

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)

CONTINUING CONNECTED TRANSACTION CIVIL ENGINEERING CONSTRUCTION CONTRACT

The Board is pleased to announce that, on 20 October 2021, Luohe Hengda entered into the Civil Engineering Construction Contract with Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide civil engineering and construction services for two residential blocks and the connected garages in the Project.

THE LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Luohe Hengda was held as to 40% by Luohe Huatai and 60% by Xuchang Hengda; and (ii) Luohe Huatai was held as to 49% by two independent third parties and 51% by Linying Hongtong which in turn held 51% equity interest in Luohe Huatai Construction. Therefore, Luohe Huatai Construction is a connected person of the Company by virtue of being an associate of Luohe Huatai at the subsidiary level. Accordingly, under Chapter 14A of the Listing Rules, the Civil Engineering Construction Contract and the transaction contemplated thereunder constitute a continuing connected transaction of the Company.

The Civil Engineering Construction Contract, which is continuous in nature, was entered into in the ordinary and usual course of business of the Company. As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) for the highest annual cap amount in relation to the transaction contemplated under the Civil Engineering Construction Contract is more than 1% but all the applicable percentage ratios are less than 5%, the Civil Engineering Construction Contract and the transaction contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and annual review requirements but are exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 20 October 2021, Luohe Hengda entered into the Civil Engineering Construction Contract with Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide civil engineering and construction services for two residential blocks and the connected garages in the Project.

CIVIL ENGINEERING CONSTRUCTION CONTRACT

The principal terms of the Civil Engineering Construction Contract are set out as follows: -

| | |
|---------------------------|---|
| Date | 20 October 2021 |
| Parties | Luohe Hengda (as principal); and Luohe Huatai Construction (as contractor) |
| Nature of the transaction | Luohe Hengda entrusted Luohe Huatai Construction to provide civil engineering and construction services for two residential blocks and the connected garages in a construction project, which is located in Linying County, Luohe City, Henan Province, the PRC (the “ Project ”). |
| Contract term | 560 calendar days from 20 October 2021 to 2 May 2023. |

The commencement of the construction of the connected garages depends on the completion of inspection of the foundation subsoil of the residential blocks.

Consideration and
Payment
Arrangements

Luohe Hengda will pay to Luohe Huatai Construction a total consideration of approximately RMB31,005,000 pursuant to the terms of the Civil Engineering Construction Contract (the “**Consideration**”).

97% of the Consideration shall be paid in accordance with the payment schedule to the Civil Engineering Construction Contract, which is based on the construction work completed, and the remaining 3% of the Consideration in the sum of approximately RMB 931,000 shall be reserved as quality guarantee and shall be paid by Luohe Hengda upon Luohe Hengda’s acceptance of the quality of the Project and the expiry of the relevant quality guarantee period by the end of 2026.

Tender Procedures and
Assessment Criteria

Luohe Hengda arranged the tender procedures and invited 5 bidders for the tender, including 4 independent contractors and Luohe Huatai Construction.

A comprehensive assessment method was adopted. Luohe Hengda scored the bidders which have met substantive requirements of the tender documents based on certain assessment criteria, including but not limited to recent business and operation conditions, market credibility, management structure, experience and qualifications of the team managers, sufficiency of workers, work quality of major technical officers and safety conditions and management quality of other projects under construction and completed projects of the bidders. For bidders with the same scores, the one with lower tender price ranked ahead and for bidders with same score and same tender price, the one with higher market credibility ranked ahead.

Basis of Consideration The Consideration is the bidding price offered by Luohe Huatai Construction (i.e. approximately RMB31,005,000 in total), the successful bidder, at the tender for the Civil Engineering Construction Contract based on the ration standard budget for construction works of the Henan Province in 2016 (2016年河南省工程定額標準預算結果) and the terms of the Civil Engineering Construction Contract.

Payment method Settlement through telegraphic transfer.

ANNUAL CAPS AND BASIS OF ANNUAL CAPS

The Company estimates that based on the payment arrangements contemplated under the Civil Engineering Construction Contract as detailed under the paragraph headed “Civil Engineering Construction Contract” above, the annual caps for the year ending 31 December 2021, the year ending 31 December 2022 and the year ending 31 December 2023 are approximately RMB18,275,000, approximately RMB5,873,000 and approximately RMB5,928,000, respectively. The annual cap for the year ending 31 December 2021 is calculated based on the estimated amount of approximately RMB18,275,000 to be incurred for the transaction contemplated under the Civil Engineering Construction Contract for the year ending 31 December 2021. The annual cap for the year ending 31 December 2022 is calculated based on the estimated amount of approximately RMB5,873,000 to be incurred for the transaction contemplated under the Civil Engineering Construction Contract for the year ending 31 December 2022. The annual cap for the year ending 31 December 2023 is calculated based on the estimated amount of approximately RMB5,928,000 to be incurred for the transaction contemplated under the Civil Engineering Construction Contract for the year ending 31 December 2023.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CIVIL ENGINEERING CONSTRUCTION CONTRACT

The Group is principally engaged in the property development and property investment businesses in the PRC. Adjoining Xuchang City to the north, Linying County enjoys a high degree of urban development. The Board believes that Linying County is easy to harness and is important for the Group’s strategic development and experience accumulation for development projects outside of Xuchang City. Further, the location of the Project possesses comprehensive municipal facilities in proximity with a rich residential ambience.

Luohe Huatai Construction has the relevant qualifications and expertise to provide civil engineering and construction service to Luohe Hengda. The Civil Engineering Construction Contract and the transaction contemplated thereunder are and will be conducted in the ordinary and usual course of business of Luohe Hengda.

The Directors (including the independent non-executive Directors) are of the view that the terms and the annual caps under the Civil Engineering Construction Contract are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms or better to the Company, and the entering into the Civil Engineering Construction Contract is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, (i) Luohe Hengda was held as to 40% by Luohe Huatai and 60% by Xuchang Hengda; and (ii) Luohe Huatai was held as to 49% by two independent third parties and 51% by Linying Hongtong which in turn held 51% equity interest in Luohe Huatai Construction. Therefore, Luohe Huatai Construction is a connected person of the Company by virtue of being an associate of Luohe Huatai at the subsidiary level. Accordingly, under Chapter 14A of the Listing Rules, the Civil Engineering Construction Contract and the transaction contemplated thereunder constitute a continuing connected transaction of the Company.

The Civil Engineering Construction Contract, which is continuous in nature, was entered into in the ordinary and usual course of business of the Company. As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) for the highest annual cap amount in relation to the transaction contemplated under the Civil Engineering Construction Contract is more than 1% but all the applicable percentage ratios are less than 5%, the Civil Engineering Construction Contract and the transaction contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and annual review requirements but are exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

Luohe Hengda

Luohe Hengda is a company established in the PRC on 21 December 2020. The principal activities of Luohe Hengda include real estate development and house renting in Henan Province, the PRC.

Luohe Huatai Construction

Luohe Huatai Construction is a company established in the PRC on 16 March 1999. It has more than 20 years of experience in providing civil engineering and construction services to real estate developers in Henan Province, the PRC. The principal activities of Luohe Huatai Construction include construction, fire engineering, steel structure, waterproof and anti-corrosion structure, heat preservation, municipality project, renovation and decoration.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|---|--|
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Civil Engineering Construction Contract” | the civil engineering construction contract dated 20 October 2021 entered into between Luohe Hengda and Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide civil engineering and construction services for two residential blocks and the connected garages in the Project |
| “Company” | Ever Reach Group (Holdings) Company Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region |

| | |
|-----------------------------|--|
| “Linying Hongtong” | 臨潁縣鴻通投資有限公司 (Linying County Hongtong Investment Co., Ltd*), a limited liability company established in the PRC and is owned by independent third parties (save for their respective equity interest in Linying Hongtong) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Luohe Hengda” | 漯河恒達華泰置業有限公司 (Luohe Hengda Huatai Real Estate Co., Ltd.*), a limited liability company established in the PRC and is owned as to 60% by Xuchang Hengda and 40% by Luohe Huatai as at the date of this announcement |
| “Luohe Huatai” | 漯河華泰置業集團有限公司 (Luohe Huatai Real Estate Group Co., Ltd.*), a limited liability company established in the PRC and is owned as to 51% by Linyin Hongtong and 49% by two independent third parties (save for their respective equity interest in Luohe Huatai) as at the date of this announcement |
| “Luohe Huatai Construction” | 漯河華泰置業集團建築有限公司 (Luohe Huatai Real Estate Group Construction Co., Ltd.*), a limited liability company established in the PRC and is owned as to 51% by Linying Hongtong and 49% by two independent third parties (save for their respective equity interest in Luohe Huatai Construction) as at the date of this announcement |
| “PRC” | the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Share(s)” | ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

“Xuchang Hengda” 許昌恒達房地產集團有限公司 (Xuchang Hengda Property Group Company Limited*), a limited liability company established in the PRC and a wholly owned subsidiary of the Company

“%” per cent.

* *English name for identification purpose only*

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

Hong Kong, 20 October 2021

As at the date of this announcement, the executive Directors 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.