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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)

PROFIT WARNING

This announcement is made by Evershine Group Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited financial information of the Group and information currently available to the Board for the year ended 31 December 2018 (the “**Current Year**”), the Group is expected to record a loss of approximately HK\$110 million for the Current Year as compared to the loss of approximately HK\$69 million for the year ended 31 December 2017. Based on information currently available to the Board, the expected loss for the Current Year was mainly attributable to impairment loss on intangible asset – operating right of the cemetery of approximately HK\$73 million (2017: nil).

Reasons of the impairment loss on intangible asset

The intangible asset represents the operating right of cemetery issued by the relevant authorities in Henan for the legal right to operate a cemetery (the “**Cemetery**”) in Zhecheng county. The operating right was acquired through acquisition of asset through acquisition of subsidiaries during the year ended 31 December 2015.

It is noted that the progress of the Cemetery Business Segment fell behind the original schedule as described in the circular of the Company dated 7 November 2015. The main reasons for the progress behind be elaborated as below:

- The reallocation and demolition of old graves took excessive time than originally expected. It was completed in 2018. However, the construction of the Cemetery and the related facilities including funeral parlor and cremation machine are still in progress. As a result, only a small part of the Cemetery is currently ready for sales;
- The location of the Cemetery is in the remote area outside Zhecheng County and it is not well known locally. Zhecheng County is a small county with a population of about 695,000 in 2017. Rate of cremation in Henan Province is less than 20% of the total deceased population in 2017 and has decreased by 53% when compared to the figure found in 2012.

The release of the Funeral Management Regulations (殯葬管理條例) in 2015 that the deceased should be cremated for burial if there is cremation facility closed by has not been effectively reinforced. There is still strong cultural influence that burying without cremation is preferred and spending large amount of money to have lavish cemetery units for the deceased may be beyond the reach of most of the locals. As a result, the demand for the cremation is relatively weak, and sales of cemetery units remains insignificant.

In existence of the above impairment indicators, the Company has appointed an independent professional valuer to carry out a valuation as at 31 December 2018, resulting in a preliminary impairment loss on intangible asset of approximately HK\$73 million to be recognised in the statement of profit or loss.

The Company is still in the process of finalising the consolidated results of the Group for the year ended 31 December 2018 (the “**Final Results**”). The information contained in this announcement is only based on the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available which have not been audited by the auditor of the Company. The information contained in this announcement may be different from the Final Results of the Group to be published. Further details of the Group’s financial results will be disclosed as and when the Group publishes its results for the year ended 31 December 2018 which is expected to be published on 22 March 2019.

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

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

Hong Kong, 11 March 2019

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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) 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 Announcement” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at www.evershinegroup.com.hk.