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 2020

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 2020, together with the unaudited comparative figures for the corresponding period in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		(unaudited)	(unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**511,229**	359,668
Cost of sales	*5*	**(347,460)**	(252,556)
Gross profit		**163,769**	107,112
Fair value (losses)/gains on investment properties		**(1,870)**	1,570
Selling and marketing expenses	*5*	**(32,069)**	(28,799)
Administrative expenses	*5*	**(53,900)**	(40,678)
Net impairment losses on financial assets	*5*	**(251)**	(228)
Other (losses)/gains – net	*6*	**(4,840)**	19,448
Operating profit		**70,839**	58,425
Finance income	*7*	**636**	595
Finance costs	*7*	**(520)**	(8,876)
Finance income/(costs) – net		**116**	(8,281)
Share of results of investments accounted for using the equity method		**–**	(203)
Profit before income tax		**70,955**	49,941
Income tax expense	*8*	**(39,069)**	(26,474)
Profit for the period		**31,886**	23,467
Attributable to:			
Owners of the Company		**32,846**	24,205
Non-controlling interests		**(960)**	(738)
		31,886	23,467
Earnings per share attributable to the owners of the Company (expressed in RMB)			
– Basic and diluted earnings per share	*9*	**0.03**	0.02

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**31,886**	23,467
Other comprehensive income for the period		
– *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	**31,886**	30,926
Attributable to:		
Owners of the Company	**32,846**	31,664
Non-controlling interests	**(960)**	(738)
	31,886	30,926

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	**As at 30 June 2020 (unaudited)** *RMB'000*	As at 31 December 2019 (audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**42,796**	40,685
Investment properties		**94,830**	96,700
Deferred tax assets		**126,637**	102,947
Right-of-use assets		**17,419**	19,214
Total non-current assets		**281,682**	259,546
Current assets			
Prepayments for leasehold land		**964,241**	443,330
Properties held or under development for sale		**6,115,109**	5,104,128
Trade and other receivables and prepayments	*11*	**221,210**	299,183
Prepaid income taxes		**66,916**	55,119
Contract assets		**4,648**	4,005
Financial assets at fair value through profit or loss		**170**	181
Restricted cash		**107,316**	115,740
Cash and cash equivalents		**148,625**	245,157
Total current assets		**7,628,235**	6,266,843
Total assets		**7,909,917**	6,526,389

	Notes	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
EQUITY			
Share capital		**10,645**	10,645
Share premium		**299,188**	299,188
Retained earnings		**785,137**	752,291
Other reserves		**153,824**	153,824
Equity attributable to owners of the Company		**1,248,794**	1,215,948
Non-controlling interests		**22,591**	17,551
Total equity		**1,271,385**	1,233,499
LIABILITIES			
Non-current liabilities			
Bank borrowings		**29,000**	–
Other long-term borrowings		**293,537**	432,348
Deferred tax liabilities		**17,954**	13,139
Lease liabilities		**14,843**	16,223
Total non-current liabilities		**355,334**	461,710
Current liabilities			
Bank borrowings		**195,500**	291,000
Other current borrowings		**58,200**	–
Current portion of other long-term borrowings		**304,002**	342,752
Contract liabilities		**3,366,548**	2,702,327
Trade and other payables	*12*	**2,079,338**	1,114,038
Current income tax liabilities		**275,605**	377,855
Lease liabilities		**4,005**	3,208
Total current liabilities		**6,283,198**	4,831,180
Total liabilities		**6,638,532**	5,292,890
Total equity and liabilities		**7,909,917**	6,526,389

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, 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 31 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 2019, 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 profit or loss – measured at fair value through profit or loss, and
- investment properties – measured at fair value

The preparation of this interim financial 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 2019.

2.2 Change in accounting policies

(i) Amendments adopted by the Group in 2020

The following amendments of HKFRSs have been adopted by the Group for the first time for the financial year beginning 1 January 2020:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Regarding definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Regarding definition of material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Regarding interest rate benchmark reform	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020

The amendments and interpretation did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(ii) ***New standard and amendments not yet adopted***

The following new standard and amendments of HKFRSs have been published but are not mandatory for the Group's accounting periods beginning on 1 January 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to to HKFRS 16	COVID-19 - Related Rent Concessions	30 June 2020
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Improvements to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020	1 January 2022

The Group will adopt the above new standard and amendments when they become effective but it is not expected that they will result in any significant impact to the Group's financial statements.

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 2020 and 2019.

As at 30 June 2020 and 31 December 2019, 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 for the six months ended 30 June 2020 and 2019.

4 REVENUE

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Sales of properties	**509,172**	358,341
– Recognised at a point in time	**509,172**	313,229
– Recognised over time	**–**	45,112
Rental income	**2,057**	1,327
	511,229	359,668

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on financial assets are analysed as follows:

	Six months ended 30 June	
	2020	2019
	(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	**92,603**	67,031
– Construction costs and capitalised expenditures	**178,540**	151,673
– Net provision for decline in values of properties held for sale	**34,430**	(35)
– Interest capitalised	**38,763**	30,564
Tax and surcharges	**1,413**	2,071
Staff costs	**37,423**	25,701
Advertising and publicity costs	**16,507**	14,333
Office and meeting expenses	**7,561**	6,673
Professional fees	**8,323**	6,181
Entertainment expenses	**6,512**	5,689
Depreciation of property, plant and equipment and amortisation of right-of-use assets	**5,067**	4,455
Stamp duty and other taxes	**4,458**	4,383
Net impairment losses on financial assets	**251**	228
Rental expenses	**228**	–
Sales agent commission	**163**	1,917
Bank charges	**161**	12
Travelling expenses	**53**	653
Other expenses	**1,224**	732
Total cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on financial assets	**433,680**	322,261

6 OTHER (LOSSES) /GAINS – NET

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Rewards from local government	**300**	740
Exchange gains/(losses)	**23**	(31)
Donations	**(4,920)**	(1,198)
Fair value losses on financial assets at fair value through profit or loss	**(11)**	(10)
Waive of the interest payable to Mr. Lin Peiqing	**–**	20,128
Penalties, fines and compensations for late delivery of properties	**–**	(3)
Others	**(232)**	(178)
	(4,840)	19,448

7 FINANCE INCOME/(COSTS)

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Finance income		
– Interest income on bank deposits	**636**	595
Finance costs		
– Interest on bank borrowings, other long-term borrowings and other current borrowings	**(28,616)**	(30,469)
– Interest on pre-sale deposits received	**(27,800)**	(47,870)
– Interest and finance charges payable for lease liabilities	**(520)**	(462)
	(56,936)	(78,801)
Amount capitalised	**56,416**	69,925
Finance costs expensed	**(520)**	(8,876)
Finance income/(costs) – net	**116**	(8,281)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current income tax		
– PRC land appreciation tax	**21,986**	11,117
– PRC corporate income tax	**35,958**	30,657
	57,944	41,774
Deferred income tax	**(18,875)**	(15,300)
Total income tax charged for the period	**39,069**	26,474

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 2020 and 2019.

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 2020 and 2019.

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.

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
The Group's profit attributable to owners of the Company (RMB'000)	**32,846**	24,205
Weighted average number of ordinary shares in issue ('000)	**1,200,000**	1,200,000
Basic and diluted earnings per share (expressed in RMB)	**0.03**	0.02

For the six months ended 30 June 2020 and 2019, 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 of the Company 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 year ended 31 December 2019 and for the six months ended 30 June 2020 had been proposed by the directors of the Company.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2020 (unaudited) ***RMB'000***	As at 31 December 2019 (audited) *RMB'000*
Trade receivables	**–**	–
Prepayments of construction costs (a)	**30,239**	24,241
Prepayments of equity acquisition (b)	**13,521**	–
	43,760	24,241
Costs relating to demolition and resettlement activities recoverable from government (c)	**87,684**	211,783
Receivable from project service (d)	**55,440**	55,440
Value-added-tax recoverable	**32,898**	16,752
Tender deposits	**21,391**	23,460
Prepaid tax and surcharges (e)	**16,134**	16,861
Temporary funding receivable (f)	**13,000**	–
Deposits paid for property development	**4,284**	4,277
Others	**3,038**	2,537
	233,869	331,110
Total of trade and other receivables and prepayments	**277,629**	355,351
Less: Allowance for impairment of other receivables	**(56,419)**	(56,168)
	221,210	299,183

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 the prepayment for investment of 20% of equity interests in a property project company. The equity interest is in the process of transfer and registration.

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

(d) 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. The balance has been fully impaired due to long-ageing.

(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.

(f) Temporary funding receivable is interest bearing receivable from an independent third party. The annual interest rate is 8%.

As at 30 June 2020 and 31 December 2019, the fair value of trade and other receivables and prepayments approximates their carrying amounts.

As at 30 June 2020 and 31 December 2019, the carrying amounts of trade and other receivables and prepayments are all denominated in RMB.

12 TRADE AND OTHER PAYABLES

	As at 30 June 2020 (unaudited) ***RMB'000***	As at 31 December 2019 (audited) *RMB'000*
Trade payables	**1,018,079**	765,417
Temporary funding payables (a)	**451,499**	8,449
Amounts due to related parties (b)	**161,600**	–
Value-added-tax and other taxes payable (c)	**136,807**	90,799
Deposits received from customers	**133,519**	59,257
Construction deposits from suppliers	**63,380**	82,962
Interest payable	**45,974**	41,461
Amounts due to minority shareholders (d)	**43,400**	30,900
Construction deposits from related parties	**16,271**	16,876
Accrued payroll	**6,057**	16,811
Maintenance fees collected on behalf	**841**	522
Others	**1,911**	584
	2,079,338	1,114,038

Notes:

(a) Temporary funding payables are non-interest bearing payables to an independent third party.

(b) Amounts due to related parties are due on demand. The payables bear no interest. The payables are non-trade in nature.

(c) The standard value-added-tax ("**VAT**") rate was 11% which has been reduced to 10% since 1 May 2018 and has been further reduced to 9% since 1 April 2019. Certain sales of properties and rental income of the Group are qualified for the simplified tax rate of 5% but the input VAT is not deductible.

(d) Amounts due to minority shareholders are due on demand. The payables bear no interest. The payables are non-trade in nature.

At 30 June 2020 and 31 December 2019, the ageing analysis of trade payables based on invoice date are as follows:

	As at 30 June 2020 (unaudited) ***RMB'000***	As at 31 December 2019 (audited) *RMB'000*
Less than 1 year	**809,747**	694,164
Between 1 and 2 years	**154,719**	41,572
Between 2 and 3 years	**34,646**	23,397
Over 3 years	**18,967**	6,284
	1,018,079	765,417

As at 30 June 2020 and 31 December 2019, the fair value of trade and other payables approximates their carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

On 16 July 2020, the National Bureau of Statistics released the statistics on "Investment and Sales of Real Estate Development in the PRC from January to June 2020" and "Changes in the Sales Price of Commercial Housing in 70 Large and Medium-sized Cities in June 2020". According to such latest statistics, during the first half of 2020, the real estate market in the PRC has gradually gotten rid of the impact of the novel coronavirus epidemic ("**COVID-19**"), and slowly entered a stage of stable development from a low point.

According to the Henan Provincial Bureau of Statistics, from January to June 2020, investment of real estate development in Henan Province amounted to approximately RMB334.6 billion, representing a year-on-year increase of approximately 2.6%. Among them, investment of residential properties amounted to approximately RMB275.3 billion, representing a year-on-year increase of 4.6%. The completed gross floor area ("**GFA**") in Henan Province was approximately 13.7 million sq.m., representing a year-on-year decrease of approximately 34.7%. Among them, the completed GFA for residential properties was 11.1 million sq.m., representing a year-on-year decrease of approximately 35.4%. The saleable GFA for commercial properties was 54.5 million sq.m., representing a year-on-year decrease of approximately 5.2%. Sales of commercial properties amounted to approximately RMB353.6 billion, representing a decrease of approximately 4.0%.

As per the statistics on the real estate sector of Henan Province, the real estate market in Henan Province is recovering from the impact of the COVID-19 in the first half of 2020. Following the positive trend in COVID-19 prevention and control, the resumption of work and production, are implemented continuously, and the economy is recovering steadily. Under such circumstances, coupled with the large population, relatively low urbanisation rate and high demand for rigid housing and improved housing in Henan Province, the real estate industry in Henan Province will gradually recover while overcoming the adverse effects of the COVID-19.

BUSINESS OVERVIEW

Leveraging on the economic development opportunities in the Central Plains, the Group continued to extensively explore the local market and timely secured project resources in other regions of Henan Province. Adhering to the corporate philosophy of "Integrity Management, Fulfilling Every Promise", the Company further upgraded products and service standards to increase local market share and brand influence.

In the first half of 2020, the Group continued to participate in co-development projects and promoted diversified co-development models to reduce project development costs.

In order to ensure the goal of sustainable development of the Group, we steadily promoted the expansion of land reserves and obtained high-quality land parcels in a timely manner. During the six months ended 30 June 2020, the Group acquired approximately 124,224 sq.m. of land in the land transaction market through the process of bidding invitation, auction or listing.

Over the past six months, under our typical business model of developing mixed residential and commercial properties, we gathered popularity from our residential properties to drive the development of commercial properties. At the same time, the customer traffic from commercial properties can promote the sales of residential products, and the improvement of commercial facilities can also increase the comprehensive value of residential projects, which can further expand and enhance the brand recognition and reputation of the Group.

Land reserves

As at 30 June 2020, the GFA of the Group's land reserves was approximately 3.7 million sq.m..

The Group acquired a parcel of land reserves in Xuchang City with site area of approximately 124,224 sq.m. during the six months ended 30 June 2020.

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		% change
	2020	2019	+/-
Contracted sales attributable to:			
Residential units (RMB, million)	**917.3**	1,108.5	-17.2%
Commercial units (RMB, million)	**127.5**	117.0	+9.0%
Car parking spaces (RMB, million)	**33.2**	28.2	+17.7%
Others (RMB, million)	**5.2**	3.2	+62.5%
Total (RMB, million)	**1,083.2**	1,256.9	-13.8%
Contracted saleable GFA/lot attributable to:			
Saleable GFA (sq.m.)	**165,432**	180,065	-8.1%
Car parking space (lot)	**493**	344	+43.3%
Contracted ASP attributable to:			
Saleable GFA (RMB/sq.m.)	**6,347**	6,823	-7.0%
Car parking space (RMB/lot)	**67,342**	82,046	-17.9%

Our contracted ASP per sq.m. of saleable GFA decreased by 7.0% to approximately RMB6,347 per sq.m. for the six months ended 30 June 2020 comparing to the same period of last year. The decrease in the first half of 2020 was mainly due to the decrease in market price of properties in Henan Province.

Our contracted ASP per lot for car parking space decreased by 17.9% to approximately RMB67,342 per lot for the six months ended 30 June 2020. The decrease for the six months ended 30 June 2020 was mainly due to the increase in the proportion of contracted sales of car parking spaces with a relatively low ASP.

FINANCIAL REVIEW

Results

During the six months ended 30 June 2020, the revenue of the Group reached approximately RMB511.2 million (six months ended 30 June 2019: RMB359.7 million), representing an increase of approximately 42.1% as compared to the same period of last year.

The Group recorded gross profit of approximately RMB163.8 million (six months ended 30 June 2019: RMB107.1 million), representing an increase of approximately RMB56.7 million, or approximately 52.9% as compared to the same period of last year.

Gross profit margin was approximately 32.0% for the six months ended 30 June 2020 (six months ended 30 June 2019: 29.8%), representing an increase of approximately 7.4% as compared with the same period of last year.

Profit for the period increased by approximately RMB8.4 million, or 35.7%, from approximately RMB23.5 million for the six months ended 30 June 2019 to approximately RMB31.9 million for the six months ended 30 June 2020.

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				
	2020		2019		% change
	RMB'000	*%*	*RMB'000*	*%*	*+/-*
Sales of properties	**509,172**	**99.6**	358,341	99.6	+42.1%
Rental income	**2,057**	**0.4**	1,327	0.4	+55.0%
	511,229	**100.0**	359,668	100.0	+42.1%

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					
	2020			2019		
	Revenue *RMB'000*	**GFA recognised** *sq.m.*	**Recognised ASP per sq.m.** *RMB*	Revenue *RMB'000*	GFA recognised *sq.m.*	Recognised ASP per sq.m. *RMB*
Residential	**365,333**	**54,779**	**6,669**	289,815	48,383	5,990
Commercial	**102,719**	**12,841**	**7,999**	55,456	4,458	12,440
Storage	**2,895**	**1,017**	**2,847**	1,811	855	2,118
	470,947	**68,637**	**6,861**	347,082	53,696	6,464

	Revenue *RMB'000*	**Units recognised** *lot*	**Recognised ASP per unit** *RMB*	Revenue *RMB'000*	Units recognised *lot*	Recognised ASP per unit *RMB*
Car parking spaces	**38,225**	**385**	**99,286**	11,259	145	77,648

Sales of properties, which accounted for approximately 99.6% (six months ended 30 June 2019: 99.6%) of our total revenue for the six months ended 30 June 2020, was primarily contributed from the sales of residential and commercial properties, storages and car parking spaces in the period.

Our revenue increased by approximately RMB151.5 million or 42.1% from approximately RMB359.7 million for the six months ended 30 June 2019 to approximately RMB511.2 million for the six months ended 30 June 2020, which was principally attributable to the result of approximately RMB122.8 million increase in the sales of our residential and commercial properties during the six months ended 30 June 2020.

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							
	2020				2019			
	Revenue *RMB'000*	**Cost of sales** *RMB'000*	**Gross profit** *RMB'000*	**Gross profit margin** %	Revenue *RMB'000*	Cost of sales *RMB'000*	Gross profit *RMB'000*	Gross profit margin %
Sales of properties								
– Residential	**365,333**	**237,645**	**127,688**	**35.0**	289,815	216,110	73,705	25.4
– Commercial	**102,719**	**52,869**	**49,850**	**48.5**	55,456	26,098	29,358	52.9
– Car parking spaces and storages	**41,120**	**56,946**	**(15,826)**	**(38.5)**	13,070	10,348	2,722	20.8
Subtotal	**509,172**	**347,460**	**161,712**	**31.8**	358,341	252,556	105,785	29.5
Rental	**2,057**	**–**	**2,057**	**100.0**	1,327	–	1,327	100.0
	511,229	**347,460**	**163,769**	**32.0**	359,668	252,556	107,112	29.8

Despite the fact that the gross profit margin of sales of commercial properties decreased from approximately 52.9% for the six months ended 30 June 2019 to approximately 48.5% for the six months ended 30 June 2020, the residential and overall gross profit margin increased from approximately 25.4% and 29.8% for the six months ended 30 June 2019 to approximately 35.0% and 32.0% for the six months ended 30 June 2020, respectively.

Profit for the six months ended 30 June 2020 was approximately RMB31.9 million (six months ended 30 June 2019: RMB23.5 million), representing an increase of approximately RMB8.4 million. It was mainly due to (i) the increase in our revenue from approximately RMB359.7 million for the six months ended 30 June 2019 to approximately RMB511.2 million for the six months ended 30 June 2020; (ii) the improvement of our overall gross profit margin from approximately 29.8% for the six months ended 30 June 2019 to approximately 32.0% for the six months ended 30 June 2020; and (iii) approximately RMB8.4 million decrease in the finance costs, partially offset by approximately RMB13.2 million increase in administrative expenses and approximately RMB24.3 million decrease in other gains for the six months ended 30 June 2020.

Fair value (losses)/gains on investment properties

The Group's investment properties were valued on 30 June 2020 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 2020, the Group's selling and marketing expenses amounted to approximately of RMB32.1 million (six months ended 30 June 2019: RMB28.8 million), representing an increase of approximately 11.5% as compared to the same period in 2019. During the six months ended 30 June 2020, the Group launched more promotion activities and campaign as compared with the same period of 2019.

Administrative expenses

The administrative expenses increased by approximately 32.4% from approximately RMB40.7 million for the six months ended 30 June 2019 to approximately RMB53.9 million for the six months ended 30 June 2020, the increase in administrative expenses was mainly due to the increase in entertainment expenses, staff costs and professional fees for the six months ended 30 June 2020.

Other (losses)/gains – net

During the six months ended 30 June 2020, the Group's other losses amounted to approximately RMB4.8 million whereas the Group recorded other gains of approximately RMB19.4 million during the six months ended 30 June 2019. The signficant change 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 RMB20.1 million during the six months ended 30 June 2019.

Finance income/(costs) – net

Finance income/(costs) – net 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 decreased by approximately 94.1% from approximately RMB8.9 million for the six months ended 30 June 2019 to approximately RMB0.5 million for the six months ended 30 June 2020.

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 increased by approximately 47.5% or RMB12.6 million from approximately RMB26.5 million for the six months ended 30 June 2019 to the approximately RMB39.1 million for the six months ended 30 June 2020, which was in line with the increase of our revenue for the six months ended 30 June 2020.

Liquidity, financial resources and capital resources

As at 30 June 2020, the cash and cash equivalents amounted to approximately RMB148.6 million (31 December 2019: RMB245.2 million), of which approximately RMB148.2 million (31 December 2019: RMB242.6 million) was denominated in RMB and approximately RMB0.4 million (31 December 2019: RMB2.5 million) was denominated in Hong Kong dollar.

As at 30 June 2020, the restricted cash amounted to approximately RMB107.3 million (31 December 2019: RMB115.7 million), all restricted cash was denominated in RMB.

The Group's total borrowings amounted to approximately RMB880.2 million as at 30 June 2020 (31 December 2019: RMB1,066.1 million), of which approximately RMB557.7 million was classified as current liabilities (31 December 2019: RMB633.8 million). Approximately 40.2% (31 December 2019: 42.0%) out of the Group's total borrowings was fixed interest rates.

As at 30 June 2020 and 31 December 2019, the Group's borrowings were repayable as follows:

	As at 30 June 2020			As at 31 December 2019		
	Within 1 year	**Between 1 to 2 years**	**Between 2 to 5 years**	Within 1 year	Between 1 to 2 years	Between 2 to 5 years
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	**195,500**	**–**	**29,000**	291,000	–	–
Other long-term borrowings	**304,002**	**68,500**	**225,037**	342,752	171,128	261,220
Other current borrowings	**58,200**	**–**	**–**	–	–	–
	557,702	**68,500**	**254,037**	633,752	171,128	261,220

Current, total and net assets

As at 30 June 2020, the Group had current assets of approximately RMB7,628.2 million (31 December 2019: RMB6,266.8 million) and current liabilities of approximately RMB6,283.2 million (31 December 2019: RMB4,831.2 million), there was a decrease of net current assets value from approximately RMB1,435.6 million as at 31 December 2019 to approximately RMB1,345.0 million as at 30 June 2020.

As at 30 June 2020, the Group had total assets of approximately RMB7,909.9 million (31 December 2019: RMB6,526.4 million) and total liabilities of approximately RMB6,638.5 million (31 December 2019: RMB5,292.9 million), representing an increase of net assets or total equity from approximately RMB1,233.5 million as at 31 December 2019 to approximately RMB1,271.4 million as at 30 June 2020.

Charge on assets

The majority of the Group's bank borrowings and other long-term borrowings are secured by property, plant and equipment 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 consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

In line with our diversified land acquisition strategies, a subsidiary of the Group obtained the 20% equity interest of a project company (the "**Investee Company**") which hold a parcel of land for development through a bidding process, and remaining 80% equity interests are held by an independent third party (the "**Major Shareholder**"). Based on the investment agreement entered into by the Investee Company, subsidiary of the Group and the Major Shareholder, the Investee Company has to repay the shareholder loans provided by the Major Shareholder within a specified timeframe after commencement of pre-sale activities. If the Investee Company fails to return such shareholder loan on time, the Group is required to provide funding to the Investee Company for the repayment of the shareholder loans. As at 30 June 2020, such shareholder loans of this Investee Company are approximately RMB218 million. In addition, pursuant to the investment agreement, the Group also has to compensate for all losses of the Major Shareholder if the property project is delayed under certain conditions or that the repayment of shareholder loans is delayed beyond certain period stipulated in the investment agreement. As at 30 June 2020, management of the Company considers the risk of providing funding for repayment of shareholder loans or any compensation loss is low as no material delay of the development of such property project occurred.

Key financial ratios

Key financial ratios:

	As at 30 June 2020	As at 31 December 2019
Liquidity ratio		
Current ratio	**1.2**	1.3
Capital adequacy ratios		
Gearing ratio *(note 1)*	**69.2%**	86.4%
Debt to equity ratio *(note 2)*	**57.5%**	66.6%

Note 1: Gearing ratio is our total debts, including bank borrowings, 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 are varied by the type of properties that 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.

GEARING RATIO

Gearing ratio is our total debts, including bank borrowings, other long-term borrowings and other current borrowings, as a percentage of total equity. As at 30 June 2020, the gearing ratio of the Group was approximately 69.2%, representing a decrease of approximately 17.2 percentage points as compared with approximately 86.4% as at 31 December 2019, which was mainly due to the repayment of outstanding loans during the period.

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 2020.

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 at 30 June 2020, the Group had a total workforce of 578 employees (30 June 2019: 447). The remuneration policy is reviewed by the Board from time to time. Emoluments of the directors of the Company 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.

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.

FORWARD LOOKING

In the first half of 2020, the central government continued to adhere to the policy positioning of "residential properties are for living, not speculation" to identify the primary responsibilities of the cities, and strived to stabilize land price and property price to achieve the expected objective steadily. Due to the impact of the COVID-19 in the first half of the year, the fundamentals of the industry were hit. The People's Bank of China lowered the benchmark lending interest rate three times and the mortgage interest rate fell accordingly. During the outbreak of the COVID-19, many local governments introduced supportive policies for the real estate industry, including measures such as delaying the deadline for paying land transfer fees, delaying the deadline for commencement and completion of construction and lowering the pre-sale threshold. The policies introduced mainly act on the supply side, with the core purpose of alleviating the pressure of real estate companies on cash flow due to the COVID-19, to promote the stable and healthy development of the real estate market in the future.

Upholding the principle of enacting measures according to local conditions and applying them on a city-by-city basis, the government of Henan Province comprehensively identified the primary responsibilities of the cities and formulated a plan of "one-city, one-policy", so as not to let real estate be used as a means and tool to drive economic growth in a short period while ensuring the continuity and stability of regulatory policies. The government of Henan Province continued improving regulation and control, accelerated the establishment of a monitoring system for the operation of the real estate market, carried out monitoring as well as evaluation to make reasonable expectations, and conducted special rectification activities to further regulate the order of the real estate market and stabilize the development of the real estate market.

In the second half of 2020, relying on the huge population base, stable economic development and continuous urbanization of Henan Province, the Group will continue (1) strengthening the management and control of operation to ensure the successful fulfilment of various indicators; (2) accelerating the pace of projects to promote the increase in scale; (3) deepening the research and development of technologies to strengthen product optimization and upgrade; and (4) deepening business planning work to enhance brand influence, thus promoting the efficient and healthy development of the Group.

In the current era of rapid urbanization, the Group will take it as an opportunity to gradually form a sustainable and risk-resisting business portfolio layout with a focus on the development and sales of rigid and improved mid-to-high-end residential properties and with commercial properties as the supplement, to enhance the core competitiveness of the Group. Looking forward, the Group will continue to further explore the market in Xuchang and expand the business into the surrounding areas. Meanwhile, the Group will explore a development model focusing on developing business in provincial and regional areas under its listed brand and moderately expand business layout in urban areas to gradually increase market share. By emphasizing the operation concept of efficient turnover, the Group will expand the scale of operations and increase profits with scale effect to achieve the efficient and stable development of the Group.

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 2020.

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 2020, 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 of the Company. The Company has made a specific enquiry to all directors of the Company 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 2020, 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 2020 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 2020 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 2020.

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, 31 August 2020

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.