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## **Evershine Group Holdings Limited**

**永耀集團控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 8022)**

### **DISCLOSEABLE TRANSACTION: THE PROPOSED ACQUISITION OF 30% SHARE CAPITAL OF A TURKEY COMPANY**

The Board announces that on 7 December 2016, the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and the Target Company in relation to the Proposed Acquisition of the Purchase Shares, representing 30% of the share capital of the Target Company, for an aggregate consideration of USD5,780,000 (approximately equivalent to HK\$44,795,000).

As the relevant percentages exceed 5% but are less than 25%, the Proposed Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that after arm's length negotiations, on 7 December 2016 (after trading hours), the Purchaser, the Vendor and the Target Company entered into the Sale and Purchase Agreement in relation to the Proposed Acquisition of the Purchase Shares, representing 30% of the share capital of the Target Company, for an aggregate consideration of USD5,780,000 (approximately equivalent to HK\$44,795,000).

Principal terms of the Sale and Purchase Agreement are set out below.

#### **SALE AND PURCHASE AGREEMENT**

**Date:** 7 December 2016 (after trading hours)

**Parties:**

- (1) The Vendor
- (2) The Purchaser
- (3) The Target Company

The Vendor is a resident in Turkey and is a merchant. As at the date of this announcement, the Vendor is the shareholder of the Target Company holding 2,100,000 shares, representing the entire issued share capital of the Target Company. As at the date of this announcement, the Vendor is interested in 105,227,000 shares of the Company, representing approximately 7.0% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

The Purchaser is a company incorporated in Turkey and is an indirect wholly owned subsidiary of the Company.

The Target Company is a company incorporated in Turkey in 2012 and is principally engaged in construction and contracting works in Istanbul, Turkey and is owned as to 100% by the Vendor.

### **Asset to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Purchase Shares, representing 30% of the share capital of the Target Company.

### **Conditions precedent**

The obligations of the Purchaser to complete the purchase of the Purchase Shares and to pay the consideration under the Sale and Purchase Agreement are conditional upon the following conditions precedent on or prior to the Closing Date:

- (a) the Purchaser being reasonably satisfied with the result of its financial, legal and business due diligence conducted on the Target Company;
- (b) the Purchaser having obtained a legal opinion (in the form and substance to the reasonable satisfaction of the Purchaser) from the Turkey legal adviser appointed by the Purchaser in respect of the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the due incorporation and subsistence of, and the ownership of the equity interest in, the Target Company, the legality of the business conducted by Turkey;
- (c) the obtaining of all requisite waiver(s), approval(s), permit(s), authorisation(s), consent(s), licence(s), decree(s), and/or exemption(s) (if necessary) from any government and regulatory authority(ies) or other third parties regarding the Sale and Purchase Agreement and the transactions contemplated thereunder;

- (d) since the date of the Sale and Purchase Agreement there shall have been no material adverse change on the Target Company;
- (e) no undisclosed suit, action or other proceedings, including but not limited any injunction or court or administrative decision or investigation shall be current, pending or, after having made all reasonable inquiries, to the best of the knowledge of the Vendor and the Target Company, be bona fide threatened before or, by any court or governmental agency concerning the Sale and Purchase Agreement or the consummation of the transactions contemplated thereby or in connection with any claim against the Target Company and/or the Vendor and/or its successor which claim materially affects the tangible and/or intangible assets of the Target Company and/or its business and/or its shares and/or the transactions contemplated therein or would create a liability for the Purchaser;
- (f) no material breach by the Vendor of its obligations set forth in the Sale and Purchase Agreement will have occurred;
- (g) all the representations and warranties made by the Vendor and contained in the Sale and Purchase Agreement shall be true and correct on and as of the Closing Date as though such were made at and as of such date and the Vendor shall have given prompt written notice to the Purchaser in the event of any adverse change in the facts which are the subject matter of the representations and warranties made by the Vendor therein which occurred during the period starting from the date of signature of the Sale and Purchase Agreement up to and including the Closing Date; and
- (h) no material breach of the representations and warranties contained in the Sale and Purchase Agreement will have occurred.

If the conditions precedent to Closing above are not fulfilled, or not waived in writing by the Purchaser, within six (6) months from the execution of the Sale and Purchase Agreement, the Sale and Purchase Agreement may be immediately terminated by the Purchaser (for reason of non-fulfillment of the conditions precedent and without prejudice to its rights otherwise under the Sale and Purchase Agreement) by written notice delivered to all of the other parties without any indemnity having to be paid and the Sale and Purchase Agreement shall lapse.

### **Consideration**

The total consideration for the Proposed Acquisition is USD5,780,000 (approximately equivalent to HK\$44,795,000) which shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes in the principal amount of USD5,780,000 in favour of the Vendor upon Closing.

The consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, i) the net assets value of the Target Company according to its management accounts as at 30 September 2016 of approximately USD19,008,000 (approximately equivalent to HK\$147,312,000); and ii) business prospect of the Target Company. The Directors (including the independent non-executive Directors) consider the consideration of the Proposed Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

## **Promissory Notes**

The terms of the Promissory Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

### *Issuer*

The Company

### *Principal amount*

USD5,780,000

### *Interest*

The Promissory Notes will carry interest at the interest rate of 5% per annum. Interest shall be payable on maturity day.

The interest rate was determined after arm's length negotiations with reference to the lending rate of loans of financial institutions.

### *Maturity*

The Promissory Notes shall be repaid within 2 years from the date of issue.

### *Undertaking*

In the case that the Promissory Note is not fully repaid within 2 years after the Closing or the Company or the Purchaser becomes insolvency within 2 years after the Closing, the Company and the Purchaser undertake that the Vendor shall be entitled to, among others, demand the registration of the Purchase Shares back to Vendor's name.

### *Early repayment*

The Company could, at its option, early repay the Promissory Notes with outstanding interest accrued thereon in whole or in part giving a prior ten Business Days' written notice to the Vendor.

### *Transferability*

The Promissory Notes are transferrable with prior notice to the Company (other than to connected persons of the Company).

## **Closing**

Closing shall take place at the latest by the thirtieth (30) Business Day following the completion of the last of the conditions precedent set out above.

## **Shareholders Agreement**

Pursuant to the Sale and Purchase Agreement, subject to Closing, the parties to the Sale and Purchase Agreement have agreed on the governance and management of the Target Company, including but not limited to on the annual and extraordinary meetings of the Target Company, composition and meetings of the board of directors and the articles of association of the Target Company.

## Right of First Refusal

Pursuant to the Sale and Purchase Agreement, if the Vendor wishes to sell any part of its shares in the Target Company it then owns to any bona fide third party purchaser, it undertakes to provide a right of first offer to the Purchaser.

## INFORMATION ON THE TARGET COMPANY AND REASONS FOR THE PROPOSED ACQUISITION

The Target Company is a company incorporated in Turkey with limited liability and is principally engaged in construction and contracting works in Istanbul, Turkey and is owned as to 100% by the Vendor.

Set below is the financial information of the Target Company:

	For the year ended 31 December 2014 <i>approximately</i> <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2015 <i>approximately</i> <i>HK\$'000</i> (Unaudited)
Revenue	521	<b>52,140</b>
(Loss)/profit before taxation	(1,903)	<b>3,621</b>
(Loss)/profit after taxation	(1,903)	<b>3,522</b>
Net (liabilities)/asset value	(1,039)	<b>4,419</b>

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

In light of the business prospects of the Target Company, the Company considers that the Proposed Acquisition will allow the Group to diversify its business and investment portfolio.

The Group is principally engaged in provision of travel agent services, fashion garment trading, commodities trading and mobile application business. The Group had also tapped into the funeral business through the acquisition of the entire issued share capital of Fortune Ford Limited which was completed on 30 November 2015 (details of which are set out in the circular of the Company dated 7 November 2015).

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 Board considers the Proposed Acquisition is a good investment opportunity for the Group to tap into the construction and contracting works market in Turkey, which has high potential to be one of the Group's future main profit streams.

The Target Company is specialized in elite urban transformation projects and earthquake resistant buildings. Since its incorporation, the Target Company has completed 3 projects, namely the Arzu Apartmanı, Doğa Apartmanı and the Evim Apartmanı with a total construction area of approximately 13,360m<sup>2</sup>, and there are 3 projects to be completed in 2017 with a total construction area of approximately 3,700m<sup>2</sup>.

The Turkey Government is keen on promotion of investment in Turkey, which was the 18th largest economy in the world with approximately USD718 billion GDP (2015). Turkey is also one of the fastest growing economies in Europe with an average annual GDP growth rate of approximately 3.86% during the year of 2006 to 2015 (as quoted in the website of the World Bank). There are also a lot of young and well-trained labour in Turkey. The Company anticipates that the investment potential of the Target Company can be expected.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sale and Purchase Agreement are reasonable and fair and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

As the relevant percentages exceed 5% but are less than 25%, the Proposed Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	any day(s) upon which banks in Turkey and Hong Kong are open for normal business
“Closing”	closing of the sale and purchase of the Purchase Shares in accordance with the Sale and Purchase Agreement
“Closing Date”	the date of Closing
“Company”	Evershine Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on GEM (stock code: 8022)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the 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 GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and its/their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company in accordance with the GEM Listing Rules
“Promissory Notes”	the promissory notes in the principal of USD5,780,000 in the agreed form to be executed by the Company for the purpose of settling the consideration under the Sale and Purchase Agreement
“Proposed Acquisition”	the proposed acquisition by the Purchaser from the Vendor of the Purchase Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Purchase Shares”	630,000 shares in the share capital of the Target Company, representing 30% of the fully paid and outstanding shares of the Target Company
“Purchaser”	Ottoman Evershine İnşaat Proje Ticaret Anonim Şirketi, a company incorporated in Turkey and an indirect wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the formal sale and purchase agreement dated 7 December 2016 and entered into among the Purchaser, the Vendor and the Target Company in relation to the Proposed Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Boyracı Yapı İnşaat ve Taahhüt Gayrimenkul Yatırım Anonim Şirketi, a company incorporated in Turkey
“Turkey”	The Republic of Turkey
“USD”	U.S. dollars, the lawful currency of the United States of America
“Vendor”	Mr. Osman Boyracı

“%”	per cent
“HK\$”	Hong Kong dollars
“TL”	Turkish Lira, the lawful currency of Turkey

By Order of the Board  
**Evershine Group Holdings Limited**  
**Hung Tat Chi Alan**  
*Alternate Director to Mr. Bülent Yenil*

Hong Kong, 7 December 2016

*For the purpose of this announcement, the exchange rate of USD1.00 = HK\$7.75 has been used for currency conversion. This is for the purpose of illustration only and does not constitute a representation that any amounts in USD have been, could have been or may be converted at such rate or any other exchange rate.*

*As of the date hereof, the executive Directors are Mr. Lau Yu, Mr. Bülent Yenil (Mr. Hung Tat Chi Alan as alternate Director) and Mr. Chan Ming Kei; and the independent non-executive Directors are Ms. Lam Yuk Ying, Elsa, Mr. Liu Kwong Sang, Ms. Choy So Yuk, BBS, JP 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](http://www.hkgem.com) for at least seven days from the date of its publication and on the website of the Company at <http://www.8022hk.com>.*