Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Ever Reach Group (Holdings) Company Limited
恒 達 集 團（控 股）有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3616)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

RESULTS

The board (the "**Board**") of directors of Ever Reach Group (Holdings) Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		(unaudited)	(unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**359,668**	374,302
Cost of sales	*5*	**(252,556)**	(240,337)
Gross profit		**107,112**	133,965
Fair value gains on investment properties		**1,570**	100
Selling and marketing expenses	*5*	**(28,799)**	(15,852)
Administrative expenses	*5*	**(40,906)**	(36,169)
Other gains/(losses) – net	*6*	**19,448**	(389)
Operating profit		**58,425**	81,655
Finance income	*7*	**595**	427
Finance costs	*7*	**(8,876)**	(7,912)
Finance costs – net		**(8,281)**	(7,485)
Share of results of investments accounted for using the equity method		**(203)**	–
Profit before income tax		**49,941**	74,170
Income tax expense	*8*	**(26,474)**	(48,770)
Profit for the period		**23,467**	25,400
Attributable to:			
Owners of the Company		**24,205**	26,911
Non-controlling interests		**(738)**	(1,511)
		23,467	25,400
Earnings per share attributable to the owners of the Company (expressed in RMB)			
– Basic and diluted earnings per share	*9*	**0.02**	0.03

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**23,467**	25,400
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
– Revaluation surplus upon transfer of an owner-occupied property to investment property, net of tax	**7,459**	–
Total comprehensive income for the period, net of tax	**30,926**	25,400
Attributable to:		
Owners of the Company	**31,664**	26,911
Non-controlling interests	**(738)**	(1,511)
	30,926	25,400

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**As at 30 June 2019 (unaudited)** ***RMB'000***	As at 31 December 2018 (audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**40,395**	41,031
Investment properties		**86,920**	75,250
Deferred tax assets		**66,992**	57,590
Investments accounted for using the equity method		**23,797**	–
Right-of-use assets		**18,553**	–
Total non-current assets		**236,657**	173,871
Current assets			
Prepayments for leasehold land		**91,249**	234,623
Properties held or under development for sale		**4,612,119**	3,890,921
Trade and other receivables and prepayments	*11*	**550,852**	312,340
Prepaid income taxes		**63,917**	43,218
Contract assets		**2,734**	3,942
Financial assets at fair value through profit or loss		**180**	190
Restricted cash		**100,014**	125,928
Cash and cash equivalents		**307,060**	419,502
Total current assets		**5,728,125**	5,030,664
Total assets		**5,964,782**	5,204,535
EQUITY			
Share capital		**10,645**	10,645
Share premium		**299,188**	299,188
Retained earnings		**511,000**	549,035
Other reserves		**126,280**	118,821
Equity attributable to owners of the Company		**947,113**	977,689
Non-controlling interests		**19,088**	19,826
Total equity		**966,201**	997,515

	Notes	As at 30 June 2019 (unaudited) RMB'000	As at 31 December 2018 (audited) RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings and entrusted loans		**62,000**	29,000
Other long-term borrowings		**446,110**	574,170
Deferred tax liabilities		**15,854**	19,266
Lease liabilities		**14,846**	–
Total non-current liabilities		**538,810**	622,436
Current liabilities			
Bank borrowings and entrusted loans		**289,000**	196,000
Current portion of other long-term borrowings		**293,600**	271,340
Contract liabilities		**3,136,351**	2,030,488
Trade and other payables	*12*	**567,362**	874,404
Current income tax liabilities		**170,309**	212,352
Lease liabilities		**3,149**	–
Total current liabilities		**4,459,771**	3,584,584
Total liabilities		**4,998,581**	4,207,020
Total equity and liabilities		**5,964,782**	5,204,535

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ever Reach Group (Holdings) Company Limited (Cayman Islands Company Number: 313570, the "**Company**") was incorporated in the Cayman Islands on 22 July 2016 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in property development business in the People's Republic of China (the "**PRC**").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 November 2018 (the "**Listing**").

The condensed consolidated financial statements are presented in thousands of Renminbi (RMB'000), unless otherwise stated.

These condensed consolidated financial statements have not been audited or reviewed by the auditor of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these condensed consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

(i) This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 – Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants. It was authorised for issue on 21 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 2.2.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information and disclosures in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the following:

- financial assets at fair value through other comprehensive income – measured at fair value
- financial assets – measured at fair value through profit or loss, and
- investment properties – measured at fair value

The preparation of this interim report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated financial statements were the same as those applied to the Group's annual financial statements for the year ended 31 December 2018.

(iii) New standards, amendments and interpretation adopted in the six months ended 30 June 2019

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

- HKFRS 16 – Lease
- HK (IFRIC) 23 – Uncertainty over income tax treatments
- Amendments to HKFRS 9 – Prepayment features with negative compensation
- Amendments to HKAS 28 – Long-term interests in associates and joint ventures
- Amendments to HKAS 19 – Plan amendment, curtailment or settlement
- Amendments improvement to HKFRSs – Annual improvements to HKFRS standards 2015-2017 cycle

The effects of the adoption of HKFRS 16 is disclosed in Note 2.2.1. The other standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's condensed consolidated financial statements.

(iv) New standards, amendments and interpretation not yet adopted

The following new accounting standards, amendments and interpretation have been published that are not mandatory for the financial year beginning on 1 January 2019 and have not been early adopted by the Group.

Standards/Amendments/ Interpretation		**Effective for annual periods beginning on or after**
• HKFRS 10 and HKAS 28 (Amendments)	Regarding sale or contribution of assets between an investor and its associate or joint venture	To be determined
• HKFRS 17	Insurance Contracts	1 January 2021

The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation of HKFRSs, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected.

2.2 Change in accounting policies

This note explains the impact of the adoption of HKFRS 16 – Leases on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on 1 January 2019.

2.2.1 *Adjustments recognised on adoption of HKFRS 16*

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 – Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.57%.

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**19,060**
Future interest expenses	**(4,812)**
Lease liability discounted using the lessee's incremental borrowing rate as at 1 January 2019	**14,248**
Of which are as at 1 January 2019:	
Current lease liabilities	**2,995**
Non-current lease liabilities	**11,253**
	14,248

These right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 ***RMB'000***	**As at 1 January 2019** ***RMB'000***
Properties	**18,553**	**14,688**
Total right-of-use assets	**18,553**	**14,688**

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- right-of-use assets – increase by RMB14,688,000
- prepayments – decrease by RMB440,000
- lease liabilities – increase by RMB14,248,000

(a) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics

- reliance on previous assessments on whether leases are onerous

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 – Determining whether an arrangement contains a Lease.

2.2.2 The Group's leasing activities and how these are accounted for

The Group leases are mainly offices. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct cost, and
- restoration cost, if any

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

3 SEGMENT INFORMATION

The executive directors have been identified as the Chief Operating Decision Maker ("**CODM**"). Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in property development in the PRC. The CODM reviews the operating results of the business as one segment to make decision about resources to be allocated. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2019 and 2018.

As at 30 June 2019 and 31 December 2018, all of non-current assets of the Group were located in the PRC.

There was no revenue derived from a single external customer that accounts for 10% or more of the Group's revenues the six months ended 30 June 2019 and 2018.

4 REVENUE

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Sales of properties	**358,341**	373,195
– Recognised at a point in time	**313,229**	198,528
– Recognised over time	**45,112**	174,667
Rental income	**1,327**	1,107
	359,668	374,302

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Costs of properties recognised in profit or loss		
– Land use rights and demolition and resettlement costs, after deducting related government grants	**67,031**	59,892
– Construction costs and capitalised expenditures	**151,638**	148,162
– Interest capitalised	**30,564**	29,029
Tax and surcharges	**2,071**	2,063
Staff costs	**25,701**	18,479
Advertising and publicity costs	**14,333**	8,328
Listing expenses	**–**	4,283
Office and meeting expenses	**6,673**	5,544
Professional fees	**6,181**	3,231
Entertainment expenses	**5,689**	3,621
Stamp duty and other taxes	**4,383**	4,337
Depreciation of property, plant and equipment	**2,995**	2,104
Depreciation of right-of-use assets	**1,460**	–
Sales agent commission	**1,917**	416
Rental expenses	**–**	1,370
Travelling expenses	**653**	498
Bank charges	**12**	37
Other expenses	**960**	964
Total cost of sales, selling and marketing expenses and administrative expenses	**322,261**	292,358

6 OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Waive of the interest payable to Mr. Lin Peiqing	**20,128**	–
Rewards from local government	**740**	330
Donations	**(1,198)**	(604)
Exchange losses	**(31)**	(8)
Penalties, fines and compensations for late delivery of properties	**(3)**	(21)
Fair value losses on financial assets at fair value through profit or loss	**(10)**	(42)
Others	**(178)**	(44)
	19,448	(389)

7 FINANCE INCOME/(COSTS)

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Finance income		
– Interest income on bank deposits	**595**	427
Finance costs		
– Interest on bank borrowings and entrusted loans, other long-term borrowings and other current borrowings	**(30,469)**	(26,281)
– Interest on pre-sale deposits received	**(47,870)**	(36,123)
– Interest and finance charges payable for lease liabilities	**(462)**	–
	(78,801)	(62,404)
Amount capitalised	**69,925**	54,492
Finance costs expensed	**(8,876)**	(7,912)
Finance costs – net	**(8,281)**	(7,485)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current income tax		
– PRC land appreciation tax	**11,117**	33,996
– PRC corporate income tax	**30,657**	6,821
	41,774	40,817
Deferred income tax	**(15,300)**	7,953
Total income tax charged for the period	**26,474**	48,770

PRC corporate income tax

Under the Corporate Income Tax (the "**CIT**") Law of the PRC, the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the condensed consolidated statements of profit or loss as income tax expense.

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group's Hong Kong companies did not have assessable income subject to Hong Kong profits tax for the six months ended 30 June 2019 and 2018.

Overseas corporate income tax

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands as they were not subject to any tax during the six months ended 30 June 2019 and 2018.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period. In determining the weighted average number of shares in issue during the six months ended 30 June 2019 and 2018, the 899,900,000 shares issued and allotted through capitalisation of the share premium account of the Company upon Listing on 12 November 2018 were deemed to have been in issue since 1 January 2018.

	Six months ended 30 June	
	2019 (unaudited)	2018 (unaudited)
The Group's profit attributable to owners of the Company (RMB'000)	**24,205**	26,911
Weighted average number of ordinary shares in issue ('000)	**1,200,000**	900,000
Basic and diluted earnings per share (expressed in RMB)	**0.02**	0.03

For the six months ended 30 June 2019 and 2018, diluted earnings per share was equal to the basic earnings per share as there were no dilutive shares.

10 DIVIDENDS

On 28 March 2019, the directors have recommended the payment of a final dividend of HK5.9 cents (equivalent to approximately RMB5.0 cents) per fully paid ordinary share in respect of the year ended 31 December 2018. Such proposed dividend is not recognised as a liability at year end. The dividend was approved at the annual general meeting of the Company held on 24 May 2019, and fully paid out by 30 June 2019.

No dividend for the six months ended 30 June 2019 and 2018 had been proposed by the directors of the Company.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Trade receivables	**–**	–
Prepayments of construction costs (a)	**42,303**	23,344
Costs relating to demolition and resettlement activities recoverable from government (b)	**183,757**	183,757
Receivable from project service (c)	**55,440**	55,440
Tender deposits (d)	**50,729**	23,777
Value-added-tax recoverable	**53,808**	14,945
Prepaid tax and surcharges (e)	**92,694**	11,699
Deposits paid for property development	**4,560**	8,502
Amount due from an associated company	**76,000**	–
Others	**3,185**	2,273
	520,173	300,393
Total of trade and other receivables and prepayments	**562,476**	323,737
Less: Allowance for impairment of other receivables	**(11,624)**	(11,397)
	550,852	312,340

Notes:

(a) Prepayments of construction costs represent the prepaid construction costs, which will be transferred to properties under development for sale.

(b) The balances represent demolition and resettlement costs paid on behalf of and recoverable from the government.

(c) Receivable from project service represents the outstanding balance recoverable from customer for the construction costs and project management fees incurred. The Group manages the construction projects on behalf of certain customers, and earns a pre-determined service fee for the services provided.

(d) The balance represents tender deposits for bidding of land use rights, which will be subsequently refunded or transferred to prepayments for leasehold land upon successful bidding.

(e) Prepaid tax and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

As at 30 June 2019 and 31 December 2018, the fair value of trade and other receivables and prepayments approximates their carrying amounts.

As at 30 June 2019 and 31 December 2018, the carrying amounts of trade and other receivables and prepayments are all denominated in RMB.

12 TRADE AND OTHER PAYABLES

	As at 30 June 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Trade payables	**409,521**	658,763
Interest payable	**38,387**	57,171
Construction deposits from suppliers	**39,533**	39,997
Deposits received from customers	**395**	34,000
Value-added-tax and other taxes payable	**9,998**	26,585
Accrued payroll	**8,427**	18,319
Construction deposits from related parties	**16,962**	18,304
Temporary funding payables (a)	**8,969**	11,770
Maintenance fees collected on behalf	**329**	805
Amounts due to minority shareholders	**31,400**	–
Accrued expense	**2,384**	–
Others	**1,057**	8,690
	567,362	874,404

Note:

(a) Temporary funding payables are non-interest bearing payables to third parties.

At 30 June 2019 and 31 December 2018, the ageing analysis of trade payables based on invoice date are as follows:

	As at 30 June 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Less than 1 year	**279,199**	594,542
Between 1 and 2 years	**73,245**	35,784
Between 2 and 3 years	**40,270**	19,647
Over 3 years	**16,807**	8,790
	409,521	658,763

As at 30 June 2019 and 31 December 2018, the fair value of trade and other payables approximates their carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

On 15 July 2019, the National Bureau of Statistics released statistics on changes in the sales price of commercial housing in 70 large and medium-sized cities in June 2019, and the investment and sales of real estate in the PRC from January to June 2019. According to such latest released statistics, the Chinese real estate market exhibited a stable development in terms of housing prices, real estate investment, real estate sales, and area under construction, land deals and other comprehensive property development indicators in the first half of 2019.

According to the Henan Provincial Bureau of Statistics, from January to June 2019, investment in Henan's real estate amounted to approximately RMB326.11 billion, represented an increase of 4.1% year-on-year. Residential investment amounted to approximately RMB263.19 billion, which represented an increase of 11.3%. Total area of housing construction was 497,335,000 sq.m., represented an increase of 7.3% year-on-year. Among them, residential area construction was 376,983,400 sq.m., which reflected a growth of 8.1%. Area of newly-built housing area was 80,989,500 sq.m., represented an increase of 20.3%, among which newly-built residential area shared 64,230,200 sq.m., represented an increase of 22.5%. The completed area of housing was 21,055,300 sq.m., represented an increase of 6.7% year-on-year, among which completed residential area was 17,234,600 sq.m., represented an increase of 8.9%. The sales area of commercial housing was 57,474,800 sq.m., an increase of 7.7% year-on-year. Total sales value of commercial housing amounted to approximately RMB368.34 billion, an increase of 20.0%.

As per the property statistics of the Henan Province, the total new construction area was in rapid growth in the first half of 2019, especially the newly-developed residential area. These confirm the observation that Henan has a large population while low urbanization rate. Rigid demand and demand for improved housing are increasingly taking place.

Based on the property statistics of the Henan Province in the first half of 2019, it is obvious that the national and Henan real estate industry as a whole has maintained steady growth. The Chinese real estate market, especially in Henan, will remain on a stable track. Maintaining market health and stable growth will be high-probability events.

BUSINESS OVERVIEW

The Group promoted the projects in an orderly manner according to the plan formulated at the beginning of the year, and participated in co-development projects in due course by relying on its brand influence and management experience. On 18 January 2019, the Group and an independent third party jointly established Xuchang Yuanda Property Company Limited* (許昌遠達置業有限公司), in which the Group held 70% equity interests, and acquired approximately 25,533 sq.m. of land in the land transaction market through public tender, auction and listing activities in January 2019. On 25 January 2019, the Group and an independent third party jointly established Yanling County Henghui Property Company Limited* (鄢陵縣恒輝房地產有限公司), in which the Group held 40% equity interests, and acquired approximately 119,575 sq.m. of land in the land transaction market through public tender, auction and listing activities in January 2019. The co-development projects can effectively reduce the investment costs of the Group and increase its land reserves at the same time to contribute to sustainable development.

In the future, the Group will actively take advantage of key national strategies such as the strategy for the Central Plains Economic Zone, continue to further develop its business in the local market, and build series of products themed "mansion, county, city and town (府、郡、城、鎮)" based on different customer groups. The Group will launch the projects held for development in a timely and orderly manner, and selectively engage in the urban redevelopment projects in selected areas to strengthen its business presence in Xuchang City. With respect to project management, the Group will establish a "responsible, orderly and effective" management and control system to build a benchmark for the local market, promote business development under its brand, and consolidate and enhance the core competitiveness of the Group to make greater contributions to the economic development of Xuchang City and Henan Province.

Land reserves

As at 30 June 2019, the total gross floor area ("**GFA**") of the Group's land reserves was approximately 3.8 million sq.m..

The Group acquired several parcels of land reserves in Yanling County and Changge City with site area of approximately 145,108 sq.m. during the six months ended 30 June 2019.

* *English name for identification purpose only*

Contracted sales

The table below sets forth a breakdown of our major types of contracted sales and contracted average selling price ("**ASP**"):

	Six months ended 30 June 2019	2018	% change +/-
Contracted sales attributable to:			
Residential units (RMB, million)	**1,108.5**	649.5	+70.7%
Commercial units (RMB, million)	**117.0**	247.4	-52.7%
Car parking spaces (RMB, million)	**28.2**	74.3	-62.0%
Others (RMB, million)	**3.2**	3.0	+6.7%
Total (RMB, million)	**1,256.9**	974.2	+29.0%
Contracted saleable GFA/lot attributable to:			
Saleable GFA (sq.m.)	**180,065**	139,488	+29.1%
Car parking space (lot)	**344**	623	-44.8%
Contracted ASP attributable to:			
Saleable GFA (RMB/sq.m.)	**6,823**	6,452	+5.8%
Car parking space (RMB/lot)	**82,046**	119,237	-31.2%

Our contracted ASP per sq.m. of saleable GFA increased by 5.8% to approximately RMB6,823 per sq.m. for the six months ended 30 June 2019 comparing to the same period of last year. The increase in first half of 2019 was mainly due to the increase in market price of properties in Henan Province.

Our contracted ASP per lot for car parking space decreased by 31.2% to approximately RMB82,046 per lot for the six months ended 30 June 2019. The decrease for the six months ended 30 June 2019 was mainly due to the increase in the proportion of contracted sales of car parking spaces with a relatively lower ASP.

FINANCIAL REVIEW

Results

During the six months ended 30 June 2019, the revenue of the Group reached approximately RMB359.7 million (six months ended 30 June 2018: RMB374.3 million), representing a decrease of approximately 3.9% as compared to the same period of last year.

The Group recorded gross profit of approximately RMB107.1 million (six months ended 30 June 2018: RMB134.0 million), representing a decrease of approximately RMB26.9 million, or approximately 20.0% as compared to the same period of last year.

Gross profit margin was approximately 29.8% for the six months ended 30 June 2019 (six months ended 30 June 2018: 35.8%), representing a decrease of approximately 6% as compared with the same period of last year.

Profit for the period decreased by approximately RMB1.9 million, or 7.6%, from approximately RMB25.4 million for the six months ended 30 June 2018 to approximately RMB23.5 million for the six months ended 30 June 2019.

Revenue

Our revenue was derived primarily from (i) sales of properties and (ii) rental income. The following table sets forth the breakdown of the revenue and their respective percentages of contribution to the total revenue for the periods indicated:

	Six months ended 30 June				
	2019		2018		**% change**
	RMB'000	***%***	*RMB'000*	*%*	***+/-***
Sales of properties	**358,341**	**99.6**	373,195	99.7	-4.0%
Rental income	**1,327**	**0.4**	1,107	0.3	+19.9%
	359,668	**100.0**	374,302	100.0	-3.9%

The tables below set out the revenue from the sales of properties, the total GFA/units of properties recognised and the overall recognised ASP of our properties by property types:

	Six months ended 30 June					
	2019			2018		
	Revenue	**GFA recognised**	**Recognised ASP per sq.m.**	Revenue	GFA recognised	Recognised ASP per sq.m.
	RMB'000	***sq.m.***	***RMB***	*RMB'000*	*sq.m.*	*RMB*
Residential	**289,815**	**48,383**	**5,990**	141,702	31,684	4,472
Commercial	**55,456**	**4,458**	**12,440**	210,242	25,415	8,272
Storage	**1,811**	**855**	**2,118**	1,735	615	2,821
	347,082	**53,696**	**6,464**	353,679	57,714	6,128

	Revenue	**Units recognised**	**Recognised ASP per unit**	Revenue	Units recognised	Recognised ASP per unit
	RMB'000	**lot**	***RMB***	*RMB'000*	lot	*RMB*
Car parking spaces	**11,259**	**145**	**77,648**	19,516	262	74,489

Sales of properties, which accounted for approximately 99.6% (six months ended 30 June 2018: 99.7%) of our total revenue for the six months ended 30 June 2019, was primarily contributed from the sales of residential and commercial properties, storages and car parking spaces recognised in the period.

Our revenue decreased by approximately RMB14.6 million or 3.9% from approximately RMB374.3 million for the six months ended 30 June 2018 to approximately RMB359.7 million for the six months ended 30 June 2019, which was principally attributable to the result of approximately RMB154.8 million decrease in the sales of our commercial properties during the six months ended 30 June 2019, partially offset by approximately RMB148.1 million increase in the sales of our residential properties during the six months ended 30 June 2019.

Gross profit and gross profit margin

The table below sets out the revenue, gross profit and gross profit margin by types:

	Six months ended 30 June							
	2019				2018			
	Revenue	**Cost of sales**	**Gross profit**	**Gross profit margin**	Revenue	Cost of sales	Gross profit	Gross profit margin
	RMB'000	***RMB'000***	***RMB'000***	***%***	*RMB'000*	*RMB'000*	*RMB'000*	*%*
Sales of properties								
– Residential	**289,815**	**216,110**	**73,705**	**25.4**	141,702	108,764	32,938	23.2
– Commercial	**55,456**	**26,098**	**29,358**	**52.9**	210,242	115,916	94,326	44.9
– Car parking spaces and storages	**13,070**	**10,348**	**2,722**	**20.8**	21,251	15,657	5,594	26.3
Subtotal	**358,341**	**252,556**	**105,785**	**29.5**	373,195	240,337	132,858	35.6
Rental	**1,327**	**–**	**1,327**	**100.0**	1,107	–	1,107	100.0
	359,668	**252,556**	**107,112**	**29.8**	374,302	240,337	133,965	35.8

Despite the fact that the gross profit margin of sales of residential and commercial properties increased from approximately 23.2% and 44.9% for the six months ended 30 June 2018 to approximately 25.4% and 52.9% for the six months ended 30 June 2019, the overall gross profit margin decreased from approximately 35.8% for the six months ended 30 June 2018 to approximately 29.8% for the six months ended 30 June 2019.

Profit for the six months ended 30 June 2019 was approximately RMB23.5 million (six months ended 30 June 2018: RMB25.4 million), representing a deduction of approximately RMB1.9 million. It was mainly due to the decrease in our revenue from approximately RMB374.3 million for the six months ended 30 June 2018 to approximately RMB359.7 million for the six months ended 30 June 2019; the deterioration of our overall gross profit margin from approximately 35.8% for the six months ended 30 June 2018 to approximately 29.8% for the six months ended 30 June 2019; and approximately RMB12.9 million increase in the selling and marketing expenses, partially offset by approximately RMB19.8 million increase in other gains for the six months ended 30 June 2019.

Fair value gains on investment properties

The Group's investment properties were valued at 30 June 2019 by an independent qualified valuers, Vincorn Consulting and Appraisal Limited, who hold recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Selling and marketing expenses

For the six months ended 30 June 2019, the Group's selling and marketing expenses amounted to approximately of RMB28.8 million (six months ended 30 June 2018: RMB15.9 million), representing an increase of approximately 81.7% as compared to that in 2018. During the six months ended 30 June 2019, the Group launched more promotion activities and campaign to boost up the contracted sales as compared with the same period of 2018.

Administrative expenses

The administrative expenses increased by approximately 13.1% from approximately RMB36.2 million for the six months ended 30 June 2018 to approximately RMB40.9 million for the six months ended 30 June 2019, the increase in administrative expenses was mainly due to the increase of entertainment expenses, staff costs and professional fees for the six months ended 30 June 2019.

Other gains/(losses) – net

Other gains/(losses) – net increased by approximately RMB19.8 million to approximately RMB19.4 million for the six months ended 30 June 2019. The significant increase was due to the reason that Mr. Lin Peiqing, the father-in-law of Mr. LI Xiaobing who is the chairman, a controlling shareholder and an executive director of the Company, waived the interest payable to him amounting to approximately RMB20,128,000 during the six months ended 30 June 2019.

Finance costs – net

Finance costs primarily consisted of (i) interest expenses on bank and other borrowings; and (ii) interest on pre-sale deposits received, less interest expenses which were capitalised to the extent that such costs are directly attributable to property development projects. Our finance costs increased by approximately 12.2% from approximately RMB7.9 million for the six months ended 30 June 2018 to approximately RMB8.9 million for the six months ended 30 June 2019.

Income tax expense

Income tax expense mainly comprised of the PRC corporate income tax expense and land appreciation tax arising from our PRC subsidiaries. Income tax expenses decreased by approximately 45.7% or RMB22.3 million from approximately RMB48.8 million for the six months ended 30 June 2018 to the approximately RMB26.5 million for the six months ended 30 June 2019, which was in line with the decrease of our operating profit for the six months ended 30 June 2019.

Liquidity, financial resources and capital resources

As of 30 June 2019, the cash and cash equivalents amounted to approximately RMB307.1 million (31 December 2018: RMB419.5 million), of which approximately RMB302.0 million (31 December 2018: RMB372.8 million) was denominated in RMB and approximately RMB5.1 million (31 December 2018: RMB46.7 million) was denominated in Hong Kong Dollars ("**HKD**").

As at 30 June 2019, the restricted cash amounted to approximately RMB100.0 million (31 December 2018: RMB125.9 million), all restricted cash was denominated in RMB.

The Group's total borrowings amounted to approximately RMB1,090.7 million as of 30 June 2019 (31 December 2018: RMB1,070.5 million), of which approximately RMB582.6 million was classified as current liabilities (31 December 2018: RMB467.3 million). Approximately 39.7% (31 December 2018: 57.0%) out of the Group's total borrowings was fixed interest rates.

As at 30 June 2019 and 31 December 2018, the Group's borrowings were repayable as follows:

	As at 30 June 2019				As at 31 December 2018			
		Between	**Between**			Between	Between	
	Within	**1 to**	**2 to**	**Over**	Within	1 to	2 to	Over
	1 year	**2 years**	**5 years**	**5 years**	1 year	2 years	5 years	5 years
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings and entrusted loans	**289,000**	**62,000**	**–**	**–**	196,000	29,000	–	–
Other long-term borrowings	**293,600**	**207,114**	**208,496**	**30,500**	271,340	262,960	250,210	61,000
	582,600	**269,114**	**208,496**	**30,500**	467,340	291,960	250,210	61,000

Current, total and net assets

As of 30 June 2019, the Group had current assets of approximately RMB5,728.1 million (31 December 2018: RMB5,030.7 million) and current liabilities of approximately RMB4,459.8 million (31 December 2018: RMB3,584.6 million), there was a decrease of net current assets value from approximately RMB1,446.1 million as at 31 December 2018 to approximately RMB1,268.3 million as at 30 June 2019.

As of 30 June 2019, the Group had total assets of approximately RMB5,964.8 million (31 December 2018: RMB5,204.5 million) and total liabilities of approximately RMB4,998.6 million (31 December 2018: RMB4,207.0 million), representing a decrease of net assets or total equity from approximately RMB997.5 million as at 31 December 2018 to approximately RMB966.2 million as at 30 June 2019.

Charge on assets

The majority of the Group's bank borrowings and entrusted loans from third parties are secured by property, plant and equipment, investment properties and properties held or under development for sale of the Group.

Contingent liabilities

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of these purchasers for repayments. Such guarantees will terminate upon the earlier of (i) the issuance and transfer of the real estate ownership certificate, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties after the relevant legal procedures. The Group's guarantee period starts from the date of grant of mortgage. The directors of the Company (the "**Directors**") consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

Key financial ratios

Key financial ratios:

	As of 30 June 2019	As of 31 December 2018
Liquidity ratio		
Current ratio	**1.3**	1.4
Capital adequacy ratios		
Gearing ratio *(note 1)*	**112.9%**	107.3%
Debt to equity ratio *(note 2)*	**81.1%**	65.3%

Note 1: Gearing ratio is our total debts, including bank borrowings and entrusted loans, other long-term borrowings and other current borrowings, as a percentage of total equity.

Note 2: Debt to equity ratio is our total debts, minus cash and cash equivalents, as a percentage of total equity.

KEY RISK FACTORS

All of our projects are located in Henan Province, the PRC. Our business continues to be heavily dependent on the performance of the property markets in Xuchang City and Henan Province. These property markets may be affected by local, regional, national and global factors, many of which are beyond our control and could include economic and financial conditions, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. The selling price per sq.m. and gross profit margins of our properties vary by the type of properties we developed and sold, and affected by various factors including the market demand of the properties located, prevailing local market prices, the cost of properties constructed and sold.

The property market in the cities in which we have operations or plan to expand our operations has been competitive. Our existing and potential competitors include both national and regional property developers with expansive operations in the cities or markets in which we operate as well as local property developers. We compete with them with respect to a number of factors, including land acquisition, geographic location, management expertise, financial resources, access to transportation infrastructure, size of land reserves, product quality, brand recognition by customers, customer services and support, pricing and design quality. We may seek to further enhance our market presence in these cities amid intense competition.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk.

The Group is principally engaged in the property development business in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits denominated in HKD. The Group currently does not have a foreign currency hedging policy. However, the management of the Group closely monitors the foreign exchange exposure and will take actions when necessary.

GEARING RATIO

Gearing ratio is our total debts, including bank borrowings and entrusted loans and other long-term borrowings, as a percentage of total equity. As at 30 June 2019, the gearing ratio of the Group was approximately 112.9%, representing an increase of approximately 5.6 percentage points as compared with approximately 107.3% as at 31 December 2018, which was mainly due to the payment of 2018 final dividend.

INTERIM DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio.

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

Human resource has always been the most valuable resource of the Group. As of 30 June 2019, the Group had a total workforce of 447 employees (30 June 2018: 397). The remuneration policy is reviewed by the Board from time to time. Emoluments of the Directors are determined by the Remuneration Committee after considering performance of the Group, individual performance and comparing with market conditions. In addition to basic remuneration, the Group also provides medical insurance, social insurance contribution plans or other pension schemes, and other benefits in kind to the employees. The Group adopted five-day week policy applying to our certain back office staff to execute the philosophy of work-life balance.

To intensify personnel training and development, the Group provides a series of employee training programmes, which aims to accelerate professional growth and identify competences and talents of diversified teams. High potential staff are preferred and developed intensively according to the promotion plan towards the management level. In order to attract and retain suitable candidates for business development, the Group adopted the share option scheme as incentive since November 2018.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

The net proceeds from the IPO after deducting underwriting commissions and related expenses were approximately RMB309.8 million. As at 30 June 2019, the net proceeds from the IPO were fully utilised.

FORWARD LOOKING

For the first half of 2019, significant policies harmonization were achieved in the real estate industry from the national to the local level, and from demand to supply-side management. The principle of "property for residence only and not for speculation" is now a solid policy emphasis, and the emphasis of "Three Stabilisation" (Stabilising Land Price; Stabilising Property Price; Stabilising Expections) was listed among the Ministry of Housing and Urban-Rural Development's ten priorities of 2019. While pressure was mounting in 2019 due to downward economic adjustment pressure as a result of both internal and external environment, governments in all regions have been rolling out policies tailored to the conditions of individual urban areas and cities, so as to ensure smooth market operation.

The government of the Henan province and all local governments are now accelerating their progress on developing a long term real estate market adjustment mechanism to clarify the middle to long term development objectives and annual work targets of the property market, in order to ensure continuity and stability in adjustment policies and to properly manage both market demand and supply concurrently. Being the most populous province in the PRC, rigid demand and urban redevelopment are the two main elements that fuel market demand in Henan. Therefore urbanization and urban redevelopment would still be the focus of real estate development in the near term.

As the listed property developer in the Henan province that based in area other than the provincial capital, the Group has a more throughout understanding of home buyers at the grass root level. The Group therefore seeks to fully leverage capital market platform and local influence of the Ever Reach brand, and seizes immediate opportunities to launch different classes of property for fulfilling the demand of all customer categories. The Group would continue to take an active part in the urban redevelopment projects in key areas in Xuchang City (covering Weidu District, Jian'an District, Yuzhou City, Changge City and Yanling County), and utilize own advantages in terms of accumulated experience and well-rounded expertise in project management to raise enterprise land reserves and income. The Group shall also apply its experience in urban redevelopment and improvement of old urban area to other areas of Henan outside Xuchang at suitable time to expand its business coverage.

Going forward, the Group seeks to consolidate its foothold in Xuchang and expand its coverage to other areas in Henan, and leverage opportunities presented in the urbanization of Henan. In addition, the Group vows to make good use of its 27 years of experience and management capabilities to accelerate development of the enterprise, and to guarantee qualities so as to fulfill enterprise annual and middle to long term plans and contribute to the development of Henan, and achieve profit for its investors.

OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim results announcement, no material events were undertaken by the Group subsequent to 30 June 2019.

CORPORATE GOVERNANCE

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures. During the six months ended 30 June 2019, the Board is of the opinion that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. The Company has made a specific enquiry to all Directors regarding any non-compliance with the Model Code and all Directors confirmed that they have complied with the Model Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the audit committee of the Board which comprises three independent non-executive Directors namely, Mr. LEE Kowk Lun, Mr. FANG Cheng and Mr. WEI Jian.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have not been audited or reviewed by the auditor of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.everreachgroup.com). The interim report will be despatched to the shareholders of the Company and published on both websites on or before 30 September 2019.

FORWARD-LOOKING STATEMENTS

This announcement includes certain forward-looking statements which involve the financial conditions, results and businesses of the Group. These forward-looking statements are the Group's expectation or beliefs for future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

By Order of the Board
Ever Reach Group (Holdings) Company Limited
Li Xiaobing
Chairman and Executive Director

Hong Kong, 21 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. Li Xiaobing, Mr. Wang Zhenfeng, Ms. Qi Chunfeng and Mr. Wang Quan; and the independent non-executive directors are Mr. Lee Kwok Lun, Mr. Wei Jian and Mr. Fang Cheng.