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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 19 April 2022, 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 a commercial building and the connected garage 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. As the Previous Civil Engineering Construction Contract was entered into within 12 months prior to the Civil Engineering Construction Contract, pursuant to Rule 14A.81 of the Listing Rules, the Civil Engineering Construction Contract is required to be aggregated with the Previous Civil Engineering Construction Contract.

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, when aggregated with the Previous 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 19 April 2022, 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 a commercial building and the connected garage in the Project.

CIVIL ENGINEERING CONSTRUCTION CONTRACT

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

Date	19 April 2022
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 a commercial building and the connected garage in the Project.
Contract term	560 calendar days from 19 April 2022 to 30 October 2023. The commencement of the construction of the connected garages depends on the completion of inspection of the foundation subsoil of the commercial building.

Consideration and Payment Arrangements	<p>Luohe Hengda will pay to Luohe Huatai Construction a total consideration of approximately RMB4 million pursuant to the terms of the Civil Engineering Construction Contract (the “Consideration”).</p> <p>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 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.</p>
Tender Procedures and Assessment Criteria	<p>Luohe Hengda arranged the tender procedures and invited 4 bidders for the tender, including 3 independent contractors and Luohe Huatai Construction.</p> <p>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.</p>
Basis of Consideration	<p>The Consideration is the bidding price offered by Luohe Huatai Construction (i.e. approximately RMB4 million 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.</p>
Payment method	<p>Settlement through telegraphic transfer.</p>

ANNUAL CAPS AND BASIS OF ANNUAL CAPS

The Company estimates that the annual caps for the year ending 31 December 2022, the year ending 31 December 2023 and the year ending 31 December 2024 are approximately RMB11 million, approximately RMB7 million and approximately RMB1 million, respectively. The above annual caps were arrived at by reference to (i) the estimated amount of fees to be incurred for the transaction contemplated under the Civil Engineering Construction Contract, when aggregated with the Previous Civil Engineering Construction Contract for the year ending 31 December 2023 and the year ending 31 December 2024; and (ii) the buffer to cater for the increase in the costs of materials and labour costs.

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. As the Previous Civil Engineering Construction Contract was entered into within 12 months prior to the Civil Engineering Construction Contract, pursuant to Rule 14A.81 of the Listing Rules, the Civil Engineering Construction Contract is required to be aggregated with the Previous Civil Engineering Construction Contract.

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, when aggregated with the Previous 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 19 April 2022 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 a commercial building and the connected garage 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 as to 51% by 臨潁豫資投資控股集團有限公司 (Linying Yuzi Investment Holding Group Co., Ltd.*), 30% by 臨潁縣現代物流園區投資有限公司 (Linying Modern Logistics Park Co., Ltd.*) and 19% by 臨潁縣城鎮建設投資發展有限公司 (Linying County Chengzhen Construction Investment Development Co., Ltd.*), are of which are ultimately owned by 臨潁縣財政局 (Linying Finance Bureau*) as to 100% and are 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, 29% by Mr. Xing Hongzhao (邢洪召) and 20% by Mr. Zhang Shuai (張帥) as at the date of this announcement. Save for their respective equity interest in Luohe Huatai Construction, Mr. Xing Hongzhao (邢洪召) and Mr. Zhang Shuai (張帥) are independent third parties
“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

“Previous 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. For details, please refer to the Company’s announcement dated 20 October 2021
“Project”	a construction project located in Linying County, Luohe City, Henan Province, the PRC
“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, 19 April 2022

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.