşaat ve Taahhüt Gayrimenkul Yatırım Anonim Şirketi***

Pursuant to the sales and purchase agreement entered into between Ottoman Evershine İnşaat Proje Ticaret Anonim Şirketi ("Ottoman Evershine Construction"), a company incorporated in Turkey and an indirect wholly owned subsidiary of the Company, and Mr. Osman Boyracı on 6 June 2017, Ottoman Evershine Construction conditionally agreed to acquire an additional 30% of the share capital of Boyracı Yapı İnşaat ve Taahhüt Gayrimenkul Yatırım Anonim Şirketi ("Boyracı Building") at a consideration of US\$6,550,000 (approximately equivalent to HK\$51,959,000) and satisfied by i) an upfront refundable cash deposit of USD2,000,000 (approximately equivalent to HK\$15,560,000; and ii) a promissory note of principal amount of US\$4,550,000. The promissory note carries interest rate of 13% per annum and will mature due on the second anniversary date from the date of issue. The consideration was determined after arm's length negotiations with reference to, among others, i) the fair market value of the existing completed and under-construction properties and the value-added portion of the new project in 2017 held by Boyracı Building with reference to the market values of similar properties in similar locations; and ii) the management account of Boyracı Building as at 31 March 2017.

Boyracı Building is a company incorporated in Turkey and is specialized in elite urban transformation projects and earthquake resistant buildings. As at 30 June 2017, Boyracı Building has 6 completed projects, namely the Arzu Apartmanı, Sibel Apartmanı, Akasya Apartmanı, the Evim Apartmanı, Doğa Apartmanı and Acarblu Ticarte Merkezi with gross saleable area of approximately 3,863m<sup>2</sup>, and there are 2 projects, namely İclaliye project and Hurrem project, to be completed by 2018 with a total construction area of approximately 4,837 m<sup>2</sup>.

Upon the fulfillment of the certain conditions, this acquisition of an additional 30% equity interest of Boyracı Building will become an indirect 60%-owned subsidiary of the Company, and its financial results, assets and liabilities will be consolidated and accounted for as a subsidiary in the financial statements of the Group.

For further details of the acquisition, please refer to the announcement of the Company dated 6 June 2017 and 29 June 2017.



### **Other proposed projects in Europe and 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 property investment and development market worldwide including Europe and Turkey which has high potential to be one of the Group's main profit streams.

- i) The proposed property development project located in Gaziosmanpasa, Turkey  
The Group has identified a proposed property project in Gaziosmanpasa, Turkey ("Proposed Property Project A"). On 16 May 2016, the Group entered into the consultancy agreement with The 6th Engineering Bureau of China City Construction Holding Group Company ("The 6th Engineering Bureau") regarding the provision of technical engineering consultancy services (the "Consultancy Agreement"). The Proposed Property Project A is planned to have a construction area of approximately 110,000 sq. m..
- ii) The proposed project of Ankara Yenimahalle Station, Turkey  
On 30 August 2016, the Group entered into a letter of intent (the "Lol") 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"). 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 Lol, 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.

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.

### **Disposal of Argos (China) Investments Limited**

During the Period, the Group disposed Argos (China) Investments Limited on 8 May 2017, details of the such has been discussed in the section of "Operation Review and Prospect" in this report.



## Share Option Scheme

The share option scheme was adopted on 1 February 2016 (the “Share Option Scheme”) by the Shareholders. The purpose of the 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 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 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 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.



As at the date of this report, the maximum number of shares to be issued upon the exercise of options that may be granted under the Share Option Scheme is 160,267,735 shares, being 10% of the shares in issue at the date of the annual general meeting held by the Company on 11 May 2017 under the scheme mandate limited approved by shareholders of the Company. The total number of shares available for issue under the Share Option Scheme representing 10% of the total number of Shares in issue as at the date of this report.

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 Share Option Scheme must not, in aggregate, exceed 10% of the shares in issue as at the date of adoption of the 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 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 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 Share Option Scheme as at 1 January 2017 and 30 June 2017. As at the date of this report, no options have been granted under the Share Option Scheme since its adoption.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard and code of conduct throughout the period under review. The Company was not aware of any non-compliance during the six months ended 30 June 2017.

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

As at 30 June 2017, none of the Directors or chief executives of the Company was deemed to have any 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 to 5.47 the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS OF INTEREST IN SHARES

As at 30 June 2017, other than the interests and short positions of the Directors or chief executives of the Company disclosed above, person or corporation who had interests or short position in the shares or underlying shares or debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, 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 any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholders	Number of Shares held as at 30 June 2017			Approximate percentage of total issued ordinary Shares
	Personal Interest	Corporate Interest	Total	
Mr. Tütüncü Oğuz	357,387,000	—	357,387,000	22.30%
Mr. Chiu Ngai Hung	226,761,000	—	266,761,000	14.15%
Mr. Boyracı Osman	178,340,000	—	178,340,000	11.13%
Mr. Lau Yu	1,266,000	164,653,000 (Note)	165,919,000	10.35%

Note:

164,653,000 shares are owned by Noble Ace Investments Limited ("Noble Ace") which is 100% owned by Mr. Lau Yu. By virtue of the SFO, Mr. Lau Yu is deemed to have interest of the Shares held by Noble Ace.

Save as disclosed above, as at 30 June 2017, 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 Pat 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.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Apart from the share option scheme referred to above, at no time during the six months ended 30 June 2017 was any of the Company or of its associated corporations a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this report, the Company has complied with the public float requirement under rule 11.23 of the GEM Listing Rules.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period under review.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the six months ended 30 June 2017, same as disclosed elsewhere in this report, as far as the Directors are aware of, none of the Directors or the management shareholders of the Company or any of its 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**

As at 30 June 2017, the audit committee of the Company (the “Audit Committee”) comprised three independent non-executive Directors, namely, Ms. Choy So Yuk, BBS, JP, Ms. Lam Yuk Ying Elsa and Mr. Leung Man Chun. Mr. Leung Man Chun is the chairman of the Audit Committee and applies his professional qualifications in accounting and financial expertise in directing the Audit Committee. The unaudited consolidated financial statements for the six months ended 30 June 2017 has been reviewed by the Audit Committee. The Board considers that the financial information has been prepared in compliance with the applicable accounting principles, requirements of the GEM Listing Rules and any other applicable laws and has been adequately disclosed.

## **CORPORATE GOVERNANCE**

For the six months ended 30 June 2017, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “CG Code”) in Appendix 15 of the GEM Listing Rules except for the code provisions A.2.1 and A.4.1 of the CG Code, as set out below.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the period under review. There is no chairman of the Company nor chief executive officer (the “CEO”). The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post of the CEO as appropriate and will make further announcement in due course.

According to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term of service. None of the independent non-executive Directors have entered into a service contract or an appointment letter with the Company for a specific term of service but their appointments are subject to retirement by rotation and offers themselves for re-election at the annual general meeting at least once for every three years in accordance with the articles of association of the Company. The Company believes such practice meets the same objective and is no less exacting than those prescribed under code provision A.4.1.



## **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the Company discloses the changes in information of the Directors as follows:

Mr. Chan Kwun Chung has been appointed as independent non-executive Director and a member of the audit committee, the remuneration committee and the nomination committee of the Company from 1 January 2017 to 1 March 2017.

Mr. Leung Man Chun has been appointed as the chairman of the audit committee of the Company from 1 January 2017.

Mr. Hung Tat Chi Alan ("Mr. Hung") has been appointed as executive Director of the Company from 22 March 2017.

Mr. Chan Wai Kit has been appointed as non-executive Director of the Company from 29 May 2017 and also appointed as an executive director of Elegance Optical International Holdings Limited (Stock code: 907), a company listed on the GEM of the Stock Exchange with effect from 31 May 2017.

Mr. Bülent Yenil ("Mr. Yenil") has resigned as executive Director of the Company from 14 June 2017. And Mr. Hung has resigned as alternate Director to Mr. Yenil from 14 June 2017 but he remains as the executive Director of the Company after this resignation.

Mr. Chan Ming Kei has been appointed as an independent non-executive director of Elegance Optical International Holdings Limited (Stock code: 907), a company listed on the GEM of the Stock Exchange with effect from 26 April 2017.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

By order of the Board  
**Evershine Group Holdings Limited**  
**Chan Ming Kei**  
*Executive Director and Company Secretary*

Hong Kong, 10 August 2017

*As at the date hereof, the executive Directors are Mr. Chan Ming Kei, Mr. Hung Tat Chi Alan and Mr. Ling Ko Yin Jason; the non-executive Director is Mr. Chan Wai Kit; and the independent non-executive Directors are Ms. Choy So Yuk, BBS, JP, Ms. Lam Yuk Ying Elsa and Mr. Leung Man Chun.*