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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)

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
CIVIL ENGINEERING CONSTRUCTION CONTRACT**

REVISION OF CAPS

Reference is made to the announcement of the Company dated 19 April 2022 in relation to the entering into of the Civil Engineering Construction Contract between Luohe Hengda and Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luoha Huatai Construction to provide civil engineering and construction services for a commercial building and the connected garage in the Project for a term commencing from 19 April 2022 to 30 October 2023 subject to the Caps.

As certain construction materials and equipment were unable to be transported to the construction site(s) due to the lock down measures in response to COVID-19 implemented in the PRC in 2022 which had in turn affected the construction progress in the same year, it is expected that certain construction work which should have been completed in 2022 had been delayed to 2023 and certain construction progress will accelerate in order to meet the original completion date of the Project as envisaged under the Civil Engineering Construction Contract. The Company has therefore decided to revise the Caps by increasing from RMB7 million to RMB8.7 million for the year ending 31 December 2023 and by decreasing from RMB1 million to RMB0.9 million for the year ending 31 December 2024 (i.e. the Revised Caps).

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 transactions contemplated thereunder constitute continuing connected transactions 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 was required to be aggregated with the Previous Civil Engineering Construction Contract.

Pursuant to Rule 14A.54 under the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions. As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) for the highest Revised Cap 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 transactions contemplated under the Civil Engineering Construction Contract 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

This announcement is made by the Company pursuant to Rule 14A.54(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 19 April 2022 in relation to the entering into of the Civil Engineering Construction Contract 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 for a term commencing from 19 April 2022 to 30 October 2023 subject to the Caps.

CAPS, REVISED CAPS AND REASON FOR THE REVISION OF CAPS

As certain construction materials and equipment were unable to be transported to the construction site(s) due to the lock down measures in response to COVID-19 implemented in the PRC in 2022 which had in turn affected the construction progress in the same year, it is expected that certain construction work which should have been completed in 2022 had been delayed to 2023 and certain construction progress will accelerate in order to meet the original completion date of the Project as envisaged under the Civil Engineering Construction Contract. The Company has therefore decided to revise the Caps by increasing from RMB7 million to RMB8.7 million for the year ending 31 December 2023 and by decreasing from RMB1 million to RMB0.9 million for the year ending 31 December 2024 (i.e. the Revised Caps).

The actual/estimated (as the case may be) transaction amounts and the corresponding Caps and Revised Caps for the transactions conducted under the Civil Engineering Construction Contract, when aggregated with the Previous Civil Engineering Construction Contract, for the year ended 31 December 2022 and the two years ending 31 December 2023 and the 31 December 2024 are as follows:

Years covered	Caps	Actual/estimated transaction amounts during the years	Revised Caps
1 January 2022 — 31 December 2022	RMB11 million	RMB6 million	N/A
1 January 2023 — 31 December 2023	RMB7 million	RMB8.7 million	RMB8.7 million
1 January 2024 — 31 December 2024	RMB1 million	RMB0.9 million	RMB0.9 million

The Revised Caps are determined with reference to factors including: (i) the historical transaction amount; (ii) 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 having taken into account the construction work which had been delayed to 2023 and the accelerated construction progress in 2023 as explained above; and (iii) the buffer to cater for the increase in the costs of materials and labour costs.

Other than the Revised Caps as aforementioned, all other terms of the Civil Engineering Construction Contract (including the contract term, payment arrangements, basis of consideration and payment method) as stated in the announcement of the Company dated 19 April 2022 remain unchanged.

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 transactions 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 transactions contemplated under the Civil Engineering Construction Contract are conducted in the ordinary and usual course of business of the Group and the terms of the Civil Engineering Construction Contract (including the Revised Caps) are on normal commercial terms after arm's length negotiations between the parties thereunder, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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.

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 transactions contemplated thereunder constitute continuing connected transactions 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 was required to be aggregated with the Previous Civil Engineering Construction Contract.

Pursuant to Rule 14A.54 under the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions. As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) for the highest Revised Cap 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 transactions contemplated under the Civil Engineering Construction Contract 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.

None of the Directors has any material interest in the Civil Engineering Construction Contract and the transactions contemplated thereunder and no Director is required to abstain from voting on the Board resolution(s) approving the Revised Caps.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Cap(s)”	the maximum total contract sum that may be paid by the Luohe Hengda to Luohe Huatai Construction in respect of the civil engineering and construction services for a commercial building and the connected garage in the Project for each year under the Civil Engineering Construction Contract, when aggregated with the Previous Civil Engineering Construction Contract
“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 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

“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 51.0% by Linyin Hongtong, 31.1% by Mr. Xing Junsheng (邢俊生) and 17.9% by Mr. Guo Xuemin (郭學民). as at the date of this announcement. Save for their respective interest in Luohe Huatai, Mr. Xing Junsheng (邢俊生) and Mr. Guo Xuemin (郭學民) are independent third parties
“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
“Revised Cap(s)”	the maximum total revised contract sum that may be paid by Luohe Hengda to Luohe Huatai Construction in respect of the civil engineering and construction services for a commercial building and the connected garage in the Project for each year under the Civil Engineering Construction Contract as set out in this announcement, when aggregated with the Previous Civil Engineering Construction Contract
“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, 28 September 2023

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 of the Company are Mr. Lee Kwok Lun, Mr. Wei Jian and Mr. Fang Cheng.