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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

Reference is made to the profit warning announcement of Ever Reach Group (Holdings) Company Limited (the “**Company**”) dated 17 March 2026.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the consolidated results of the Company for the year ended 31 December 2025 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	2,537,992	2,762,136
Cost of sales		<u>(2,470,130)</u>	<u>(2,639,025)</u>
Gross profit		67,862	123,111
Fair value losses on investment properties		(4,270)	(12,528)
Selling and marketing expenses		(112,682)	(138,437)
Administrative expenses		(104,081)	(128,206)
Allowance for impairment of other receivables		(2,483)	(4,489)
Other income	6	—	806
Other losses, net	7	<u>(328)</u>	<u>(920)</u>
Operating loss		<u>(155,982)</u>	<u>(160,663)</u>
Finance income	8	243	695
Finance costs	8	<u>(799)</u>	<u>(607)</u>
Finance (costs)/income, net		(556)	88
Share of result of associates		<u>(130)</u>	<u>(54)</u>
		<u>(686)</u>	<u>34</u>
Loss before income tax	9	(156,668)	(160,629)
Income tax expenses	10	<u>(74,471)</u>	<u>(103,342)</u>
Loss for the year		<u>(231,139)</u>	<u>(263,971)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(221,408)	(270,424)
Non-controlling interests		<u>(9,731)</u>	<u>6,453</u>
		<u>(231,139)</u>	<u>(263,971)</u>
Loss per share (expressed in RMB cents)			
— Basic and diluted	11	<u>(18.45)</u>	<u>(22.54)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss and total comprehensive expense for the year	<u>(231,139)</u>	<u>(263,971)</u>
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	(221,408)	(270,424)
Non-controlling interests	<u>(9,731)</u>	<u>6,453</u>
	<u>(231,139)</u>	<u>(263,971)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		30,209	29,935
Investment properties		128,290	132,560
Right-of-use assets		10,488	13,216
Intangible assets		11,642	12,370
Interests in associates		53,139	53,269
Deferred income tax assets		95,650	120,994
		<hr/>	<hr/>
Total non-current assets		329,418	362,344
		<hr/>	<hr/>
Current assets			
Properties held or under development for sale	<i>13</i>	5,317,329	6,597,699
Other receivables and prepayments	<i>14</i>	408,824	400,500
Prepaid income taxes		141,586	122,484
Contract costs		3,282	3,282
Restricted bank deposits		176,925	156,874
Cash and cash equivalents		135,033	253,342
		<hr/>	<hr/>
Total current assets		6,182,979	7,534,181
		<hr/>	<hr/>
Total assets		<u>6,512,397</u>	<u>7,896,525</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
CAPITAL AND RESERVES			
Share capital		10,645	10,645
Share premium		299,188	299,188
Retained profits		800,257	1,023,735
Other reserves		208,000	208,385
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,318,090	1,541,953
Non-controlling interests		32,022	52,117
		<hr/>	<hr/>
Total equity		1,350,112	1,594,070
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Bank borrowings		380,530	387,700
Other long-term borrowings		24,377	29,377
Lease liabilities		7,131	9,339
Deferred income tax liabilities		12,698	15,894
		<hr/>	<hr/>
Total non-current liabilities		424,736	442,310
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	15	1,911,106	1,741,056
Bank borrowings		222,730	371,200
Current portion of other long-term borrowings		200,154	276,200
Contract liabilities	16	2,016,594	3,136,395
Lease liabilities		7,242	5,711
Current income tax liabilities		379,723	329,583
		<hr/>	<hr/>
Total current liabilities		4,737,549	5,860,145
		<hr/>	<hr/>
Total liabilities		5,162,285	6,302,455
		<hr/>	<hr/>
Total equity and liabilities		6,512,397	7,896,525
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		1,445,430	1,674,036
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		1,774,848	2,036,380
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1 GENERAL INFORMATION

Ever Reach Group (Holdings) Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 22 July 2016 as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 November 2018. In the opinion of the directors of the Company, the immediate holding company and ultimate controlling party of the Company are Ever Enhancement Enterprise Company Limited, a company incorporated in the British Virgin Islands, and Mr. Li Xiaobing, the executive director of the Company, respectively. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the Company’s annual report.

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 consolidated financial statements of the Group are presented in thousands of Renminbi (RMB’000), unless otherwise stated.

2 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise all individual Hong Kong Financial Reporting Standards (“**HKFRSs**”); Hong Kong Accounting Standards (“**HKASs**”); and Interpretations. These consolidated financial statements of the Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements of the Group have been prepared under the historical cost convention, unless mentioned otherwise in the material accounting policies in the Company’s annual report (e.g. investment properties). The preparation of these consolidated financial statements of the Group in conformity with HKFRS Accounting Standards 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.

Going concern consideration

The Group incurred a loss of approximately RMB231,139,000 for the year ended 31 December 2025, and, as at 31 December 2025, the Group had total current assets of approximately RMB6,182,979,000, including cash and cash equivalents of approximately RMB135,033,000. In contrast, the Group faced total current liabilities of approximately RMB4,737,549,000, including current portion of bank borrowings and other long-term borrowings with an aggregate carrying amount of approximately RMB422,884,000 due within twelve months from the end of the reporting period, as well as capital commitments of approximately RMB951,246,000 for properties under development for sale (note 17). In addition, the Group was also exposed to potential cash outflows arising from the financial guarantees issued to third parties and a related party of approximately RMB6,655,468,000 as at 31 December 2025. In light of the relative low level of cash balances, significant short-term obligations within next twelve months and the potential cash outflows arising from the financial guarantees issued, together with uncertainties surrounding the Group's ability to generate sufficient operating cash flows, these events or conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above, the directors of the Company have reviewed the Group's cash flow projections covering a period at least twelve months from the end of the reporting period, which have taken into account the available financial resources, the Group's cash flows from operations, available banking facilities and the following measures:

- (i) The Group will continue to actively adjust sales and pre-sale activities to better respond to market needs, make efforts to achieve the latest budgeted sales and pre-sales volumes and amounts, and timely monitor the collection of sales and pre-sales proceeds;
- (ii) The Group will maintain continuous communication and agree with major contractors and suppliers to arrange payments to these vendors and complete the construction progress as scheduled, and settle the land appreciation tax (“LAT”) upon tax clearance;
- (iii) The Group will continue to actively communicate with relevant banks and other financial institutions so that the Group can timely secure necessary project development loans or negotiate a better repayment schedule for its loans for qualified project development. Up to the date of approval of these consolidated financial statements, the Group has obtained new bank borrowings of approximately RMB79,750,000 for certain property development projects; and
- (iv) The Group will continuously cooperate with the related parties and they agreed in writing to provide funding support and not to demand for repayment for the balances, included in trade and other payables (note 15), owed to them of approximately RMB27,292,000, as at 31 December 2025, until the Group has financial ability to do so, in order to ensure the development and sales of all existing projects as budgeted without material interruptions.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due at least the coming twelve months from the end of the reporting period. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements of the Group on a going concern basis. These consolidated financial statements of the Group do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3 ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Application of amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025, for the preparation of these consolidated financial statements of the Group:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements of the Group.

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The Company's assessment of the impact of these new or amended HKFRS Accounting Standards, most relevant to the Company, are set out below:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendment to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to HKAS 21 — Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group’s statement of loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted profit from operations and adjusted profit before interest, tax, depreciation and amortisation) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the financial statements.

4 REVENUE

Revenue represents revenue arising on sales of properties, rental income and service income for the year ended 31 December 2025. An analysis of the Group's revenue for the year is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	2,517,489	2,746,959
Service income	<u>12,398</u>	<u>5,371</u>
	2,529,887	2,752,330
Revenue from other source		
Rental income	<u>8,105</u>	<u>9,806</u>
	<u>2,537,992</u>	<u>2,762,136</u>

Disaggregation of revenue from contracts with customers by timing of recognition:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
At a point in time	2,517,489	2,746,959
Over time	<u>12,398</u>	<u>5,371</u>
	<u>2,529,887</u>	<u>2,752,330</u>

All revenue are generated from the PRC during the years ended 31 December 2025 and 2024.

5 SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision maker (the "CODM"). Management of the Group has determined the operating segments based on the internal reports reviewed by the CODM, 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 reporting segment to assess performance and make decision about resources to be allocated. Revenue and loss after income tax are the measures reported to the CODM for the purpose of resources allocation and performance assessment. Therefore, no segment information is presented.

All of the Group's revenue are derived in the PRC for the years ended 31 December 2025 and 2024, and all of the non-current assets of the Group were located in the PRC as at 31 December 2025 and 2024. There was no revenue derived from a single external customer that accounts for 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

6 OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Others	<u>—</u>	<u>806</u>

7 OTHER LOSSES, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Donations	213	358
Penalties, fines and compensations	214	589
Exchange (gains)/losses, net	(3)	30
Loss on disposal of property, plant and equipment	61	25
Gain on early termination of lease	—	(839)
Gain on waiver of overdue interest on borrowings	(1,004)	—
Others	847	757
	<u>328</u>	<u>920</u>

8 FINANCE (COSTS)/INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Finance income		
— Interest income on bank deposits	<u>243</u>	<u>695</u>
Finance costs		
— Interest on bank borrowings and other long-term borrowings	(53,127)	(58,352)
— Interest on lease liabilities	<u>(799)</u>	<u>(607)</u>
	(53,926)	(58,959)
Less: Amount capitalised	<u>53,127</u>	<u>58,352</u>
Finance costs	<u>(799)</u>	<u>(607)</u>
Finance (costs)/income, net	<u>(556)</u>	<u>88</u>

9 LOSS BEFORE INCOME TAX

Loss before income tax for the year has been arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Staff costs (including directors' emoluments)	77,541	99,834
Auditor's remuneration		
— audit services	2,400	2,400
— non-audit services	300	400
Depreciation charge on property, plant and equipment, included in administrative expenses	4,953	6,749
Depreciation charge on right-of-use assets, included in administrative expenses	4,981	4,488
Amortisation charge on intangible assets, included in administrative expenses	728	728
Expenses relating to short-term leases, included in administrative expenses	—	45
Expenses relating to leases of low-value assets, included in administrative expenses	—	6
Cost of properties recognised as expenses	2,195,930	2,446,970
Provision for properties held or under development for sale, included in cost of sales	<u>274,200</u>	<u>158,318</u>

10 INCOME TAX EXPENSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax		
— PRC Corporate Income Tax	35,493	62,731
— PRC LAT	<u>16,830</u>	<u>15,537</u>
	52,323	78,268
Deferred income tax	<u>22,148</u>	<u>25,074</u>
	<u>74,471</u>	<u>103,342</u>

11 LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2025 and presented as follows:

	2025	2024
The Group's loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share (RMB'000)	<u>(221,408)</u>	<u>(270,424)</u>
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted loss per share ('000)	<u>1,200,000</u>	<u>1,200,000</u>
Basic and diluted loss per share (expressed in RMB cents)	<u><u>(18.45)</u></u>	<u><u>(22.54)</u></u>

12 DIVIDENDS

No dividend was proposed during the year ended 31 December 2025 (2024: nil), nor has any dividend been proposed since the end of the reporting period (2024: nil).

13 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

Balances of properties held or under development for sale are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Properties under development for sale	3,486,352	3,960,468
Properties held for sale	<u>2,476,758</u>	<u>3,008,812</u>
	5,963,110	6,969,280
Less: Provision for properties held or under development for sale	<u>(645,781)</u>	<u>(371,581)</u>
	<u><u>5,317,329</u></u>	<u><u>6,597,699</u></u>

14 OTHER RECEIVABLES AND PREPAYMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments for construction cost	12,590	12,683
Prepaid tax and surcharges	10,557	15,081
Value-added-tax recoverable	33,370	18,232
	<u>56,517</u>	<u>45,996</u>
Tender and other deposits	109,102	111,943
Receivable from project service	53,140	53,140
Amount due from a related party	41,506	41,506
Receivables from government related to the cost of demolition and resettlement activities	75,563	75,563
Temporary funding receivables from third parties	112,609	109,050
Receivable from claims on litigation	6,000	7,000
Others	15,638	15,070
	<u>413,558</u>	<u>413,272</u>
Less: Allowance for impairment of other receivables	(61,251)	(58,768)
Other receivables, net	<u>352,307</u>	<u>354,504</u>
Total	<u><u>408,824</u></u>	<u><u>400,500</u></u>

15 TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	1,443,633	1,330,603
Deposits received from customers	103,630	73,491
Value-added-tax and other tax payable	111,077	145,692
Amounts due to non-controlling shareholders	55,735	25,735
Temporary funding payables	31,166	28,949
Interest payables	52,094	50,561
Salaries payables	27,176	23,080
Amounts due to related parties	29,106	21,385
Other payables to related parties	3,982	1,076
Others	53,507	40,484
	<u>1,911,106</u>	<u>1,741,056</u>

At 31 December 2025 and 2024, the ageing analysis of trade payables, based on invoice date, are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 1 year	986,385	922,507
Between 1 and 2 years	194,510	148,387
Between 2 and 3 years	91,022	87,960
Over 3 years	171,716	171,749
	<u>1,443,633</u>	<u>1,330,603</u>

16 CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities	<u>2,016,594</u>	<u>3,136,395</u>

The contract liabilities mainly represent the receipt in advance from customers in respect of the sales of properties. The Group normally receives certain percentage of the contract sum as deposits from customers when they sign the sale and purchase agreement. Such contract liabilities will be utilised as revenue when control of the completed property is transferred to the customer.

The contract liabilities are classified under current liabilities as it is expected to be utilised in the normal operating cycle of the business.

17 COMMITMENTS

Capital expenditure committed at 31 December 2025 but not yet incurred is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Properties under development for sale	<u>951,246</u>	<u>841,904</u>

18 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group on 11 February 2026, pursuant to which the Group disposed of its 51% equity interest in Xuchang Jiari Baocheng Property Co., Ltd. (許昌假日寶呈置業有限公司) (“**Xuchang Jiari**”) for a consideration of approximately RMB10,200,000. Upon completion of the above-mentioned disposal on 13 February 2026, the Group lost control over Xuchang Jiari, which has thereafter accounted for as an associate using the equity-accounted for. The Group recognised a net gain on disposal of approximately RMB11,198,000 in the profit or loss.

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the results of the Group for the year ended 31 December 2025 (the “**Year**”).

ANNUAL REVIEW

2025 was a year in which the real estate industry experienced profound industry adjustments and explored new business models. Across China, both the sales area and sales value of real estate trended downwards, though data from China’s National Bureau of Statistics indicates a gentler rate of decline compared with 2024. In the second half of the year, Tier 1 and Tier 2 cities showed tentative signs of stabilisation under sustained policy support, but Tier 3 and Tier 4 cities continued to show weak demand. While we were not spared from these headwinds, we remained steadfast in maintaining stable operations and guaranteed project delivery at the heart of our corporate objectives.

Confronted with a challenging industry environment, the Group continued to deepen the restructuring of its business model. First, we sharpened our focus on cultivating our home region. In 2025, we scaled back land acquisition and project expansion outside the Xuchang area and focused on the development of existing projects. The Group conducted a comprehensive assessment of all projects across our geographical footprint, segmenting our portfolio based on market prospects, profitability and de-stocking velocity for efficient management. We strengthened the independent operating capabilities of our project companies and reduced excessive intervention from headquarters to fully enhance their operational efficiency.

Financial security remained our top priority. In 2025, we modestly lowered project profit margins and reinforced control over cash flow and management of revenue and fund recovery. By proactively moderating profit margins to strengthen cash flow and fund recovery management, the Group safeguarded corporate cash turnover while demonstrating a prudent approach of stable operations with a long-term perspective under the prevailing economic conditions. Embedding cash flow management deeply into the sales function and overall operations serves to bolster risk resilience and forge a healthy, efficient business model with enduring competitiveness.

In 2025, the Group continued to consolidate its local brand advantage, leveraging brand strength to reduce inventory levels. As a well-known local real estate development brand, the name “Hengda” helps to drive sales. Linking the brand’s local market reputation and service commitment with sales packaging conveys the message of being “the trusted local choice”. Concurrently, drawing on years of accumulated existing customer resources, we deployed targeted outreach with information of stock properties and introduced incentives

such as referral rewards and exclusive discounts for existing customers. By coordinating with local intermediary agencies and offering additional incentives to enhance lead generation, the Group accelerated de-stocking, further strengthened its local market position and customer loyalty, and achieved the dual objectives of sales growth and brand building.

In 2025, the Group was once again awarded the “2024 Xuchang Real Estate Development Enterprise AAA Credit Rating” by the Xuchang Real Estate Association. In the “2025 Henan Top 100 Enterprises” rankings jointly published by the Henan Enterprises Association and the Henan Entrepreneurs Association, Ever Reach Group was ranked 36th among the “2025 Henan Top 100 Service Industry Enterprises”.

In summary, 2025 represented a rough year for the real estate development industry, but it progressively opened a clear path of transformation. The Group has preliminarily established its development strategy, transitioning from the previous approach of high turnover and scale expansion towards a model of reduced scale that refocuses on the essential nature of housing real estate development.

ANNUAL RESULTS

For the year ended 31 December 2025, the Group’s total revenue was approximately RMB2,538.0 million, representing a decrease of approximately 8.1% from approximately RMB2,762.1 million for the year ended 31 December 2024. For the year ended 31 December 2025, the net loss was approximately RMB231.1 million, representing a reduction of approximately 12.5% from the net loss of approximately RMB264.0 million for the year ended 31 December 2024.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025.

OUTLOOK

The real estate industry has experienced frequent policy adjustments in recent years. Although both central and local governments have moderately relaxed property market controls, expectations for improvement in household income remain modest, the pace of urbanisation has slowed and demographic challenges have become more acute. Debt pressures and difficulty in recovery of funds from sales continue to plague real estate companies.

From 2026 onwards, China's real estate industry is expected to progressively embark on new development models amid deep adjustment. "Housing is for living in, not for speculation" will remain the long-term orientation, with central and local governments likely to continue policy optimisation. Financial institutions are expected to increase their support, favouring established real estate companies on the "white list", leading to continued optimisation of the industry's financing structure. Judging from the effectiveness of existing policy implementation, the real estate market is likely to exhibit a trend of stable supply with slow prices. It is expected that the market in Tier 1 and Tier 2 cities will gradually stabilise, while Tier 3 and Tier 4 cities may continue to face prolonged cycles of adjustment pressures.

As for sales, the market will continue to be driven primarily by upgrading demand and supported by rigid demand, as investment-driven purchases have progressively exited the market, which fits the industry's long-term orientation. With respect to the land market, real estate companies will adopt a more rational approach to land acquisition, either focusing on land parcels located in core urban areas, or adopting joint land acquisition models. Central enterprises, state-owned enterprises and certain established private enterprises will emerge as the main land acquirers.

Looking ahead to 2026, despite a complex market environment and sustained policy regulation, the Group will proactively adapt and adjust its development strategy to actively address challenges and mitigate risks. One, business model transformation: The Group will moderate its rate of land reserve expansion, developing existing land reserves with sophistication to enhance product competitiveness and development quality. We will also optimise management structure and fully leverage the agile and efficient operational advantages of project companies while flexibly adjusting product planning to address market demand. Two, strengthening sales: The Group will deepen customer segment analysis and reconstruct customer outreach based on attributes such as location and unit type of both sale and stock properties, employ diversified and targeted marketing methods, and harness core policy incentives such as housing purchase subsidies, tax and fee reductions and housing provident fund support, in order to enhance sales performance and fund recovery efficiency. Three, securing the bottom line: The Group will prepare monthly, quarterly and annual cash flow budgets with continuous monthly forecast updates, identify funding gaps in advance, and establish a firm management strategy that prioritises financial security and cash flow.

In summary, the real estate industry in 2026 will continue to face risks including debt pressures, demand volatility and policy uncertainties. Nevertheless, through transformation of its business model, prudent financial management, continuous product optimisation, flexible operating mechanisms and efficient management, the Group will strive towards a model of "prioritising quality and pursuing survival."

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to our shareholders, business partners, customers and suppliers for their support and trust on behalf of the Board. I would also like to thank the management and all staff for their contributions and efforts over the past years.

Li Xiaobing

Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

On 19 January 2026, China's National Bureau of Statistics issued a report on the "General Situation of the PRC Real Estate Market in 2025". According to the statistics therein, investment in real estate development in the PRC in 2025 amounted to approximately RMB8,278.8 billion, representing a decrease of 17.2% as compared to the previous year. Of which, investment in residential properties amounted to approximately RMB6,351.4 billion, representing a decrease of 16.3% as compared to the previous year. The area of newly commenced property projects was approximately 587.7 million sq.m., representing a decrease of 20.4% as compared to the previous year. Of which, the area of newly commenced residential projects was approximately 429.8 million sq.m., representing a decrease of 19.8%. The total completed area was approximately 603.5 million sq.m., representing a decrease of 18.1% as compared to the previous year. Of which, the total completed area of residential properties was approximately 428.3 million sq.m., representing a decrease of 20.2%. Sales area of newly constructed commodity housing was approximately 881.0 million sq.m., representing a decrease of 8.7% as compared to the previous year. Of which, the sales area of residential properties decreased by approximately 9.2% year-on-year. Sales value of newly constructed commodity housing was approximately RMB8,393.7 billion, representing a decrease of approximately 12.6% as compared to the previous year. Of which, sales value of residential properties decreased by approximately 13.0% year-on-year.

Looking at the full-year data, real estate development investment across China continued to slide. Real estate developers continued to show low investment enthusiasm and cautious market expectations. The significant decrease in area of new property projects means that new supply in the real estate market will further decrease for the time to come. At the same time, both sales area and sales value of commodity housing fell, with the drop in sales value exceeding that in sales area, reflecting both relatively weak demand and downward price adjustment pressures. Overall, all core indicators of the industry exhibits weak performance. The industry remained in a deep adjustment cycle and faced considerable downward pressure.

On 21 January 2026, the Henan Provincial Bureau of Statistics issued the “General Situation of the Henan Province Real Estate Market in 2025” report. The statistics show that, in 2025, investment in real estate development in Henan Province decreased by approximately 8.6% as compared with the previous year. Of which, investment in residential properties decreased by approximately 9.6%. The area of newly commenced property projects decreased by approximately 21.0%. Of which, the area of newly commenced residential property projects decreased by approximately 21.3%. The total completed area of properties in the province decreased by approximately 22.3%. Of which, the total completed area of residential properties decreased by approximately 23.9%. The sales area of newly built commodity housing decreased by approximately 2.8% as compared with the previous year. Of which, the sales area of residential properties decreased by approximately 3.1%. Sales value of newly built commodity housing in the province decreased by approximately 3.3%. Of which, sales value of residential properties decreased by approximately 3.6%. Unsold area of commodity housing in the province increased by approximately 14.3% as compared with the previous year. Of which, unsold area of residential properties increased by approximately 14.9%.

Looking at the full-year data, real estate development investment in Henan declined but at a rate slightly lower than the national figures. Overall performance was in line with expectations amidst tepid investment appetite of real estate developers. Commodity housing sales retreated modestly at a rate far lower than the national figures, indicating moderately weak demand with stronger resilience. The contraction in newly commenced and completed area was marginally higher than the national figures, suggesting more pronounced supply-side adjustment, which, coupled with rising unsold area, indicates that both supply and demand sides are under pressure. Overall, the Henan real estate development industry exhibited subdued performance in core indicators and remained in an adjustment cycle, but overall performance was slightly better than the national average.

Although the property development industry remained in a deep adjustment cycle in 2025, targeted policies were implemented across China and in Henan province, with intensive introduction of favourable measures to stabilise the property market from both the supply and demand sides. These included optimising credit and housing provident fund policies, issuing housing purchase subsidies, promoting secure project delivery, facilitating housing trade-in programmes, and expanding the “white list” of property enterprises. Such measures stimulated both rigid and upgrading housing demand with precision, alleviating operating and financing pressures on real estate companies. The sustained implementation of various favourable policies has continuously bolstered market confidence, providing solid policy support for the progressive stabilisation of the real estate market.

BUSINESS OVERVIEW

The year 2025 was one of deep adjustment for the property development industry, with stabilising the property market serving as the prevailing theme throughout. The Group aligned its overall business strategy accordingly. Ensuring survival and maintaining stable operations were adopted as its core objectives. The Group assessed national and local property policy directives and leveraged its own strengths to seek development amid adversity and pursue opportunities within challenges.

At the operational level, the Group optimised its management structure with cost reduction and efficiency enhancement as guiding principles, clearly defining Group-level management approval authorities, strengthening the independent operating capabilities of project companies, streamlining approval processes and enhancing the operational efficiency of project companies. Facing the current real estate market environment, the Group exercised rational assessment and progressed at a steady pace, leveraging its local brand advantage while moderating its rate of expansion, deepening its cultivation of its home region, reassessing existing land reserves and making timely adjustments to its supply plans.

In terms of fund management, the Group devoted its full efforts to securing a stable cash flow. On one hand, the Group focused on increasing revenue sources, accelerating fund recovery and de-stocking, intensifying marketing efforts for unsold properties, appropriately adjusting prices in response to market changes, strengthening input and incentives for sales channels, and conducting targeted promotional campaigns to boost fund recovery. The Group also reclassified the types of stock properties at hand, increasing revenue realisation by adjusting prices or selling with existing tenancy arrangements. On the other hand, the Group adopted expenditure control measures to stabilise cash flow, suspending new land investment in principle, aside from projects already under construction and those requiring delivery, concentrating resources on the development and delivery of projects under construction. The Group optimised the organisational structure of project companies by consolidating relevant functional departments and reducing administrative expenditure. For projects with slow expected turnover or significant capital commitment, the Group evaluated the feasibility of deferring construction and phased development.

The Group's total land reserves by GFA decreased from approximately 3.0 million sq.m. as at 31 December 2024 to approximately 2.6 million sq.m. as at 31 December 2025. Of which, land reserves in Yuzhou City decreased by approximately 151.9 thousand sq.m., in Dongcheng District by approximately 107.3 thousand sq.m., in Changge City by approximately 86.7 thousand sq.m., and in Yanling County by approximately 74.0 thousand sq.m..

In 2025, the Group entered into a capital injection agreement with Xuchang Shitou Urban Development Group Company Limited*, whereby the Group's equity interest in Xuchang Hengrun Real Estate Company Limited* was diluted from 80% to 65%. The completion of the said capital injection took place on 7 January 2026.

In 2025, the Group's cumulative contracted sales amounted to approximately RMB1,633.3 million, representing a decrease of approximately RMB234.6 million as compared to RMB1,867.9 million in 2024, with a cumulative contracted sales area of approximately 285,720 sq.m., representing a decrease of 37,990 sq.m. as compared to 323,710 sq.m. in 2024.

The Group believes that maintaining stable cash flow is the foundation of corporate survival, and that a moderate reduction in earnings expectations represents a necessary survival strategy. Looking ahead, a development model centred on cash flow management and prudent operations is the only model for sustainability. During this period of deep adjustment for the real estate industry, businesses must first secure survival before pursuing development, progressing at a steady pace while waiting the arrival of a new market equilibrium. This is both a strategy for navigating the current crisis and an inevitable choice as the industry enters a more mature stage.

LAND RESERVES

As at 31 December 2025, the GFA of the Group’s land reserves was approximately 2.6 million square meters (“**sq.m.**”). The table below sets forth a summary of the land reserves as at 31 December 2025 by geographical location:

	<u>Completed</u>	<u>Under</u>	<u>Future</u>		
	Completed	development	development		
	saleable/ leasable GFA				
	remaining	GFA under	Planned	Total land	% of total
	unsold	development	GFA	reserve	land reserve
	<i>sq.m.</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>%</i>
<i>Xuchang City</i>					
Weidu District	89,314	99,179	17,374	205,867	8.03
Jian’an District	24,999	49,200	97,730	171,929	6.71
Yuzhou City	99,734	526,351	328,592	954,677	37.23
Changge City	45,725	109,483	68,712	223,920	8.73
Yanling County	18,284	101,140	103,867	223,291	8.71
Xiangcheng County	566	112,608	16,869	130,043	5.07
Dongcheng District	3,114	264,720	73,114	340,948	13.30
Economic and technological development zone	2,617	72,350	232,988	307,955	12.01
<i>Luohe City</i>					
Linying County	5,364	–	–	5,364	0.21
Total	<u>289,717</u>	<u>1,335,031</u>	<u>939,246</u>	<u>2,563,994</u>	<u>100</u>

Note: Land reserves equal the sum of (i) total completed saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

CONTRACTED SALES

The table below sets forth a breakdown of our major types of contracted sales and contracted average selling price (“ASP”):

	For the year ended 31		
	December		% change
	2025	2024	+/-
Contracted sales attributable to:			
Residential units (RMB, million)	1,211.4	1,528.7	-20.8%
Commercial units (RMB, million)	341.7	276.1	+23.8%
Car parking spaces (RMB, million)	68.6	52.4	+30.9%
Others (RMB, million)	11.6	10.7	+8.4%
	<u>1,633.3</u>	<u>1,867.9</u>	<u>-12.6%</u>
Total (RMB, million)			
Contracted saleable GFA/Lot attributable to:			
Saleable GFA (sq.m.)	285,720	323,710	-11.7%
Car parking space (lot)	1,958	1,411	+38.8%
Contracted ASP attributable to:			
Saleable GFA (RMB/sq.m.)	5,476	5,608	-2.4%
Car parking space (RMB/lot)	<u>35,035</u>	<u>37,104</u>	<u>-5.7%</u>

Our contracted ASP per sq.m. of saleable GFA decreased by 2.4% from approximately RMB5,608 per sq.m. in 2024 to approximately RMB5,476 per sq.m. in 2025. The decrease in 2025 was mainly due to the decrease in market price of properties in Henan Province.

FINANCIAL REVIEW

Results

The financial performance and results for the year ended 31 December 2025 were broadly in line with expectations, although they reflected the adverse conditions of the market. Key financial ratios have met the expectation of the management.

During the year ended 31 December 2025, the revenue of the Group amounted to approximately RMB2,538.0 million (2024: RMB2,762.1 million), representing a decrease of approximately 8.1%.

The Group recorded gross profit of approximately RMB67.9 million (2024: RMB123.1 million), representing a decrease of approximately RMB55.2 million, or approximately 44.9%.

Gross profit margin was approximately 2.7% in 2025 (2024: 4.5%), representing a decrease by approximately 1.8 percentage points as compared with that in 2024.

Loss for the year reduced by approximately RMB32.9 million, or 12.5%, from loss of approximately RMB264.0 million for the year ended 31 December 2024 to loss of approximately RMB231.1 million for the year ended 31 December 2025.

Revenue

Our revenue was derived from (i) sales of properties, (ii) rental income and (iii) service income. The following table sets forth the breakdown of the revenue and its respective percentages of contribution to the total revenue for the years indicated:

	Year ended 31 December				
	2025		2024		% change
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	+/-
Sales of properties	2,517,489	99.2	2,746,959	99.5	-8.4%
Rental income	8,105	0.3	9,806	0.3	-17.3%
Service income	12,398	0.5	5,371	0.2	+130.8%
	<u>2,537,992</u>	<u>100.0</u>	<u>2,762,136</u>	<u>100.0</u>	<u>-8.1%</u>

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:

	Year ended 31 December					
	2025			2024		
	Revenue	GFA recognised	Recognised ASP	Revenue	GFA recognised	Recognised ASP
	<i>RMB'000</i>	<i>sq.m.</i>	<i>per sq.m. RMB</i>	<i>RMB'000</i>	<i>sq.m.</i>	<i>per sq.m. RMB</i>
Residential	2,189,663	430,914	5,081	2,377,864	451,276	5,269
Commercial	291,167	58,311	4,993	253,257	43,148	5,869
Storage	4,491	3,900	1,152	11,468	6,146	1,866
	<u>2,485,321</u>	<u>493,125</u>	<u>5,040</u>	<u>2,642,589</u>	<u>500,570</u>	<u>5,279</u>

	Year ended 31 December					
	2025			2024		
	Revenue	Units recognised	Recognised ASP	Revenue	Units recognised	Recognised ASP
	<i>RMB'000</i>	<i>lot</i>	<i>per unit RMB</i>	<i>RMB'000</i>	<i>lot</i>	<i>per unit RMB</i>
Car parking spaces	<u>32,168</u>	<u>1,130</u>	<u>28,467</u>	<u>104,370</u>	<u>2,210</u>	<u>47,226</u>

Sales of properties, which accounted for approximately 99.2% (2024: 99.5%) of our total revenue for the year ended 31 December 2025, were consisted of the sales of residential and commercial properties, storages and car parking spaces recognised in the year.

Our revenue decreased by approximately RMB224.1 million or 8.1% from approximately RMB2,762.1 million for the year ended 31 December 2024 to approximately RMB2,538.0 million for the year ended 31 December 2025, which was principally attributable to the decrease of approximately RMB188.2 million in the sales of our residential properties during the year ended 31 December 2025.

The decrease in sales of residential properties was mainly due to the combined effects of decrease in GFA recognised from approximately 451,276 sq.m. for the year ended 31 December 2024 to approximately 430,914 sq.m. for the year ended 31 December 2025 and decrease in ASP per sq.m. from approximately RMB5,269 per sq.m. for the year ended 31 December 2024 to approximately RMB5,081 per sq.m. for the year ended 31 December 2025.

The increase in the sales of our commercial properties during the year was primarily due to the increase in GFA recognised by 35.1%, partially offset by the decrease of ASP per sq.m. from approximately RMB5,869 in 2024 to RMB4,993 in 2025.

Gross profit and gross profit margin

The table below sets out the revenue, gross profit and gross profit margin by types:

	Year ended 31 December							
	2025				2024			
	Revenue RMB'000	Cost of sales RMB'000	Gross profit/ (loss) RMB'000	Gross profit Margin %	Revenue RMB'000	Cost of sales RMB'000	Gross profit/ (loss) RMB'000	Gross profit Margin %
Sales of properties								
— Residential	2,189,663	1,997,226	192,437	8.8	2,377,864	2,266,567	111,297	4.7
— Commercial	291,167	327,421	(36,254)	-12.5	253,257	232,975	20,282	8.0
— Car parking spaces and storages	36,659	132,082	(95,423)	-260.3	115,838	131,844	(16,006)	-13.8
Subtotal	2,517,489	2,456,729	60,760	2.4	2,746,959	2,631,386	115,573	4.2
Rental income	8,105	30	8,075	99.6	9,806	20	9,786	99.8
Service income	12,398	13,371	(973)	-7.8	5,371	7,619	(2,248)	-41.9
	<u>2,537,992</u>	<u>2,470,130</u>	<u>67,862</u>	2.7	<u>2,762,136</u>	<u>2,639,025</u>	<u>123,111</u>	4.5

The gross profit margin of sales of properties dropped from approximately 4.2% in 2024 to 2.4% in 2025.

The gross profit margin of residential properties increased from approximately 4.7% in 2024 to 8.8% in 2025, representing a year-on-year increase of approximately 4.1 percentage points. It was primarily attributable to the decrease in cost of sales per sq.m..

The negative gross profit margin of sales of car parking spaces and storages in 2025 was due to the effect of write-down of value of car parking spaces and storages in 2025.

Fair value losses on investment properties

The Group's investment properties were valued at 31 December 2025 by an independent professional qualified valuer, 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 year ended 31 December 2025, the Group's selling and marketing expenses amounted to approximately RMB112.7 million (2024: RMB138.4 million), representing a decrease of approximately 18.6% as compared to that in 2024. The decrease was mainly due to fewer promotion activities and campaign for brand building during the year ended 31 December 2025.

Administrative expenses

The administrative expenses decreased by approximately 18.8% from approximately RMB128.2 million in 2024 to approximately RMB104.1 million in 2025. This decrease was mainly due to the decrease of staff costs.

Finance costs

Finance costs primarily consisted of interest on borrowings and lease liabilities, less interest expenses which were capitalised to the extent that such costs are directly attributable to property development projects. Our finance costs increased by approximately 31.6% from approximately RMB0.6 million for the year ended 31 December 2024 to approximately RMB0.8 million for the year ended 31 December 2025.

Income tax expenses

Income tax expenses mainly consisted of the PRC Corporate Income Tax and land appreciation tax arising from our PRC subsidiaries. Income tax expenses decreased by approximately 27.9% or RMB28.9 million from approximately RMB103.3 million for the year ended 31 December 2024 to approximately RMB74.5 million for the year ended 31 December 2025.

Liquidity, financial resources and capital resources

As of 31 December 2025, the cash and cash equivalents amounted to approximately RMB135.0 million (31 December 2024: RMB253.3 million), of which approximately RMB134.9 million (31 December 2024: RMB253.2 million) was denominated in Renminbi and approximately RMB0.1 million (31 December 2024: RMB0.1 million) was denominated in Hong Kong dollars.

As at 31 December 2025, the restricted cash amounted to approximately RMB176.9 million (31 December 2024: RMB156.9 million), all restricted cash was denominated in Renminbi.

The Group's total borrowings amounted to approximately RMB827.8 million as of 31 December 2025 (31 December 2024: RMB1,064.5 million), of which approximately RMB422.9 million was classified as current liabilities (31 December 2024: RMB647.4 million). As of 31 December 2025 approximately 49.8% (31 December 2024: 87.7%) out of the Group's total borrowings bore fixed interest rates.

At 31 December 2025 and 2024, the Group's borrowings were repayable as follows:

	As at 31 December 2025			As at 31 December 2024		
	Within 1 year <i>RMB'000</i>	Between 1 to 2 years <i>RMB'000</i>	Between 2 to 5 years <i>RMB'000</i>	Within 1 year <i>RMB'000</i>	Between 1 to 2 years <i>RMB'000</i>	Between 2 to 5 years <i>RMB'000</i>
Bank borrowings	222,730	210,100	170,430	371,200	177,400	210,300
Other long-term borrowings	200,154	11,840	12,537	276,200	29,377	—
	<u>422,884</u>	<u>221,940</u>	<u>182,967</u>	<u>647,400</u>	<u>206,777</u>	<u>210,300</u>

Current, total and net assets

As of 31 December 2025, the Group had current assets of approximately RMB6,183.0 million (31 December 2024: RMB7,534.2 million) and current liabilities of approximately RMB4,737.5 million (31 December 2024: RMB5,860.1 million), the net current assets slightly decreased from approximately RMB1,674.0 million as at 31 December 2024 to approximately RMB1,445.4 million as at 31 December 2025.

As of 31 December 2025, the Group had total assets of approximately RMB6,512.4 million (31 December 2024: RMB7,896.5 million) and total liabilities of approximately RMB5,162.3 million (31 December 2024: RMB6,302.5 million), representing a decrease of net assets or total equity from approximately RMB1,594.0 million as at 31 December 2024 to approximately RMB1,350.1 million as at 31 December 2025.

Charge on assets

The Group's borrowings are secured by equity interests of subsidiaries, investment properties, properties held or under development for sale, and property, plant and equipment of the Group.

Contingent liabilities

- (a) 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 consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) In line with the diversified land acquisition strategies of the Group, a subsidiary of the Group obtained 20% equity interest in an associate of the Group (the "Associate") which hold a parcel of land for development through a bidding process, and remaining 80% equity interest are held by an independent third party (the "Investee"). Based on the investment agreement entered into between the Associate, the subsidiary of the Group and the Investee, the Associate has to repay the shareholder's loans provided by the Investee within a specified timeframe after commencement of presale activities. If the Associate fails to return such shareholder's loan on time, the subsidiary of the Group is required to provide funding to the Associate for repayment of shareholder's loans. As at 31 December 2025, such shareholder's loans of the Associate are approximately RMB229,070,000 (2024: RMB229,495,000).

In addition, pursuant to the above-mentioned investment agreement, the subsidiary of the Group also has to compensate for all losses of the Investee if the property project is delayed under certain conditions or that the repayment of shareholder's loans is delayed beyond certain period stipulated in the investment agreement. The Directors consider that the risk of providing funding for repayment of shareholder's loans or any compensation loss is low as the development progress has been continuously communicated and mutually agreed.

- (c) The Group has provided certain pledges of its investment properties and properties held or under development for sale for borrowings of certain third parties amounting to approximately RMB139,900,000.

Key financial ratios:

	For the year ended 31 December	
	2025	2024
Profitability ratios		
Return on assets	-3.2%	-3.1%
Return on equity	-15.7%	-15.3%
Net profit margin	<u>-9.1%</u>	<u>-9.6%</u>
	As of 31 December	
	2025	2024
Liquidity ratio		
Current ratio	1.3	1.3
Capital adequacy ratios		
Gearing ratio (<i>note 1</i>)	61.3%	66.8%
Debt to equity ratio (<i>note 2</i>)	51.3%	50.9%

Note 1: Gearing ratio is our total debts, including bank borrowings and other long-term 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 vary by the type of properties 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 major 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.

In addition, our business is also subject to the general social conditions in the regions where we operate and in the PRC in general. Any occurrence of force majeure events, natural disasters or outbreaks of epidemics and pandemics, including those caused by avian influenza, swine influenza, Middle East respiratory syndrome coronavirus or COVID-19 in the regions where we operate or in the PRC in general, which are beyond our control, depending on their scale, may cause different degree of damages to the economy, social conditions, infrastructure and livelihood of the people of the regions we operate or in China in general.

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.

The Group is principally engaged in the property development business in the PRC with almost all transactions denominated in Renminbi. In addition, the majority of the Group's assets and liabilities are denominated in Renminbi. Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management of the Group closely monitors the foreign exchange exposure and will take actions when necessary.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this result announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates or assets during the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Directors confirmed that as at the date of this result announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of property development.

GEARING RATIO

Gearing ratio is our total debts, including bank borrowings and other long-term borrowings, as a percentage of total equity. As at 31 December 2025, the gearing ratio of the Group was approximately 61.3%, representing a decrease of approximately 5.5 percentage points as compared with approximately 66.8% as at 31 December 2024.

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 of 31 December 2025, the Group had a total workforce of 394 employees (31 December 2024: 489). The remuneration policy is reviewed by the Board from time to time. Emoluments of Directors are determined by the remuneration committee of the Company 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. The Group adopted a five-day work week policy applying to our certain back office staff to execute the philosophy of work-life balance.

To improve 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 an incentive since November 2018.

FORWARD LOOKING

The year 2025 was a pivotal year of deep adjustment for the real estate industry. As a regional real estate developer engaged in deeply cultivation in Tier 3 and Tier 4 cities, the Group was confronted with multiple formidable challenges, including the contraction of housing demand caused by population outflows and an ageing demographic, elevated inventory levels of stock housing and projects under construction coupled with lengthening destocking cycles creating oversupply pressures, as well as weakening market expectations and declining property prices that further intensified sales difficulties and compressed profit margins. Despite the harsh industry environment, the Group is confident that, through the adjustment of its development strategy, it will be able to identify space for survival and growth amid the industry's transformation. In summary, our core outlook consists of scrapping the traditional development mindset and fully embracing a protracted period of deep adjustment, deepening the cultivation of the local market and adapting to the new landscape of on-demand development.

Securing cash flow stability will be the core objective of the Group as it maintains focus on de-stocking. On one hand, the Group will strengthen promotional efforts for its inventory, customising promotional strategies for different property types to maximise the recovery of funds. On the other hand, the Group will reclassify and assess existing land reserves, enhancing product competitiveness through the optimisation of reserve structures, focusing on elevating development quality, implementing a refined development philosophy, exercising stringent control over the quality of land reserves and firmly declining to acquire non-premium land.

In terms of resource allocation, the Group will prioritise securing project development and delivery to fulfill its enterprise social responsibility and prevent systemic risk. At the same time, the Group will implement cost controls, optimise its organisational structure, and promote management optimisation across the Group and its project companies, fully enhancing the operational agility and efficiency advantages of project companies.

With respect to deepening local market cultivation, the Group will focus on upgrading products for market adaptability and deepening customer operations. By refining the approach to past product designs to address the housing needs of local residents, the Group aims to create adaptable products that offer strong value for money and practical functionality. Leveraging our brand influence and favourable reputation accumulated through years of local operations, the Group will strengthen deep engagement with existing customers, refine customer referral incentive mechanisms, and build a diversified channel marketing system to further consolidate local market share.

In its future development, the Group will uphold prudent operations as its philosophy and proactively adjust its pace of development, controlling its scale of development appropriately, rationally moderating expected profit margins and positioning cash flow management at its core, striving to reduce its gearing ratio and strictly guarding the bottom line for risks, continuously strengthening product quality and delivery assurance capabilities, moderating the pace of new project acquisitions and concentrating resources on de-stocking.

Drawing on 33 years of local business experience, the Group possesses a profound understanding of the regional market, as well as a mature cost control system and efficient resource integration capabilities. Looking ahead, the Group will embrace industry directives and market trends, fully leverage its local advantages, and strive to emerge as a survivor in the deepening reform of the property development industry while progressing towards a transformed business. Even though development of the industry is at a low ebb, the Group firmly believes that, through the continuous optimisation of its strategies and the deep cultivation of its core competencies, it will ultimately navigate through the industry cycle and achieve sustainable corporate development.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and voting at the annual general meeting (“AGM”) to be held on 5 June 2026, the register of members of the Company will be closed from 1 June 2026 to 5 June 2026, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 29 May 2026. The record date for the purpose of determining the eligibility of the shareholders to attend and vote at the AGM is 5 June 2026.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality Board, transparency and accountability to all shareholders of the Company.

The Company has adopted the code provisions of the Corporate Governance code (“CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on Stock Exchange (the “Listing Rules”) as its own code of corporate governance. Throughout the financial year ended 31 December 2025, the Company has complied with the code provisions set out in the CG Code, except for code provision B.2.2. Under code provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Ms. QI Chunfeng (“Ms. Qi”) was re-elected on 4 June 2021, and accordingly should be retired at the 2024 AGM. Ms. Qi was retired by rotation at the AGM held on 20 November 2025.

Further information of the Company’s corporate governance practices is set out in the corporate governance report in the 2025 Annual Report to be despatched to the shareholders in or around the end of April 2026.

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”) set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2025.

The unmodified auditor's report on the Company's consolidated financial statements for the year ended 31 December 2025 will be included in the 2025 Annual Report to shareholders.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE AUDITOR OF THE COMPANY

The Company would like to provide an extract from the independent auditor's report prepared by McMillan Woods (Hong Kong) CPA Limited on the Group's consolidated financial statements for the year ended 31 December 2025 as set out below:

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that, the Group incurred a loss for the year of approximately RMB231,139,000 for the year ended 31 December 2025, and as at 31 December 2025, the Group had total current assets of approximately RMB6,182,979,000, including cash and cash equivalents of approximately RMB135,033,000. In contrast, the Group faced total current liabilities of approximately RMB4,737,549,000, including current portion of bank borrowings and other long-term borrowings with an aggregate carrying amount of approximately RMB422,884,000 due within twelve months from the end of the reporting period, as well as capital commitments of approximately RMB951,246,000 for properties under development for sale. In addition, the Group was also exposed to potential cash outflows arising from the financial guarantees issued to third parties and a related party of approximately RMB6,655,468,000 as at 31 December 2025. In light of the relative low level of cash balances, significant short-term obligations within next twelve months and the potential cash outflows arising from the financial guarantees issued, together with uncertainties surrounding the Group's ability to generate sufficient operating cash flows, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Company's consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2025.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into a sale and purchase agreement with an independent third party on 11 February 2026, pursuant to which the Group agreed to sell the 51% equity interest in Xuchang Jiari Baocheng Property Co., Ltd.* (許昌假日寶呈置業有限公司) (“**Xuchang Jiari**”) at a consideration of approximately RMB10,200,000. Immediately after the completion of the afore-mentioned disposal on 13 February 2026, Xuchang Jiari ceased to be a subsidiary of the Company and Xuchang Jiari became an associate of the Group.

Save as disclosed in this announcement, the Company and its subsidiaries have no significant subsequent events need to be disclosed.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

This annual results announcement is published on the websites of the Company (www.everreachgroup.com) and the Stock Exchange (www.hkexnews.hk).

The annual report for the year ended 31 December 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company (upon request) and available on the websites of the Company and the Stock Exchange in due course.

GENERAL INFORMATION

This annual results announcement only gives a summary of the information and particulars of the 2025 Annual Report from which the contents of this announcement are derived.

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

Hong Kong, 27 March 2026

As at the date of this announcement, the executive Directors of the Company are Mr. Li Xiaobing (Chairman), Mr. Wang Zhenfeng (Chief Executive Officer), Ms. Li Man and Mr. Wang Quan; and the independent non-executive Directors of the Company are Mr. Wei Jian, Mr. Fang Cheng and Mr. Lee Kwok Lun.

* *For identification purpose only*