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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)**

**ANNOUNCEMENT**  
**UPDATE ON MAJOR AND CONNECTED TRANSACTION:**  
**ENTERING INTO A SIDE LETTER TO**  
**THE ACQUISITION OF AN ADDITIONAL 30% EQUITY INTEREST**  
**IN THE TARGET COMPANY INVOLVING**  
**THE ISSUE OF THE PROMISSORY NOTES**

References are made to the announcements of Evershine Group Holdings Limited (the “**Company**”) dated 6 June 2017, 6 November 2017, 6 December 2017 and 26 February 2018 (collectively the “**Announcements**”), the circular of the Company dated 10 August 2018 (the “**Circular**”), and the voluntary announcement dated 14 August 2018 (the “**Voluntary Announcement**”), in relation to, among other things, the Acquisition of an additional 30% equity interest in the Target Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On 20 August 2018 (after trading hours), the Purchaser, a company incorporated in Turkey and wholly owned subsidiary of the Company, entered into a side letter to the Sales and Purchase Agreement (as supplemented and amended by the Supplemental Deed dated 6 November 2017 and the Side Letter dated 26 February 2018) (the “**Second Side Letter**”) with the Vendor and the Target Company, a 30% owned associate company of the Company, in relation to the amendment of certain terms in the Sale and Purchase Agreement.

The Company wishes to provide Shareholders and potential investors of the Company with the following information in relation to the Second Side Letter.

## **SECOND SIDE LETTER TO THE SALES AND PURCHASE AGREEMENT**

The key amendments to the Sale and Purchase Agreement pursuant to the Second Side Letter are summarised as follows:

### **Consideration**

The previously agreed aggregate Consideration of up to USD6,550,000 has been reduced to up to USD5,050,000 and, as the Company has paid USD2,000,000 as Deposit, the payment terms of the Promissory Notes for the remaining balance of the Consideration have also been changed.

### **Promissory Note A**

It has been agreed that on the Closing Date the Promissory Note A shall be the promissory note in the principal amount of USD1,938,770 or, in the event that the buying exchange rate of converting USD into TL as quoted by Central Bank of Republic of Turkey on the Closing Date is higher than USD1=TL5.85, TL11,341,804 or its equivalent at the sole discretion of the Purchaser to be issued by the Company on the Closing Date.

### **Promissory Note B**

It has been agreed that the Promissory Note B shall be the promissory note in the principal amount of up to USD1,111,230 or, in the event that the buying exchange rate of converting USD into TL as quoted by Central Bank of Republic of Turkey on the date of the Valuation Certificate is higher than USD1=TL5.85, TL6,500,696 or its equivalent at the sole discretion of the Purchaser (subject to adjustment as set out in the paragraph headed “Deferred Consideration” and “Adjusted Fair Value of the Projects” in this announcement) to be issued by the Company within seven Business Days of the date of the Valuation Certificate.

### **Adjusted Fair Value of the Projects**

It has been agreed that the determination of the Adjusted Fair Value of the Projects remains the same as provided under the Supplemental Deed and shall be 30% of the fair value of the Projects as at the Deferred Consideration Date as contained in the Valuation Certificate less the actual costs (including but not limited to any construction and development costs) incurred in respect of the Projects up to and including the Deferred Consideration Date.

### **Deferred Consideration**

The Deferred Consideration shall be calculated as the lower of (1) the Adjusted Fair Value of the Projects as at the Deferred Consideration Date or (2) USD1,111,230 subject to the adoption of exchange rate and the choice of currency in accordance with the adjustment to the amount of Promissory Note B as set out in the paragraph headed “Promissory Note B” in this Announcement.

As agreed provided under the Supplemental Deed, the Deferred Consideration shall be payable by the Purchaser to the Vendor within seven Business Days of the date of the Valuation Certificate. For the avoidance of doubt, the Purchaser shall not be obliged to pay any of the Deferred Consideration and the Company shall not issue the Promissory Note B in the event that the Adjusted Fair Value of the Projects shall be negative.

Save as amended by the Second Side Letter, the Sale and Purchase Agreement shall remain in full force and effect in all respects.

## **REASONS FOR ENTERING INTO THE SECOND SIDE LETTER**

The Board noted that the recent unexpected depreciation of TL against USD.

Despite the unfavourable currency movement, the Board still has confidence in the local economic conditions and property market in Turkey. The Board strives to create value for its Shareholders and considers the Acquisition a long-term investment for the Company to tap into the residential property and construction market in Turkey.

The terms in the Second Side Letter offer benefits to the Company by way of (i) a reduction in Consideration by USD1,500,000, from USD6,550,000 to USD5,050,000; (ii) an option at the Company's sole discretion to settle the Promissory Notes either in USD or TL, and (iii) a control of exchange rate risks at a fixed rate at USD 1= TL5.85.

The Board is of the view that in addition to the benefits of deferring the payment of part of the Consideration as Deferred Consideration as set out in the Circular, the Purchaser is in a favourable position to have the option to settle the Consideration by way of issue and delivery of the Promissory Notes in whichever the currency is more favourable to the Company on the respective date of issue of the Promissory Notes. Such proposed amendments not only enable the Company to mitigate the negative impact of depreciation of TL on the Considerations but also prevent the Company from recording potential losses on the translation of currencies due to the potential unfavourable currency fluctuation of TL upon settlement of the respective Promissory Notes.

As such, the Board considers that the proposed amendments pursuant to the Second Side Letter are fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

A supplemental circular containing (1) further details of the Second Side Letter; (2) a letter from the Independent Board Committee and a letter from the Independent Financial Adviser giving their respective advices; and (3) the supplemental notice of the extraordinary general meeting will be dispatch to the Shareholders as and when appropriate and the extraordinary general meeting will be scheduled to be held on 10 September 2018.

Shareholders and potential investors should exercise caution when dealing in the Shares of the Company.

By Order of the Board  
**Evershine Group Holdings Limited**  
**Hung Tat Chi Alan**  
*Executive Director*

Hong Kong, 20 August 2018

*As of the date hereof, the executive Directors are 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.*

*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.evershinegroup.com.hk>*