

**THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this supplemental circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Evershine Group Holdings Limited (“Company”), you should at once hand this supplemental circular and the accompanying the Revised Form of Proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

## SUPPLEMENTAL CIRCULAR

### (1) MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF AN ADDITIONAL 30% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF THE PROMISSORY NOTES; AND (2) SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Advisor to the Company



中毅資本有限公司  
Grand Moore Capital Limited

Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders

**VEDA | CAPITAL**  
智略資本

The Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this supplemental circular.

A letter from the Board is set out on pages 6 to 13 of this supplemental circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this supplemental circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this supplemental circular.

A supplemental notice convening the EGM to be held at 2-4/F., Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on 19 September 2018 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this supplemental circular.

This supplemental circular should be read in conjunction with the Circular dated 10 August 2018 and the supplemental notice of the EGM.

Whether or not you are able to attend the EGM, please complete the accompanying revised form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar in Hong Kong, Hong Kong Registrars Ltd., Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the revised form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish, and in such case, the revised form of proxy previously submitted shall be deemed to be revoked.

*This supplemental circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the Company’s website at [www.evershinegroup.com.hk](http://www.evershinegroup.com.hk).*

4 September 2018

## CHARACTERISTICS OF THE GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

*In this supplemental circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Acarblu Property”	Acarblu property which was spun off from the Target Company pursuant to the completion of the Proposed Restructuring
“Acquisition”	the proposed acquisition by the Purchaser from the Vendor of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Announcements”	the announcements of the Company in relation to the Acquisition dated 6 June 2017, 6 November 2017, 6 December 2017 and 26 February 2018
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in Hong Kong
“Circular”	the circular of the Company dated 10 August 2018 containing information on the Acquisition, letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the letter from the Independent Board Committee giving its recommendation and opinion on the Acquisition
“Closing”	closing of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Closing Date”	the date of Closing, at the latest by the 30th Business Day following the fulfilment or waiver, as the case may be, of the last conditions precedent of the Sale and Purchase Agreement
“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 person(s)”	has the meaning ascribed to it under the GEM Listing Rules

## DEFINITIONS

“Consideration”	the aggregate consideration of up to USD5,050,000 (subject to adjustment) for the Sale Shares under the Sale and Purchase Agreement
“Deferred Consideration”	The remaining balance of the Consideration up to USD1,111,230 or TL6,500,696 or its equivalent at the sole discretion of the Purchaser payable within seven Business Days of the date of the Valuation Certificate
“Deferred Consideration Date”	On or before 30 September 2019 (or such later date as the Vendor and the Purchaser may mutually agree in writing)
“Deposit”	USD2,000,000 paid by the Purchaser to the Vendor as deposit under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 19 September 2018 at 10:30 am, at 2-4/F., Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder

## DEFINITIONS

“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Sale and Purchase Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM to approve the Sale and Purchase Agreement and the transaction contemplated thereunder
“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
“Latest Practicable Date”	3 September 2018, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region
“Projects”	Refers to property 6 & 7 or the Iclaliye project and Hurren project, which are expected to be completed by the end of 2019 with a total construction area of approximately 4,837 m <sup>2</sup> and rewarded area of approximately 1,421 m <sup>2</sup>
“Promissory Notes”	the Promissory Note A and Promissory Note B in the aggregate principal amount of up to USD3,050,000 or, in the event that the exchange rate of converting USD into TL upon the respective payment dates are higher than USD1.00 = TL5.85, TL17,842,500 or its equivalent at the sole discretion of the Purchaser, in the agreed form to be issued by the Company for the purpose of settling part of the Consideration

## DEFINITIONS

“Promissory Note A”	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 USD1.00=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”	The promissory note of the lower of the Adjusted Fair Value of the Projects as at the Deferred Consideration Date, 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 USD1.00 = TL5.85, TL6,500,696 or its equivalent at the sole discretion of the Purchase to be issued by the Company within seven Business Days of the date of the Valuation Certificate
“Properties”	collectively, the existing seven properties owned by the Target Group including the two new properties pending construction of which the legal titles are expected to be obtained upon completion of construction, in whole or in part, according to the provisions of the master agreements entered between the original landlords and 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 6 June 2017 entered into among the Purchaser, the Vendor and the Target Company in relation to the Acquisition as amended by the Supplemental Deed dated 6 November 2017, the Side Letter dated 26 February 2018, extension letters dated 6 December 2017 and 30 June 2018, and the Second Side Letter dated 20 August 2018
“Sale Shares”	8,204,757 shares of a nominal value of TL1 in the share capital of the Target Company, representing 30% of the issued share capital of the Target Company to be acquired by the Purchaser under the Sale and Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“Second Side Letter”	the agreement dated 20 August 2018 and entered into among the Purchaser, the Vendor and the Target Company in relation to the proposed amendments of terms in Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares in issue
“Side Letter”	the agreement dated 26 February 2018 and entered into among the Purchaser, the Vendor and the Target Company about the transfer of the Acarblu Property as pursuant to the Proposed Restructuring
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as ascribed to it under the GEM Listing Rules
“Supplemental Deed”	the supplemental deed dated 6 November 2017 entered into among the Purchaser, the Vendor and the Target Company to amend certain terms of the Sale and Purchase Agreement
“Target Company”	Boyracı Yapı İnşaat Taahhüt Gayrimenkul Yatırım Anonim Şirketi, a company incorporated in Turkey
“Target Group”	collectively, the Target Company and its joint operation
“TL”	Turkish Lira, the lawful currency of Turkey
“Turkey”	The Republic of Turkey
“USD”	U.S. dollars, the lawful currency of the United States of America
“Valuation Certificate”	valuation certificate issued by the Valuer for the fair value of the Projects
“Vendor”	Mr. Osman Boyracı
“%”	per cent

*For ease of reference and unless otherwise specified, in this circular, the exchange rates for USD1.00 = TL5.85 have been used for currency conversion. Such translation should not be construed as a representation that the amount in question have been, could have been or could be converted at any particular or at all.*





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

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 8022)**

*Executive Directors:*

Mr. Hung Tat Chi Alan  
Mr. Ling Ko Yin Jason

*Registered Office:*

16/F, Henan Building,  
90&92 Jaffe Road,  
Wan Chai, Hong Kong

*Non-executive Director:*

Mr. Chan Wai Kit

*Principal Place of Business in Hong Kong:*

16/F, Henan Building,  
90&92 Jaffe Road,  
Wan Chai, Hong Kong

*Independent non-executive Director:*

Ms. Choy So Yuk, BBS, JP  
Ms. Lam Yuk Ying Elsa  
Mr. Leung Man Chun

4 September 2018

*To the Shareholders*

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR**

**(1) MAJOR AND CONNECTED TRANSACTION:  
ACQUISITION OF AN ADDITIONAL 30% EQUITY INTEREST IN  
THE TARGET COMPANY INVOLVING THE ISSUE OF  
THE PROMISSORY NOTES;  
AND  
(2) SUPPLEMENTAL NOTICE OF  
EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

References are made to the Announcements, the Circular, the voluntary announcement of the Company dated 14 August 2018 in response to the exchange rate fluctuation of TL, and the announcement of the Company dated 20 August 2018 in relation to the Second Side Letter.

## LETTER FROM THE BOARD

On 20 August 2018 (after trading hours), the Purchaser, a company incorporated in Turkey and wholly owned subsidiary of the Company, entered into the Second Side Letter with the Vendor and the Target Company, a 30% owned company of the Company, in relation to the amendment of certain terms in the Sale and Purchase Agreement.

The purposes of this supplemental circular are to provide you with, among other things, (i) further details of the Second Side Letter; (ii) an updated letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the updated recommendation and opinion of the Independent Board Committee after having considered the advice of the Independent Financial Adviser; and (iv) the supplemental notice of the EGM.

### **THE 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**

The principle amount of the Promissory Note A shall be reduced to up to 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 USD1.00=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.

## LETTER FROM THE BOARD

### **Promissory Note B**

As agreed provided under the Supplemental Deed, the Deferred Consideration shall be payable by the Company to the Vendor by way of the issue and delivery of Promissory Note B within seven Business Days of the date of the Valuation Certificate. Pursuant to the Second Side Letter, the Deferred Consideration shall be the lower of the Adjusted Fair Value of the Projects as at the Deferred Consideration Date, 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 USD1.00 = TL5.85, TL6,500,696 or its equivalent at the sole discretion of the Purchaser to be issued by the Company. 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.

### **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.

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

## LETTER FROM THE BOARD

### Reconciliation from Adjusted Net Asset Value of the Target Group to the Consideration based on the Second Side Letter (for reference only)

	<i>USD</i>	<i>USD</i>
Net assets of the Target Company as at 31 March 2018 ( <i>Note 2</i> )		8,061,900
Less: Carrying value of the Properties as at 31 March 2018 ( <i>Note 2</i> )		(11,794,634)
Add: Shareholder's loan waiver as capital contribution ( <i>Note 3</i> )		<u>4,316,101</u>
		583,367
Add: Fair value of the Properties as at 30 June 2018 as Per the Property Valuation Report		
Property 1 ( <i>Note 4</i> )	6,806,667	
Property 2 ( <i>Note 4</i> )	783,419	
Property 3 ( <i>Note 4</i> )	1,365,470	
Property 4 ( <i>Note 4</i> )	741,197	
Property 5 ( <i>Note 4</i> )	1,467,009	
Property 6 ( <i>Note 5</i> )	3,144,786	
less: Budgeted Cost for Property 6 as at 30 June 2018 ( <i>Note 6</i> )	<u>(1,733,244)</u>	
	1,411,542	
Property 7 ( <i>Note 5</i> )	1,302,906	
less: Budgeted Cost for Property 7 as at 30 June 2018 ( <i>Note 6</i> )	<u>(1,082,297)</u>	
	220,609	
Subtotal		<u>12,795,913</u>
Adjusted net asset value of the Target Group 30% equity interest of the Target Group to be acquired by Purchaser		<u>13,379,280</u>  <u>30%</u>
Adjusted net asset value of the Target Group attributable to the Acquisition		<u><u>4,013,784</u></u>
Consideration as per the Second Side Letter Resulting Premium (approximately)		5,050,000 25.82%

## LETTER FROM THE BOARD

### Notes:

1. Pursuant to the agreed exchange rate in the Second Side Letter, the exchange rate of USD1.00=TL5.85 has been used for the currency conversion.
2. As at 31 March 2018, the net asset value of the Target Company and the carrying value of the Properties were approximately TL47,160,000 and TL69,000,000, respectively.
3. Subsequent to 31 March 2018, the Vendor, one of the shareholders of the Target Group, has waived the amount due to him in the amount of TL25,249,190 and the Target Group recognized it as a shareholder contribution to the Target Group. The Vendor will not increase his shareholding in the Target Group as a result of the waiver of the amount due to him. For details, please refer to notes 10 and 23 of the Accountant's Report in Appendix III to the Circular. As the waiver of shareholder's loan transaction is considered as interlocking with the Acquisition, the waiver of shareholder loan is illustrated in the pro-forma financial information in Appendix IV to the Circular as if the waiver had been taken place as at 31 March 2018.
4. The summation of the respective fair values of Property 1-5 as at 30 June 2018 is approximately TL65,308,000, which is extracted from the sub-section "Property interests held by the Target Company in Turkey" as at 30 June 2018 in the Property Valuation Report in Appendix V to the Circular.
5. Representing the respective fair values of Property 6&7, which is extracted from the sub-section "Property interests to be acquired by the Target Company in Turkey" in the Property Valuation Report in Appendix V to the Circular.
6. The summation of the estimated construction cost of Property 6&7 is equivalent to the Budgeted Costs of Property 6&7 of approximately TL16,470,920 at the exchange rate of USD1.00=TL4.588 as set out in the section headed "Property interests to be acquired by the Target Company in Turkey" in Appendix V to the Circular. In accordance with the agreed exchange rate in the Second Side Letter, such estimated construction costs are converted to TL at the exchange rate of USD1.00=TL5.85.

### FINANCIAL IMPLICATIONS TO THE SECOND SIDE LETTER

Pursuant to the Second Side Letter, the Consideration of USD5,050,000 represents a premium of approximately 25.82% to the 30% of the adjusted net asset value of the Target Group as at 30 June 2018, which is slightly lower than the premium of 26.9% attributed by the previous consideration of USD6,550,000 as set out in the Circular prior to the entering of the Second Side Letter. The Consideration pursuant to the Second Side Letter was arrived at after arm's length negotiations between the parties to the Second Side Letter which is a commercial decision and the Vendor and the Company shall attempt in good faith to reach agreement in respect thereof.

As the conversion rate is fixed at USD1.00=TL5.85 in the Second Side Letter, the resulting premium of approximately 25.82% will not be affected by further depreciation of TL against USD in the future. That is, the premium is capped at this level. On the contrary, the aggregate Consideration may be further reduced in the event that the Promissory Notes were to be issued below their respective principal amount in USD if the exchange rate of USD against TL strengthens above USD1.00=TL5.85 and the valuation of properties 6 & 7 is below TL6,500,696.

## LETTER FROM THE BOARD

### THE BOARD'S VIEW ON THE IMPACT OF THE SECOND SIDE LETTER

In viewing the recent depreciation of TL against USD, the Board considers that the currency fluctuation has great impacts to the Acquisition, in particular, the settlement currency for the previous consideration prior to the entering of the Second Side Letter was in USD only.

The Board is of the view that upon entering into the Second Side Letter, the most crucial factor, the foreign exchange rate risk, is basically eliminated.

The Company has its sole discretion to choose the settlement currency, either in USD or TL, whichever is in favour of the Company, for the settlement of the Promissory Notes, except for the Deposit of USD2,000,000 which was already paid by the Company. In addition, a fixed rate at USD1.00=TL5.85 gives the Company a protection to the exchange fluctuation in the future, as well as capping the premium of the Consideration to the adjusted net asset value of Properties of the Target Group at 25.82%.

In light of the aforesaid betterments, together with a USD1,500,000 reduction in aggregate Consideration, the Board considers that the entering into of the Second Side Letter is in the best interest of the Company and the Shareholders as a whole.

### GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Vendor is interested in 220,076,000 Shares of the Company, representing approximately 12.21% of the issued share capital of the Company, and is a substantial shareholder of the Company. Whilst the Vendor's brother, Mr. Murat Boyracı is interested in 68,217,000 issued Shares of the Company, or approximately 4.17% of the issued share capital of the Company. Thus both the Vendor and his brother are being considered as connected persons of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Sale and Purchase Agreement shall constitute connected transactions under Chapter 20 of the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquires, save for the Vendor and his brother, no other Shareholders and/or Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, nor are they the connected persons of the Company, accordingly, no other Shareholder and/or Directors is required to abstain from voting at the EGM to approve the relevant resolution regarding the Sale and Purchase Agreement and the transactions contemplated thereunder.

As one or more of the applicable percentage ratios in respect of the Sale and Purchase Agreement when aggregated with the Previous Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction on the part of the Company and is subject to the notification, reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## LETTER FROM THE BOARD

The EGM will be convened and held for the purposes for the Independent Shareholders of the Company of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

### THE EGM

The EGM was originally scheduled to be held at 10:30 a.m. on 29 August 2018 has been postponed to be held at 10:30 a.m. on 19 September 2018 at 2-4/F., Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder. Voting at the EGM will be taken by way of poll.

As at the Latest Practicable Date, save for the Vendor and his brother as disclosed above, to the best of the Directors' knowledge, information and belief, no other Shareholders are required to abstain from voting on the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

A revised form of proxy (the "Revised Form of Proxy") accompanied by the supplemental notice of the EGM is enclosed. Whether or not you are able to attend the EGM, please complete the accompanying the Revised Form of Proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Hong Kong Registrars Ltd., Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the Revised Form of Proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish, and in such case, the Revised Form of Proxy previously submitted shall be deemed to be revoked.

### RECOMMENDATION

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; and (iv) a slightly lower premium of 25.82% of the reduced Consideration over the adjusted net asset value of the Properties as compared with the 26.9% premium attributed by the consideration of USD6,550,000 as set out in the Circular prior to the entering of the Second Side Letter.

## LETTER FROM THE BOARD

The proposed amendments pursuant to the Second Side Letter were arrived at after arm's length negotiations between the parties and is a commercial decision. 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 now in a favourable position to have the option to settle the Consideration by way of the 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. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

Other than the amendments to the Sale and Purchase Agreement (as previously amended by the Supplemental Deed and the Side Letter) pursuant to the Second Side Letter, the other terms of the Sale and Purchase Agreement remains the same and in full force, details of which have been set out in the Circular. The Shareholders are urged to consider the information contained in the Circular together with the information of the Second Side Letter contained in this circular before making their decision in respect of the resolution to be proposed at the EGM.

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





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

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 8022)**

4 September 2018

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:  
ACQUISITION OF AN ADDITIONAL 30% EQUITY INTEREST IN  
THE TARGET COMPANY INVOLVING THE ISSUE OF  
THE PROMISSORY NOTES**

We refer to the supplemental circular of the Company dated 4 September 2018 to the Shareholders of the Company (the “Supplemental Circular”), of which this letter forms part. Terms defined in the Supplemental Circular shall have the same meanings when used in this letter, unless the context requires otherwise.

On 20 August 2018, 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 key amendments to the Sale and Purchase Agreement pursuant to the Second Side Letter includes: (i) a reduction of total consideration of USD1,500,000 from USD6,550,000 to USD5,050,000 and (ii) the conversion rate is fixed at USD1.00 = TL5.85 and it is at the Company’s sole discretion to choose the currency to settle the Promissory Notes in the event that the exchange rate is higher than USD1.00=TL5.85, except for the Deposit of USD2,000,000 which has been made in June 2017.

We have been appointed by the Board as the members of the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Acquisition including the issue of the Promissory Notes are on normal and commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Veda Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of its advice, together with the principal factors taken into consideration in arriving at such are set out in its letter set out on pages 16 to 28 of the Supplemental Circular. We wish to draw your attention to the letter from the Board, as set out on pages 6 to 13 of the Supplemental Circular, and the updated letter from Veda Capital to the Independent Board Committee and the Independent Shareholders which contain advices to us in respect of the amendments of the terms and conditions to the Second Side Letter, as set out on pages 6 to 13 of the Supplemental Circular.

Having considered the terms of the Acquisition and the principal factors and reasons considered by and the opinion of the Independent Financial Advisor as set out in its letter of advice, we consider that the Acquisition, notwithstanding not in the ordinary and usual course of business of the Company, is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution concerning the same to be proposed at the EGM.

Yours faithfully,  
For and on behalf of

**The Independent Board Committee of  
Evershine Group Holdings Limited**

<b>Ms. Choy So Yuk, BBS, JP</b>	<b>Ms. Lam Yuk Ying Elsa</b>	<b>Mr. Leung Man Chun</b>
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

*The following is the text of the letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the Second Side Letter prepared for the purpose of incorporation in this supplemental circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Room 1106, 11/F  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

4 September 2018

*To the Independent Board Committee and the Independent Shareholders of  
Evershine Group Holdings Limited*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF AN ADDITIONAL 30% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF THE PROMISSORY NOTES**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the Circular. Our opinion below is primarily in relation to the Second Side Letter as set out in more details in the letter from the Board (the “**Board Letter**”) contained in the supplemental circular of the Company dated 4 September 2018 (the “**Supplemental Circular**”), of which this letter forms a part. Details of the Acquisition are set out in the Circular. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Supplemental Circular and the Circular.

On 6 June 2017 (after trading hours), the Purchaser, a company incorporated in Turkey and an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and the Target Company in relation to the Acquisition of the Sale Shares, representing an additional 30% of the equity interest of the Target Company, for a consideration of USD6.55 million (approximately equivalent to HK\$51.09 million) (subject to adjustment). On 6 November 2017, the Board announced that the Purchaser, the Vendor and the Target Company entered into the Supplemental Deed to amend certain terms of the Sale and Purchase Agreement details of which are contained in the announcement of the Company dated 6 November 2017. On 26 February 2018, the Purchaser entered into a side letter (the “**Side Letter**”) to the Sale and Purchase Agreement (as supplemented and amended by the Supplemental Deed) with the Vendor and the Target Company in relation to the transfer of the Acarblu Property then owned by the Target Company to a new company pursuant to the Proposed Restructuring. As at the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Latest Practicable Date, the Company held 30% of the issued share capital of the Target Company which was acquired on 30 December 2016 under the Previous Acquisition as disclosed in the Announcements.

On 20 August 2018 (after trading hours), the Purchaser, a company incorporated in Turkey and wholly owned subsidiary of the Company, entered into the Second Side Letter with the Vendor and the Target Company, a 30% owned company of the Company, in relation to the amendment of certain terms in the Sale and Purchase Agreement.

As one or more of the applicable percentage ratios in respect of the Sale and Purchase Agreement when aggregated with the Previous Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction on the part of the Company and is subject to the notification, reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at 3 September 2018, being the latest practicable date prior to the printing of the Supplemental Circular for ascertaining certain information contained herein (the "**Supplemental Circular Latest Practicable Date**"), the Vendor is interested in 220,076,000 shares of the Company, representing approximately 12.21% of the issued shares of the Company, and is a substantial shareholder of the Company. Whilst the Vendor's brother, Mr. Murat Boyraci is interested in 68,217,000 issued shares of the Company, or approximately 4.17% of the issued share capital of the Company. Thus both the Vendor and his Associate are being considered as connected persons of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Sale and Purchase Agreement shall constitute connected transactions under Chapter 20 of the GEM Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

The Independent Board Committee, comprising Ms. Choy So Yuk, Ms. Lam Yuk Ying Elsa and Mr. Leung Man Chun, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; (ii) whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable as the Independent Shareholders are concerned; and (iii) their recommendation as to how the Independent Shareholders should vote in respect of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Supplemental Circular Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as acting as the Independent Financial Adviser in respect of the Sale and Purchase Agreement, during the last two years, there was no previous engagement

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

between us and the Company or the Target Company or any of their respective subsidiaries or associates. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

### **BASIS OF OUR ADVICE**

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Supplemental Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Supplemental Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Supplemental Circular Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Supplemental Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Supplemental Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Supplemental Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

The Board noted that the recent unexpected depreciation of TL against USD and considers that the currency fluctuation has great impacts to the Acquisition, in particular, the settlement currency for the previous consideration prior to the entering of the Second Side Letter was in USD only. Since becoming aware of this issue, on 20 August 2018 (after trading hours), in connection with the Acquisition, the Purchaser entered into the Second Side Letter with the Vendor and the Target Company, which was supplemental to the information published in the Circular.

As noted in the Board Letter, 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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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; (iii) a control of exchange rate risks at a fixed rate at USD 1= TL5.85; and (iv) a slightly lower premium of 25.82% of the reduced Consideration over the adjusted net asset value of the Properties as compared with the 26.9% premium attributed by the consideration of USD6,550,000 as set out in the Circular prior to the entering of the Second Side Letter.

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 now in a favourable position to have the option to settle the Consideration by way of the 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.

Although the recent unexpected depreciation of TL against USD and the currency fluctuation has great impacts to the Acquisition, the reasons for the Acquisition remain the same as stated in the Circular, for example, the urban transformation program "the Law on Redevelopment of Areas under Disaster Risk numbered 6306" is a long-term plan of the Turkish government to the transformation of regions at elevated risk for earthquakes. Its essential purpose is the rehabilitation of urban spaces that have decayed and collapsed due to fast urbanization and the uncontrolled growth of cities under industrialization. Urban renewal is also being undertaken because of the emphasis on seismically sound construction, and as such urban renewal projects will see the transformation of regions at elevated risk for earthquakes. The sector is also seeing the transformation of vacant units in large-scale projects into serviced apartments, a fully furnished apartment which is useful for both short-term as well as long-term stays, providing all the hotel-like facilities. This trend is likely to continue, particularly in highly touristic cities, due to the fact that investors are attracted to the serviced apartment sector as they can generate higher profit margins than the average hotel. Despite of the depreciation of TL against USD, the urban transformation program "the Law on Redevelopment of Areas under Disaster Risk numbered 6306" as enacted and supported by the Turkish government encourages developers in the private sector to invest in the URBR projects since May 2012 which is in favour to the Target Company's development in the future.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

On the other hand, the Turkish residential market grew significantly over the last 10 years and an increasing utilization of affordable mortgages and the increasing demand for earthquake resistant construction contributing to the residential property market in Turkey. The growth in the Turkish residential market in TL has been demonstrated by the “House Price Index December 2011” and “House Price Index January 2018” published by the Central Bank of Turkey (source: <http://www.tcmb.gov.tr/>) and the article “Turkey Real Estate Review 2018” released in 2018 for Turkish real estate market from Colliers International. The rising housing price indices has been in an increasing trend in the past decade in Turkey, particularly Istanbul. As disclosed in the Circular, based on the various preliminary valuation reports since the entering into of the Sale and Purchase Agreement and the Property Valuation Report as at 30 June 2018, the valuation of the investment properties of the Target Group in TL remains stable:

<b>Property</b>	<b>As at 31 August 2017 TL</b>	<b>As at 31 March 2018 TL</b>	<b>As at 30 June 2018 TL</b>
1	42,447,000	39,819,000	39,819,000
2	4,366,000	4,583,000	4,583,000
3	7,518,000	7,988,000	7,988,000
4	4,211,000	4,336,000	4,336,000
5	8,176,000	8,582,000	8,582,000
<b>Total</b>	<b>66,718,000</b>	<b>65,308,000</b>	<b>65,308,000</b>

We noted that the Turkey has faced a currency crisis over past months, which was characterised by a sharp depreciation of the TL against USD. The crisis started on the back of the strengthening dollar and rising US interest rates. In relation to the financial stability of Turkey as well as its external debt situation, we have performed researches on that aspect and as noted in the research article of “OECD Economic Surveys – Turkey” released by Organization for Economic Co-operation and Development (“OECD”) in July 2018 (source: <https://www.oecd-ilibrary.org>), macroeconomic policies have become procyclical which in response to drifting inflation expectations and episodes of sharp currency depreciation, the central bank tightened its effective funding rate by 500 basis points over April-June 2018 and delivered the long-expected normalisation of monetary policy around a standard policy rate. Fully restoring the credibility of monetary policy requires the commitment of all stakeholders to central bank independence and to the inflation target. To address external vulnerabilities, the concomitant increase in external debt and deterioration in underlying fundamentals, notably recurrent periods of substantial real depreciation of the TL, have shed doubt on the sustainability of external liabilities. The external debt ratio remains relatively low in international comparison as a share of GDP, at around 50% in 2017.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Recent global developments have triggered high fluctuations in TL. For the past few months, the USD has been gaining considerable strength against all currencies, and this trend has been more pronounced in emerging markets. We have reviewed “ ISPAT August 2018 Newsletter”, a newsletter in 2018 by The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (“**ISPAT**”) (an official organization monitored by the Turkish government for promoting Turkey’s investment opportunities to the global business community and for providing assistance to investors). The recent fluctuations in the TL and the depreciation in emerging market currencies were mainly the circumstance of a globally strong USD, increases in US bond rates, a tightening cycle of advanced economies, and uncertainties arising from protectionist trade measures. Against this backdrop, Turkey’s macro fundamentals are strong enough to weather such temporary developments. Turkey achieved an average annual growth rate of 5.7 percent in the 2003-2017 period and 6.8 percent in the 2010-2017 period, which proved resilient against domestic and international shocks. With this performance, the Turkish economy outperformed other emerging countries despite negativities such as the 2008 Global Financial Crisis, the European Sovereign Debt Crisis, the Taper Tantrum period, an influx of refugees, a failed coup attempt, Brexit, regional conflicts, and recent protectionist moves and trade war expectations.

Moreover, corporate debt in Turkey has recently increased, it has been successfully managed by companies and banks. Private sector’s overall liabilities due within a year are USD 180.6 billion. Out of this total, the share of the banking system is USD 102 billion, half of which is deposited by nonresident investors hence not recognized as debt. The remaining half, roughly USD 50 billion, is the amount to be paid back as liabilities. Turkey’s 12-month cumulative rollover ratio of this type of liabilities is above 100 percent, demonstrating the banking sector’s ability to pay back without any difficulties. 65 percent (over USD 48 billion) of the remaining debt is the commitments against goods and services that may increase or decrease in parallel with economic activities, not posing any risk to the banking system. The record of the 12-month cumulative roll-over ratio for the remaining debt (USD 25 billion) is around 137 percent, indicating no difficulty has been experienced to honor this type of debt.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

### **Principal terms of the Second Side Letter**

#### *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*

The principal amount of the Promissory Note A shall be reduced up to 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*

As agreed provided under the Supplemental Deed, the Deferred Consideration shall be payable by the Company to the Vendor by way of the issue and delivery of Promissory Note B within seven Business Days of the date of the Valuation Certificate. Pursuant to the Second Side Letter, the Deferred Consideration shall be the lower of the Adjusted Fair Value of the Projects as at the Deferred Consideration Date, 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 USD1.00 = TL5.85, TL6,500,696 or its equivalent at the sole discretion of the Purchase to be issued by the Company. 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.

### **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.

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

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR</b>
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**Reconciliation from Adjusted Net Asset Value of the Target Group to the Consideration based on the Second Side Letter (for reference only)**

	USD <i>(Approximately)</i>	USD <i>(Approximately)</i>	USD <i>(Approximately)</i>
Net assets of the Target Company as at 31 March 2018 <i>(Note 2)</i>			8,061,900
Less: Carrying value of the Properties as at 31 March 2018 <i>(Note 2)</i>			(11,794,634)
Add: Shareholder's loan waiver as capital contribution <i>(Note 3)</i>			4,316,101 583,367
Add: Fair value of the Properties as at 30 June 2018 as Per the Property Valuation Report			
Property 1 <i>(Note 4)</i>		6,806,667	
Property 2 <i>(Note 4)</i>		783,419	
Property 3 <i>(Note 4)</i>		1,365,470	
Property 4 <i>(Note 4)</i>		741,197	
Property 5 <i>(Note 4)</i>		1,467,009	
Property 6 <i>(Note 5)</i>	3,144,786		
less: Budgeted Cost for Property 6 as at 30 June 2018 <i>(Note 6)</i>	(1,733,244)	1,411,542	
Property 7	1,302,906		
less: Budgeted Cost for Property 7 as at 30 June 2018 <i>(Note 6)</i>	(1,082,297)	220,609	
Subtotal			12,795,913
Adjusted net asset value of the Target Group attributable to the Acquisition			13,379,280 30%
Adjusted net asset value of the Target Group 30% equity interest of the Target Group to be acquired by Purchaser			4,013,784
Consideration as per the Second Side Letter			5,050,000
Resulting Premium (approximately)			25.82%

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

### Notes:

1. Pursuant to the agreed exchange rate in the Second Side Letter, the exchange rate of USD1.00 = TL5.85 has been used for the currency conversion.
2. As at 31 March 2018, the net asset value of the Target Company and the carrying value of the Properties were approximately TL47,160,000 and TL69,000,000, respectively.
3. Subsequent to 31 March 2018, the Vendor, one of the shareholders of the Target Group, has waived the amount due to him in the amount of TL25,249,190 and the Target Group recognized it as a shareholder contribution to the Target Group. The Vendor will not increase his shareholding in the Target Group as a result of the waiver of the amount due to him. For details, please refer to notes 10 and 23 of the Accountant's Report in Appendix III to the Circular. As the waiver of shareholder loan is considered as interlocking with the Acquisition, the waiver of shareholder loan is illustrated in the pro-forma financial information in Appendix IV to the Circular as if the waiver had been taken place as at 31 March 2018.
4. The summation of the respective fair values of Property 1-5 as at 30 June 2018 is approximately TL65,308,000, which is extracted from the sub-section "Property interests held by the Target Group in Turkey" as at 30 June 2018 in the Property Valuation Report in Appendix V to the Circular.
5. Representing the respective fair values of Property 6&7, which is extracted from the sub-section "Property interests to be acquired by the Target Group in Turkey" in the Property Valuation Report in Appendix V to the Circular.
6. The summation of the estimated construction cost of Property 6&7 is equivalent to the Budgeted Costs of Property 6&7 of approximately TL16,470,920 at the exchange rate of USD1.00 = TL4.588 as set out in the section headed "Property interests to be acquired by the Target Company in Turkey" in Appendix V to the Circular. In accordance with the agreed exchange rate in the Second Side Letter, such estimated construction costs are converted to TL at the exchange rate of USD1.00=TL5.85.

We noted that a reduction in Consideration by USD1,500,000, from USD6,550,000 to USD5,050,000 as per the Second Side Letter represents a premium of approximately 25.82% to the 30% of the adjusted net asset value of the Target Group as at 30 June 2018, which is slightly lower than the premium of 26.9% attributed by the previous consideration of USD6,550,000 as set out in the Circular prior to the entering of the Second Side Letter. The Consideration pursuant to the Second Side Letter was arrived at after arm's length negotiations between the parties to the Second Side Letter which is a commercial decision and the Vendor and the Company shall attempt in good faith to reach agreement in respect thereof.

The Company would have paid a total of USD USD5,050,000, which comprises the (i) Deposit of USD2,000,000; (ii) the issuance of the Promissory Note A of USD1,938,770 (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 USD1.00 = TL5.85, TL11,341,804) upon Closing; and (iii) the issuance of the Promissory Note B of USD1,111,230 (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 USD1.00 = TL5.85, TL6,500,696).

As stated above, as provided under the Supplemental Deed, the Deferred Consideration shall be payable by the Company to the Vendor by way of the issue and delivery of Promissory Note B within seven Business Days of the date of the Valuation Certificate. Pursuant to the Second Side Letter, the Deferred Consideration shall be the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

lower of the Adjusted Fair Value of the Projects as at the Deferred Consideration Date, 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 USD1.00 = TL5.85, TL6,500,696 or its equivalent at the sole discretion of the Purchaser to be issued by the Company. 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.

As compared to the 30% of the adjusted net asset value of the Target Group attributable to the Acquisition of USD4,013,784, the Consideration of USD5,050,000 as per the Second Side Letter represents a premium of approximately 25.82% over the 30% of the adjusted net asset value of the Target Group. Although the adjusted net asset value of the Target Group attributable to the Acquisition decreases from approximately USD5.16 million as at 30 June 2018 in the Circular to approximately USD4.01 million as at 30 June 2018 in the Supplemental Circular, representing a decrease of approximately USD1.15 million or 22.21%, the premium of approximately 25.82% over the 30% of the adjusted net asset value of the Target Group as at 30 June 2018 is even lower than the 26.9% premium attributed by the consideration of USD6,550,000 as set out in the Circular prior to the entering of the Second Side Letter.

The drop of the latest estimation of the Net Asset Value of the Target Group was due to the exchange rates adopted in the Circular and the Supplemental Circular is different, mainly due to a depreciation of TL against USD during the relevant period. As stated in the Circular, based on the Accountant's Report of the Target Group as at 31 March 2018 and the Property Valuation Report as at 30 June 2018, the latest update on the adjusted net asset value of the Target Group was estimated on the exchange rate for USD1.00 = TL3.8104/USD1.00 = TL3.8809 and USD1.00 to TL 4.588 for currency conversion for the Accountant's Report as at 31 March 2018 and the Property Valuation Report as at 30 June 2018, respectively. Nevertheless, as stated in the announcement of the Company on 14 August 2018, the exchange rates used for the conversion of TL into USD for the purpose of disclosure in the Circular was USD1.00 = TL3.8809 as of 31 March 2018 and the exchange rate for the conversion of TL into USD has depreciated to USD1.00 = TL6.9031 as of 13 August 2018. In viewing the recent depreciation of TL against USD, the Board considers that the currency fluctuation has great impacts to the Acquisition, in particular, the settlement currency for the previous consideration prior to the entering of the Second Side Letter was in USD only. The Board is of the view that upon entering into the Second Side Letter, the most crucial factor, the foreign exchange rate risk, is basically eliminated. As the conversion rate is fixed at USD1.00 = TL5.85 in the Second Side Letter, the resulting premium of approximately 25.82% will not be affected by further depreciation of TL against USD in the future, as well as capping the premium of the Consideration to the adjusted net asset value of Properties of the Target Group at 25.82%. Based on the exchange rate of USD1.00 = TL5.85 in the Second Side Letter, the 30% equity interest of the adjusted net asset value of the Target Group attributable to the Acquisition has been adjusted to approximately USD4.01 million as at 30 June 2018 in the Supplemental Circular.

We understood from the management of the Company that although such exchange rate movement of TL against USD is not in favour of the Target Group, 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.

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Furthermore, the Deposit of USD2,000,000 and the Promissory Note A of USD1,938,770 (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 USD1.00 = TL5.85, TL11,341,804) in aggregate, are attributable to the interest in the Target Group (excluding Property 6&7), represents a premium of approximately 11.77% over the 30% of the Latest Estimation of the Net Asset Value of the Target Group (excluding Property 6&7) of approximately USD3,524,139.

	USD <i>(Approximately)</i>	USD <i>(Approximately)</i>	USD <i>(Approximately)</i>
Net assets of the Target Company as at 31 March 2018 <i>(Note 2)</i>			8,061,900
Less: Carrying value of the Properties as at 31 March 2018 <i>(Note 2)</i>			(11,794,634)
Add: Shareholder's loan waiver as capital contribution <i>(Note 3)</i>			4,316,101
			583,367
Add: Fair value of the Properties as at 31 June 2018 as Per the Property Valuation Report			
Property 1 <i>(Note 4)</i>	6,806,667		
Property 2 <i>(Note 4)</i>	783,419		
Property 3 <i>(Note 4)</i>	1,365,470		
Property 4 <i>(Note 4)</i>	741,197		
Property 5 <i>(Note 4)</i>	1,467,009		
Subtotal			11,163,762
Adjusted net asset value of the Target Group attributable to the Acquisition (excluding Property 6&7)			11,747,129
			30%
Adjusted net asset value of the Target Group 30% equity interest of the Target Group to be acquired by Purchaser (excluding Property 6&7)			3,524,139
Consideration as per the Second Side Letter (Deposit and the Promissory Note A only)			3,938,770
Resulting Premium (approximately)			11.77%

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The premium of the Consideration over the 25.82% of the Latest Estimation of the Net Asset Value of the Target Group was determined based on the assumption that there is no adjustment to the Deferred Consideration for Property 6&7 of USD489,645, which represents 30% of the then valuation of the Property 6&7 less the Budgeted Cost (30% x (USD1,411,542 + USD220,609)). For the consideration of Property 1-5, the settlement will be the Deposit plus the Promissory Note A, it is 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 USD1.00=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. The summation of the respective fair values of Property 1-5 as at 30 June 2018 is approximately TL65,308,000, which is extracted from the sub-section "Property interests held by the Target Group in Turkey" as at 30 June 2018 in the Property Valuation Report in Appendix V to the Circular. As compared to the Deposit and the Promissory Note A, USD5,438,770 in aggregate as stated in the Circular, are attributable to the interest in the Target Group (excluding Property 6&7), and representing a premium of approximately 19.91% over the 30% of the Latest Estimation of the Net Asset Value of the Target Group as at 30 June 2018 (excluding Property 6&7) of approximately USD4,535,807, the premium of approximately 11.77% over the 30% of the adjusted net asset value of the Target Group as at 30 June 2018 after the entering into of the Second Side Letter is even lower. Therefore, we are of the view that the Directors that the consideration for Property 1-5 excluding Property 6&7 on an as-if basis is fair and reasonable.

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 now in a favourable position to have the option to settle the Consideration by way of the 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.

On the contrary, the aggregate Consideration may be further reduced in the event that the Promissory Notes were to be issued below their respective principal amount in USD if the exchange rate of USD against TL strengthens above USD1.00 = TL5.85 and the valuation of properties 6 & 7 is below TL6,500,696.

In view that 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; and (iv) a slightly lower premium of 25.82% of the reduced Consideration over the adjusted net asset value of the Properties as compared with the 26.9% premium attributed by the consideration of USD6,550,000 as set out in the Circular prior to the entering of the Second Side Letter, we are of the view that the adjustment in the Consideration, which serves as a safeguard to ensure the future return of the Target Group and brings additional benefit of the Acquisition to the Company without incurring substantial cost, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

### RECOMMENDATION

Taking into account of (a) a reduction in Consideration by USD1,500,000, from USD6,550,000 to USD5,050,000 with a control of exchange rate risks at a fixed rate at USD1 = TL5.85, resulting a lower premium of 25.82% over the 30% of the adjusted net asset value of the Target Group as at 30 June 2018; and (b) the authorities of economy policy are taking necessary measures to support financial stability and sustain the effective functioning of financial markets in Turkey, although the Acquisition is not in the ordinary and usual course of business of the Company, we are of the opinion that (i) the terms of the Sale and Purchase Agreement (as amended by the Supplemental Deed, the Side Letter and the Second Side Letter) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Sale and Purchase Agreement (as amended by the Supplemental Deed, the Side Letter and the Second Side Letter) is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the proposed resolution(s) to approve the Sale and Purchase Agreement (as amended by the Supplemental Deed, the Side Letter and the Second Side Letter) and the transactions contemplated thereunder at the EGM.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Hans Wong**      **Julisa Fong**  
*Chairman*      *Managing Director*

*Notes:* Mr. Hans Wong is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 23 years of experience in investment banking and corporate finance.

Ms. Julisa Fong is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 21 years of experience in investment banking and corporate finance.



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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 8022)**

**SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of Evershine Group Holdings Limited (the “Company”) will be held at 10:30 a.m. on 19 September 2018 at 2-4/F., Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolution:

**ORDINARY RESOLUTION**

1. **“THAT**
  - (a) the Sale and Purchase Agreement which is tabled at the meeting and marked “A” and initialled by the chairman of the Meeting for identification purpose, and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
  - (b) the directors of the Company be and are hereby authorised to take such actions and execute and deliver such documents as they may consider necessary, appropriate or expedient to carry out or give effect to or otherwise in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder.”

By order of the Board  
**Evershine Group Holdings Limited**  
**Hunt Tat Chi Alan**  
*Executive Director*

Hong Kong, 4 September 2018



## SUPPLEMENTAL NOTICE OF EGM

*Registered office:*

16/F, Henan Building,  
90&92 Jaffe Road,  
Wan Chai, Hong Kong

*Principal place of business in Hong Kong:*

16/F, Henan Building,  
90&92 Jaffe Road,  
Wan Chai, Hong Kong

*Notes:*

- (i) Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or, if he/she/it is the holder of two or more shares, more proxies to attend and vote in his/her/its stead. A proxy need not be a shareholder of the Company.
- (ii) In order to be valid, a revised form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Company's share registrar in Hong Kong, Hong Kong Registrars Ltd., Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of a revised form of proxy will not preclude a shareholder from attending and voting in person if he/she (or in the case of a corporations, its duly authorised representative) is subsequently able to be present.
- (iii) A revised form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorised to sign the same.
- (iv) In the case of joint holders of any shares, any one of such joint holders may vote at the above EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the EGM, either personally or by proxy, the joint holder whose name stands first in the register of members of the Company will alone be entitled to vote in respect of such shares.
- (v) On a poll, every shareholder present at the EGM shall be entitled to one vote for every fully paid-up share of which he/she/it is the holder. The result of such poll shall be deemed to be the resolution of the EGM at which the poll was so required or demanded.
- (vi) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 9:00 a.m. on the date of the EGM, the EGM will be postponed or adjourned. The Company will post an announcement on the Company's website ([www.evershinegroup.com.hk](http://www.evershinegroup.com.hk)) and HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify shareholders of the date, time and place of the rescheduled EGM.