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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 TRANSACTIONS**

**(1) THE SUPPLEMENTAL CIVIL ENGINEERING  
CONSTRUCTION CONTRACT;**

**(2) THE ANCILLARY CONSTRUCTION CONTRACT; AND**

**(3) REVISION OF ANNUAL CAPS**

**THE SUPPLEMENTAL CIVIL ENGINEERING CONSTRUCTION  
CONTRACT**

Reference is made to (i) 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; and (ii) the announcement of the Company dated 28 September 2023 in relation to the Revised Caps.

The civil engineering and construction services for the commercial building and the connected garage in the Project have been completed pursuant to the Civil Engineering Construction Contract as of the date of this announcement. Apart from the civil engineering and construction services, Additional Construction Services are also necessary in order for the commercial building to be put to commercial uses and/or for sale. On 29 May 2024, Luohe Hengda entered into the Supplemental Civil Engineering Construction Contract with Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide Additional Construction Services for the commercial building in the Project.

## **THE ANCILLARY CONSTRUCTION CONTRACT**

On 29 May 2024, Luohe Hengda entered into the Ancillary Construction Contract with Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide Ancillary Construction Services at the interchange at Yingchuan Avenue and Xincheng Road near the Project location.

In view of the above, the Company has therefore decided to revise the Revised Cap for the year ending 31 December 2024 by increasing from RMB0.9 million to RMB14.4 million and to set an annual cap for the year ending 31 December 2025 at RMB2 million (i.e. the Further 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 (as supplemented by the Supplemental Civil Engineering Construction Contract), the Ancillary Construction Contract and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Pursuant to Rule 14A.81 of the Listing Rules, the Supplemental Civil Engineering Construction Contract and the Ancillary Construction Contract are required to be aggregated with the Civil Engineering Construction Contract.

As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) for the highest Further Revised Cap in relation to the transactions contemplated under the Civil Engineering Construction Contract (as supplemented by the Supplemental Civil Engineering Construction Contract) and the Ancillary 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 (as supplemented by the Supplemental Civil Engineering Construction Contract) and the Ancillary 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.

## THE SUPPLEMENTAL CIVIL ENGINEERING CONSTRUCTION CONTRACT

A summary of the principal terms of the Supplemental Civil Engineering Construction Contract is as follows:

Date	29 May 2024
Parties	Luohe Hengda (as principal); and Luohe Huatai Construction (as contractor)
Terms amended	<ul style="list-style-type: none"><li>– Additional service scope: in addition to the existing civil engineering and construction services, Luohe Huatai Construction has agreed to provide the following fine-decoration construction services (the “<b>Additional Construction Services</b>”) to Luohe Hengda, including the wood work, coating, painting and paperhanging work of all walls, floors and ceiling light decoration, engineering work relating to door frames of interior doors, renovation work relating to partitioning, blocking and altering, central air-conditioning, water supply and drainage, electrical work and cleaning.</li><li>– Consideration in respect of the Additional Construction Services: RMB9.53 million</li><li>– Construction period in respect of the Additional Construction Services: 90 calendar days</li><li>– Payment terms: 50% of the consideration shall be paid within 10 days from the commencement of the Additional Construction Services and the balance shall be paid within 7 days from the acceptance of completion of all Additional Construction Services under the Supplemental Civil Engineering Construction Contract.</li></ul>

Save as disclosed above, all other terms of the Civil Engineering Construction Contract remain unchanged. Please refer to the announcements of the Company dated 19 April 2022 and 28 September 2023 for further details of the Civil Engineering Construction Contract and the Revised Caps.

## THE ANCILLARY CONSTRUCTION CONTRACT

The principal terms of the Ancillary Construction Contract are set out as follows:

Date	29 May 2024
Parties	Luohe Hengda (as principal); and  Luohe Huatai Construction (as contractor)
Nature of the transaction	Luohe Hengda entrusted Luohe Huatai Construction to provide road construction, greening, ornamenting and paving services (the “ <b>Ancillary Construction Services</b> ”) at the interchange at Yingchuan Avenue and Xincheng Road near the Project location.
Construction period	270 calendar days  Luohe Hengda shall notify Luohe Huatai Construction of the commencement of the provision of the Ancillary Construction Services in writing.
Consideration and payment arrangements	Luohe Hengda will pay to Luohe Huatai Construction a total consideration of approximately RMB5.95 million pursuant to the terms of the Ancillary Construction Contract.  66% of the consideration shall be paid upon the acceptance of completion of the Ancillary Construction Services for the year ending 31 December 2024 and the balance shall be paid upon completion of all Ancillary Construction Services for the year ending 31 December 2025 and the delivery of all relevant information to Luohe Hengda.
Tender procedures and assessment criteria	Luohe Hengda arranged the tender procedures and invited 3 bidders for the tender, including 2 independent contractors and Luohe Huatai Construction.

A comprehensive assessment method was adopted. Luohe Hengda assessed 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 assessment results 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 payable by Luohe Hengda under the Ancillary Construction Contract is the bidding price offered by Luohe Huatai Construction (i.e. approximately RMB5.95 million in total), the successful bidder, at the tender for the Ancillary 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 Ancillary Construction Contract.
Payment method	Settlement through telegraphic transfer

## **REVISED CAPS, FURTHER REVISED CAPS AND REASONS FOR THE FURTHER REVISED CAPS**

The civil engineering and construction services for the commercial building and the connected garage in the Project have been completed pursuant to the Civil Engineering Construction Contract as of the date of this announcement. Apart from the civil engineering and construction services, Additional Construction Services are also necessary in order for the commercial building to be put to commercial uses and/or for sale. On 29 May 2024, Luohe Hengda entered into the Supplemental Civil Engineering Construction Contract with Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide Additional Construction Services for the commercial building in the Project.

On 29 May 2024, Luohe Hengda entered into the Ancillary Construction Contract with Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide Ancillary Construction Services at the interchange at Yingchuan Avenue and Xincheng Road near the Project location.

The Further Revised Caps for the transactions conducted under the Civil Engineering Construction Contract (as supplemented by the Supplemental Civil Engineering Construction Contract) and the Ancillary Construction Contract for the years ending 31 December 2024 and 31 December 2025 are as follows:

<b>Year covered</b>	<b>Revised Cap</b>	<b>Further Revised Cap</b>
1 January 2024 – 31 December 2024	RMB0.9 million	RMB14.4 million
1 January 2025 – 31 December 2025	N/A	RMB2 million

The historical transaction amount under the Civil Engineering Construction Contract for the year ended 31 December 2023 was approximately RMB8.67 million.

The Further Revised Caps are determined with reference to factors including: (i) the historical transaction amounts under the Civil Engineering Construction Contract; and (ii) the estimated amount of fees to be incurred for the transactions contemplated under the Supplemental Civil Engineering Construction Contract and the Ancillary Construction Contract for the year ending 31 December 2024.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL CIVIL ENGINEERING CONSTRUCTION CONTRACT AND THE ANCILLARY CONSTRUCTION CONTRACT**

Since the entering into of the Previous Civil Engineering Construction Contract, Luohe Hengda has entrusted Luohe Huatai Construction to provide various civil engineering and construction services to Luohe Hengda in the Project, including two residential blocks, one commercial building and their respective garages. As a major contractor for the Project, the Group is of the view that it will be more convenient and cost effective for Luohe Hengda to engage Luohe Huatai Construction to provide the Additional Construction Services for the commercial building as Luohe Huatai Construction is more familiar with the floor plan and the interior of the commercial building.

In respect of the Ancillary Construction Contract, Luohe Huatai Construction has won the bidding with the highest assessment result in the tender procedures 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. In addition, the Group is satisfied with the overall high-quality service of Luohe Huatai Construction.

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 services (including the Additional Construction Services and the Ancillary Construction Services) to Luohe Hengda. The Civil Engineering Construction Contract (as supplemented by the Supplemental Civil Engineering Construction Contract), the Ancillary 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 (as supplemented by the Supplemental Civil Engineering Construction Contract) and the Ancillary Construction Contract are conducted in the ordinary and usual course of business of the Group and the terms of the Civil Engineering Construction Contract (as supplemented by the Supplemental Civil Engineering Construction Contract), the Ancillary Construction Contract and the Further 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 (as supplemented by the Supplemental Civil Engineering Construction Contract), the Ancillary Construction Contract and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Pursuant to Rule 14A.81 of the Listing Rules, the Supplemental Civil Engineering Construction Contract and the Ancillary Construction Contract are required to be aggregated with the Civil Engineering Construction Contract.

As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) for the highest Further Revised Cap in relation to the transactions contemplated under the Civil Engineering Construction Contract (as supplemented by the Supplemental Civil Engineering Construction Contract) and the Ancillary 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 (as supplemented by the Supplemental Civil Engineering Construction Contract) and the Ancillary 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 Supplemental Civil Engineering Construction Contract, the Ancillary Construction Contract and the transactions contemplated thereunder and no Director is required to abstain from voting on the Board resolution(s) approving the Further Revised Caps.



## DEFINITIONS

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

“Ancillary Construction Contract”	the ancillary construction contract dated 29 May 2024 entered into between Luohe Hengda and Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide the Ancillary Construction Services at the interchange at Yingchuan Avenue and Xincheng Road near the Project location
“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 garages in the Project. For details, please refer to the Company’s announcement dated 19 April 2022
“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
“Further Revised Cap(s)”	the maximum total revised contract sum that may be paid by Luohe Hengda to Luohe Huatai Construction in respect of (i) the civil engineering and construction services for a commercial building and the connected garage and the Additional Construction Services for the commercial building in the Project for each year under the Civil Engineering Construction Contract (as supplemented by the Supplemental Civil Engineering Construction Contract); and (ii) the Ancillary Construction Services at the interchange at Yingchuan Avenue and Xincheng Road near the Project location under the Ancillary Construction Contract

“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.*), all 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 Linying 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 period or year under the Civil Engineering Construction Contract as set out in the Company’s announcement dated 28 September 2023, when aggregated with the Previous Civil Engineering Construction Contract
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Civil Engineering Construction Contract”	the supplemental civil engineering construction contract dated 29 May 2024 entered into between Luohe Hengda and Luohe Huatai Construction, pursuant to which Luohe Hengda entrusted Luohe Huatai Construction to provide the Additional Construction Services for the commercial building in the Project

“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, 29 May 2024

*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.*