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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Ever Reach Group (Holdings) Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company for the six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding period in 2023 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	4	**1,467,599**	1,488,151
Cost of sales		**(1,328,548)**	(1,228,924)
Gross profit		**139,051**	259,227
Fair value losses on investment properties		**(9,648)**	(1,480)
Selling and marketing expenses		**(58,135)**	(70,706)
Administrative expenses		**(56,643)**	(56,193)
Allowance for impairment of other receivables		**(1,676)**	(2,874)
Other income		**806**	4,095
Other losses, net	6	**(539)**	(296)
Operating profit		**13,216**	131,773
Finance income	7	**427**	591
Finance costs	7	**(470)**	(490)
Finance (costs)/income, net		**(43)**	101
Share of result of associates		**(54)**	—
		(97)	101
Profit before income tax	8	**13,119**	131,874
Income tax expenses	9	**(49,218)**	(62,698)
(Loss)/profit for the period		**(36,099)**	69,176
(Loss)/profit for the period attributable to:			
Owners of the Company		**(50,718)**	60,763
Non-controlling interests		**14,619**	8,413
		(36,099)	69,176
(Loss)/earnings per share (expressed in RMB cents)			
— Basic and diluted	10	**(4.23)**	5.06

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(Loss)/profit and total comprehensive (expense)/ income for the period	**(36,099)**	69,176
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	**(50,718)**	60,763
Non-controlling interests	**14,619**	8,413
	(36,099)	69,176

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	**As at 30 June 2024 (Unaudited)** *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**32,034**	35,454
Investment properties		**135,440**	119,600
Right-of-use assets		**15,410**	13,184
Intangible assets		**12,734**	13,098
Interests in associates		**53,269**	53,323
Deferred income tax assets		**136,569**	146,920
Total non-current assets		**385,456**	381,579
Current assets			
Prepayments for leasehold land		**81,620**	40,810
Properties held or under development for sale	*12*	**6,956,459**	7,521,685
Other receivables and prepayments	*13*	**378,791**	582,461
Prepaid income taxes		**128,326**	114,989
Contract costs		**3,282**	3,282
Restricted bank deposits		**161,240**	165,591
Cash and cash equivalents		**238,467**	274,808
Total current assets		**7,948,185**	8,703,626
Total assets		**8,333,641**	9,085,205

	Notes	As at 30 June 2024 (Unaudited) *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
CAPITAL AND RESERVES			
Share capital		**10,645**	10,645
Share premium		**299,188**	299,188
Retained profits		**1,246,142**	1,296,860
Other reserves		**205,684**	205,684
Equity attributable to owners of the Company		**1,761,659**	1,812,377
Non-controlling interests		**60,283**	45,664
Total equity		**1,821,942**	1,858,041
LIABILITIES			
Non-current liabilities			
Bank borrowings		**305,920**	232,500
Other long-term borrowings		**37,537**	37,537
Lease liabilities		**11,657**	9,289
Deferred income tax liabilities		**23,238**	16,746
Total non-current liabilities		**378,352**	296,072
Current liabilities			
Trade and other payables	*14*	**1,693,145**	2,007,485
Bank borrowings		**364,990**	182,900
Current portion of other long-term borrowings		**383,516**	495,692
Contract liabilities	*15*	**3,382,407**	3,956,814
Lease liabilities		**6,916**	6,275
Current income tax liabilities		**302,373**	281,926
Total current liabilities		**6,133,347**	6,931,092
Total liabilities		**6,511,699**	7,227,164
Total equity and liabilities		**8,333,641**	9,085,205
Net current assets		**1,814,838**	1,772,534
Total assets less current liabilities		**2,200,294**	2,154,113

NOTES

1 GENERAL INFORMATION

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, the immediate holding company and ultimate controlling party are Ever Enhancement Enterprise Company Limited, a company incorporated in the British Virgin Islands, and Mr. Li Xiaobing, the executive Director of the Company. 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 interim 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 unaudited condensed consolidated interim financial information of the Group is presented in thousands of Renminbi (RMB'000), unless otherwise stated.

The condensed consolidated interim financial information of the Group has not been audited or reviewed by the auditor of the Company.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in consolidated financial position and consolidated financial performance of the Group since the consolidated financial statements for the year ended 31 December 2023. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for the preparation of full set of consolidated financial statements in accordance with HKFRS Accounting Standards, which includes all individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standard ("**HKASs**") and Interpretations issued by the HKICPA, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

The accounting policies and method of computation adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except as described in note 3.

Going concern consideration

The Group incurred a loss of approximately RMB36,099,000 for the six months ended 30 June 2024, and as at 30 June 2024, the Group had total current assets of approximately RMB7,948,185,000, including cash and cash equivalents of approximately RMB238,467,000. Against this, the Group faced total current liabilities of approximately RMB6,133,347,000, including current portion of bank borrowings and other long-term borrowings with an aggregate carrying amount of approximately RMB748,506,000 due within twelve months from the end of the reporting period, as well as capital commitments for of approximately RMB948,170,000 for properties under development for sale (note 16). 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 RMB6,741,908,000 as at 30 June 2024. In light of the relative low cash balances, significant short-term obligations within coming 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 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. In addition, based on past experience, the banks and other financial institutions will normally provide funding as needed according to the property development progress without significant uncertainties to the Group; and

(iv) The Group will continuously cooperate with the related parties and non-controlling shareholders of the project companies 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 14), owed to them of approximately RMB17,382,000 and RMB41,733,000, respectively, as at 30 June 2024, until the Group has financial ability to do so, in order to ensuring the development and sales of all existing projects as budgeted without material interruptions.

Based on the above, in the opinion of the Directors, 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 are satisfied that it is appropriate to prepare the unaudited condensed consolidated interim financial information of the Group on a going concern basis. The unaudited consolidated interim financial information of the Group does 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 THE AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards and Interpretation which are effective for the Group's financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the above amendments to HKFRS Accounting Standards and Interpretation in the current interim period has had no material impact on the Group's consolidated financial positions and financial performance for the current and prior periods and/or on the disclosures set out in the unaudited condensed consolidated interim financial information.

Adoption of Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Non-current Liabilities with Covenants (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the end of the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the HKAS 1 Amendments.

4 REVENUE

Revenue represents revenue arising on sales of properties, rental income and service income for the six months ended 30 June 2024. An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**1,457,879**	1,481,189
Service income	**4,951**	1,365
	1,462,830	1,482,554
Revenue from other sources		
Rental income	**4,769**	5,597
	1,467,599	1,488,151

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**1,457,879**	1,481,189
Over time	**4,951**	1,365
	1,462,830	1,482,554

All revenue are generated from the PRC during the six months ended 30 June 2024 and 2023.

5 SEGMENT INFORMATION

The executive Directors 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 profit 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 six months ended 30 June 2024 and 2023, and all of the non-current assets of the Group were located in the PRC as at 30 June 2024 and 31 December 2023. There was no revenue derived from a single external customer that accounts for 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

6 OTHER LOSSES, NET

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Penalties, fines and compensations	**(537)**	(179)
Donations	**(186)**	(100)
Loss on disposal of property, plant and equipment	**(3)**	(29)
Others	**187**	12
	(539)	(296)

7 FINANCE INCOME/(COSTS)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Finance income		
— Interest income on bank deposits	**427**	591
Finance costs		
— Interest on bank and other borrowings and other long-term borrowings	**(27,911)**	(32,556)
— Interest on lease liabilities	**(470)**	(490)
	(28,381)	(33,046)
Less: Amount capitalised	**27,911**	32,556
Finance costs	**(470)**	(490)
Finance (costs)/income, net	**(43)**	101

8 PROFIT BEFORE INCOME TAX

Profit before income tax for the period has been arrived at after charging:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Staff costs (including Directors' emoluments)	**36,037**	47,268
Depreciation charge on property, plant and equipment, included in administrative expenses	**3,692**	4,031
Depreciation charge on right-of-use assets, included in administrative expenses	**2,295**	2,070
Amortisation charge on intangible assets, included in administrative expenses	**364**	363
Cost of properties recognised as expenses	**1,265,154**	1,201,654
Provision for properties held or under development for sale, included in cost of sales	**57,671**	12,583

9 INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
— PRC LAT	**915**	23,858
— PRC Corporate Income Tax	**31,460**	50,703
	32,375	74,561
Deferred income tax	**16,843**	(11,863)
	49,218	62,698

10 (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per share is calculated by dividing the Group's (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and presented as follows.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
The Group's (loss)/profit attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share (RMB'000)	**(50,718)**	60,763
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted (loss)/earnings per share ('000)	**1,200,000**	1,200,000
Basic and diluted (loss)/earnings per share (expressed in RMB cents)	**(4.23)**	5.06

Diluted (loss)/earnings per share was equal to the basic (loss)/earnings per share as there were no dilutive shares in issue during the six months ended 30 June 2024 and 2023.

11 DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

12 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

Balance of properties held or under development for sale is as follows:

	As at 30 June 2024 (Unaudited) ***RMB'000***	As at 31 December 2023 (Audited) *RMB'000*
Properties under development for sale	**4,796,537**	5,295,466
Properties held for sale	**2,430,856**	2,439,482
	7,227,393	7,734,948
Less: Provision for properties held or under development for sale	**(270,934)**	(213,263)
	6,956,459	7,521,685

13 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 (Unaudited) *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
Prepayments for construction cost	**20,269**	126,245
Prepaid tax and surcharges	**15,477**	13,609
Value-add-tax recoverable	**16,453**	6,557
	52,199	146,411
Tender and other deposits	**112,044**	111,188
Receivable from project service	**53,140**	53,140
Amount due from a related party	**41,506**	40,503
Receivables from government related to the cost of demolition and resettlement activities	**84,845**	102,864
Temporary funding receivables from third parties	**63,506**	55,730
Consideration receivable from disposal of a subsidiary	**2,189**	2,189
Receivable from a contractor and supplier	**13,750**	114,610
Others	**11,567**	10,105
Other receivables, gross	**382,547**	490,329
Less: allowance for impairment of other receivables	**(55,955)**	(54,279)
Other receivables, net	**326,592**	436,050
Total	**378,791**	582,461

14 TRADE AND OTHER PAYABLES

	As at 30 June 2024 (Unaudited) *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
Trade payables	**1,320,784**	1,490,485
Deposits received from customers	**54,041**	81,591
Value-added-tax and other tax payables	**136,182**	205,803
Amounts due to non-controlling shareholders	**41,733**	83,533
Temporary funding payables	**25,389**	18,939
Interest payables	**50,360**	57,172
Salaries payables	**18,056**	21,325
Amounts due to related parties	**17,382**	15,304
Other payables to related parties	**2,303**	958
Others	**26,915**	32,375
	1,693,145	2,007,485

At 30 June 2024, the ageing analysis of trade payables, based on invoice date, are as follows:

	As at 30 June 2024 (Unaudited) *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
Less than 1 year	**924,984**	1,037,502
Between 1 and 2 years	**191,287**	222,064
Between 2 and 3 years	**102,832**	131,792
Over 3 years	**101,681**	99,127
	1,320,784	1,490,485

15 CONTRACT LIABILITIES

	As at 30 June 2024 (Unaudited) *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
Contract liabilities	**3,382,407**	3,956,814

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.

16 COMMITMENTS

Capital expenditure committed at 30 June 2024 but not yet incurred is as follows:

	As at 30 June 2024 (Unaudited) *RMB'000*	As at 31 December 2023 (Audited) *RMB'000*
Properties under development for sale	**948,170**	1,334,357
Land use rights	**—**	40,810
	948,170	1,375,167

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

On 15 July 2024, the National Bureau of Statistics issued a report on the "General Situation of the PRC Real Estate Market in the First Half of 2024". According to the data therein, investment in real estate development in the PRC between January and June 2024 amounted to RMB5,252,900 million, representing a decrease of 10.1% as compared to the previous year. The total area of completed properties was 265,190 thousand sq.m., representing a decrease of 21.8%; of which, that of residential properties was 192,590 thousand sq.m., representing a decrease of 21.7%. The total sales area of newly-constructed commercial properties was 479,160 thousand sq.m., representing a decrease of 19.0% as compared to the previous year; of which, that of residential properties decreased by 21.9%. The total sales amount of newly-constructed commercial properties amounted to RMB4,713,300 million, representing a decrease of 25.0%; of which, that of residential properties decreased by 26.9%.

On 18 July 2024, the Bureau of Statistics of Henan Province issued a report on the "General Situation of the Real Estate Market of Henan Province in the First Half of 2024". According to the data therein, investment in real estate development in Henan Province between January and June 2024 decreased by 9.1% as compared to the previous year; of which, investment in residential properties decreased by 8.1%. The total area of completed properties in Henan Province decreased by 5.5%; of which, that of residential properties increased by 3.3%. The total sales area of newly-constructed commercial properties in Henan Province decreased by 19.4% as compared to the previous year; of which, that of residential properties decreased by 20.3%. The total sales amount of newly-constructed commercial properties in Henan Province decreased by 22.6%; of which, that of residential properties decreased by 23.3%.

According to data released by various statistical agencies, the real estate industry in the PRC experienced significant declines in investment amount, construction area, sales amount and completed area. Against this backdrop, the Political Bureau meeting held on 30 April set the tone for property policies, emphasising the need to "coordinate efforts to research on and absorb existing housing stock and improve the quality of new homes" to promote the steady and healthy development of the real estate market. On 17 May, the Central Bank unveiled "a package of new policies" aimed at stabilising the market and clearing existing housing inventory. These policies have had a positive impact on improving market expectations and accelerating transactions. However, due to insufficient demand for new homes across the country, overall transaction volumes have sharply declined, and the real estate market has yet to show significant improvement. The full effects of such policies will therefore take time to materialise. Nevertheless, certain positive signs and trends offer hope for the future growth of the industry amidst these challenges. First, despite sales data showing a year-on-year drop in total sales area and sales amount of newly-constructed commercial properties in the PRC, it should be noted that the rate of decline has gradually narrowed, a sign of market stabilisation following a period of adjustment. The government has also been proactively refining and optimising real estate policies to adapt to the existing market situation. For example, stabilisation policies have been gradually implemented to maintain a stable and healthy development of the real estate market by managing market expectations, optimising land supply, and strengthening financial supervision. Meanwhile, stock clearing policies continued to roll out, which helped to reduce stock on the market and balance supply and demand by accelerating housing supply, optimising property structure, and improving housing quality. The implementation of such policies has not only boosted market confidence, but also safeguarded the future development of the real estate industry.

BUSINESS OVERVIEW

In the first half of 2024, the Group continued to face significant pressure. Nonetheless, we remained focused on two core priorities: "ensuring property delivery" and "clearing existing inventory". To achieve the former target, we coordinated funds and human resources to ensure the timely delivery of properties to our customers, thereby fulfilling our corporate responsibilities. The Group successfully carried out our plan to deliver approximately 259,000 sq.m. of GFA in the first half of 2024. This included approximately 94,100 sq.m. delivered by companies in the Urban District in Xuchang City, approximately 107,000 sq.m. delivered by companies in the Changge District in Xuchang City, and approximately 57,900 sq.m. delivered by companies in Linying District in Luohe City. For the latter target, we accelerated the supply of unsold properties and improved housing quality to clear existing inventory and simultaneously boost sales performance.

With the gradual implementation of national policies and the rollout of tailored measures across different cities in Henan Province, policies have been proactively refined and optimised. For example, down payment ratios have been lowered and the cap for the contribution of the housing provident fund has been raised to alleviate the financial burden on homebuyers, thereby providing support to both first-time home buyers and home upgraders.

The implementation of these policies has not only helped to manage market expectations and balance supply and demand, but also provided strong support for the future development of the real estate industry. Overall, despite the considerable amount of pressure and challenges faced by the real estate industry and the Group in the first half of 2024, the combined effects of policy and market refinements have led to early signs of market stabilisation. On 15 April 2024, the Group was recognised for its operational quality, sustainability and commitment to corporate social responsibility, and was accredited as one of the “Best Real Estate Companies with Quality Development in Henan Province in 2024” by the China Index Academy.

Land reserves

As at 30 June 2024, the GFA of the Group’s land reserves was approximately 3.2 million sq.m..

Contracted sales

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

	Six months ended 30 June 2024	2023	% change +/-
Contracted sales attributable to:			
Residential units *(RMB, million)*	**673.4**	1,313.2	-48.7
Commercial units *(RMB, million)*	**138.4**	214.4	-35.4
Car parking spaces *(RMB, million)*	**21.1**	40.9	-48.4
Others *(RMB, million)*	**6.5**	9.9	-34.3
Total *(RMB, million)*	**839.4**	1,578.4	-46.8
Contracted saleable GFA/lot attributable to:			
Saleable GFA *(sq.m.)*	**144,293**	257,655	-44.0
Car parking space *(lot)*	**553**	852	-35.1
Contracted ASP attributable to:			
Saleable GFA *(RMB/sq.m.)*	**5,671**	5,968	-5.0
Car parking space *(RMB/lot)*	**38,114**	47,442	-19.7

Our contracted ASP per sq.m. of saleable GFA decreased by 5.0% to approximately RMB5,671 per sq.m. for the six months ended 30 June 2024 comparing to the same period of last year. The decrease in the first half of 2024 was mainly due to the decrease in market price of properties in Henan Province.

Our contracted ASP per lot for car parking space decreased by 19.7% to approximately RMB38,114 per lot for the six months ended 30 June 2024.

FINANCIAL REVIEW

Results

During the six months ended 30 June 2024, the revenue of the Group was approximately RMB1,467.6 million (six months ended 30 June 2023: RMB1,488.2 million), representing a decrease of approximately 1.4% as compared to the same period of last year.

The Group recorded gross profit of approximately RMB139.1 million (six months ended 30 June 2023: RMB259.2 million), representing a decrease of approximately RMB120.1 million, or approximately 46.3% as compared to the same period of last year.

Gross profit margin was approximately 9.5% for the six months ended 30 June 2024 (six months ended 30 June 2023: 17.4%), representing a decrease by approximately 7.9 percentage points as compared with the same period of last year.

Net results for the period decreased by approximately RMB105.3 million from net profit of approximately RMB69.2 million for the six months ended 30 June 2023 to net loss of approximately RMB36.1 million for the six months ended 30 June 2024.

Revenue

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

	Six months ended 30 June				
	2024		2023		% change
	RMB'000	***%***	*RMB'000*	*%*	+/-
Sales of properties	**1,457,879**	**99.4**	1,481,189	99.5	-1.6
Rental income	**4,769**	**0.3**	5,597	0.4	-14.8
Service income	**4,951**	**0.3**	1,365	0.1	+262.7
	1,467,599	**100.0**	1,488,151	100.0	-1.4

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:

	Six months ended 30 June					
	2024			2023		
	Revenue	**GFA recognised**	**Recognised ASP per sq.m.**	Revenue	GFA recognised	Recognised ASP per sq.m.
	RMB'000	***sq.m.***	***RMB***	*RMB'000*	*sq.m.*	*RMB*
Residential	**1,269,581**	**244,648**	**5,189**	1,282,830	223,965	5,728
Commercial	**144,798**	**18,749**	**7,723**	159,592	21,956	7,269
Storage	**5,521**	**2,972**	**1,858**	7,731	3,401	2,273
	1,419,900	**266,369**	**5,331**	1,450,153	249,322	5,816

	Revenue	**Units recognised**	**Recognised ASP per unit**	Revenue	Units recognised	Recognised ASP per unit
	RMB'000	***lot***	***RMB***	*RMB'000*	*lot*	*RMB*
Car parking spaces	**37,979**	**592**	**64,154**	31,036	601	51,641

Sales of properties, which accounted for approximately 99.4% of our total revenue for the six months ended 30 June 2024 (six months ended 30 June 2023: 99.5%), was primarily contributed from the sales of residential and commercial properties.

Our revenue slightly decreased by approximately RMB20.6 million or 1.4% from approximately RMB1,488.2 million for the six months ended 30 June 2023 to approximately RMB1,467.6 million for the six months ended 30 June 2024.

Gross profit and gross profit margin

The table below sets out the revenue, gross profit/(loss) and gross profit margin by types:

	Six months ended 30 June							
	2024				2023			
	Revenue	**Cost of sales**	**Gross profit/ (loss)**	**Gross profit Margin**	Revenue	Cost of sales	Gross profit/ (loss)	Gross profit Margin
	RMB'000	***RMB'000***	***RMB'000***	**%**	*RMB'000*	*RMB'000*	*RMB'000*	%
Sales of properties								
— Residential	**1,269,581**	**1,162,061**	**107,520**	**8.5**	1,282,830	1,046,361	236,469	18.4
— Commercial	**144,798**	**133,953**	**10,845**	**7.5**	159,592	133,917	25,675	16.1
— Car parking spaces and storages	**43,500**	**28,801**	**14,699**	**33.8**	38,767	45,691	(6,924)	(17.9)
Subtotal	**1,457,879**	**1,324,815**	**133,064**	**9.1**	1,481,189	1,225,969	255,220	17.2
Rental income	**4,769**	**34**	**4,735**	**99.3**	5,597	—	5,597	100.0
Service income	**4,951**	**3,699**	**1,252**	**25.3**	1,365	2,955	(1,590)	(116.5)
	1,467,599	**1,328,548**	**139,051**	**9.5**	1,488,151	1,228,924	259,227	17.4

The gross profit margin of sales of residential and commercial properties decreased from approximately 18.4% and 16.1% for the six months ended 30 June 2023 to approximately 8.5% and 7.5% for the six months ended 30 June 2024, respectively, due to the decreasing ASP of residential properties and increasing costs of commercial properties delivered during the six months ended 30 June 2024 comparing with those of the six months ended 30 June 2023. The gross profit margin from sales of properties decreased from approximately 17.2% for the six months ended 30 June 2023 to approximately 9.1% for the six months ended 30 June 2024.

Loss for the six months ended 30 June 2024 was approximately RMB36.1 million (six months ended 30 June 2023: profit of RMB69.2 million), representing a decrease of approximately RMB105.3 million. It was mainly due to the decrease in gross profit margin as a result of the increasing unit cost of properties and the increase in provision for decline in values of properties held or under development for sale.

Fair value losses on investment properties

The Group's investment properties were valued on 30 June 2024 by an independent qualified valuers, 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 six months ended 30 June 2024, the Group's selling and marketing expenses amounted to approximately RMB58.1 million (six months ended 30 June 2023: RMB70.7 million), representing a decrease of approximately 17.8% as compared to the same period in 2023. The decrease was mainly attributable to the decrease of advertising and publicity costs and sales agent commission.

Administrative expenses

The administrative expenses increased slightly by approximately 0.7% from approximately RMB56.2 million for the six months ended 30 June 2023 to approximately RMB56.6 million for the six months ended 30 June 2024.

Other losses — net

During the six months ended 30 June 2024, the Group's other losses — net amounted to approximately RMB0.5 million (six months ended 30 June 2023: RMB0.3 million).

Finance (costs)/income — net

Finance (costs)/income — net primarily consisted of (i) interest income on bank deposits; (ii) interest expenses on borrowings; and (iii) interest and finance charges payable for lease liabilities less interest expenses which were capitalised to the extent that such costs are directly attributable to property development projects.

Income tax expenses

Income tax expenses mainly comprised of the PRC Corporate Income Tax expense and land appreciation tax arising from our PRC subsidiaries. Income tax expenses decreased by approximately 21.5% or RMB13.5 million from approximately RMB62.7 million for the six months ended 30 June 2023 to the approximately RMB49.2 million for the six months ended 30 June 2024, the reduction of income tax expenses for the six months ended 30 June 2024 was attributed to a decline in gross profit during the same period.

Liquidity, financial resources and capital resources

As at 30 June 2024, the cash and cash equivalents amounted to approximately RMB238.5 million (31 December 2023: RMB274.8 million), of which approximately RMB238.4 million (31 December 2023: RMB274.5 million) was denominated in RMB and approximately RMB0.1 million (31 December 2023: RMB0.3 million) was denominated in Hong Kong dollar.

As at 30 June 2024, the restricted bank deposits amounted to approximately RMB161.2 million (31 December 2023: RMB165.6 million), all restricted bank deposits was denominated in RMB.

The Group's total borrowings amounted to approximately RMB1,092.0 million as at 30 June 2024 (31 December 2023: RMB948.6 million), of which approximately RMB748.5 million was classified as current liabilities (31 December 2023: RMB678.6 million). Approximately 63.3% (31 December 2023: 68.9%) out of the Group's total borrowings was fixed interest rates.

As at 30 June 2024 and 31 December 2023, the Group's borrowings were repayable as follows:

	As at 30 June 2024			As at 31 December 2023		
	Within 1 year	**Between 1 to 2 years**	**Between 2 to 5 years**	Within 1 year	Between 1 to 2 years	Between 2 to 5 years
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	**364,990**	**202,500**	**103,420**	182,900	205,000	27,500
Other long-term borrowings	**383,516**	**25,000**	**12,537**	495,692	25,000	12,537
	748,506	**227,500**	**115,957**	678,592	230,000	40,037

Current, total and net assets

As at 30 June 2024, the Group had current assets of approximately RMB7,948.2 million (31 December 2023: RMB8,703.6 million) and current liabilities of approximately RMB6,133.3 million (31 December 2023: RMB6,931.1 million), there was an increase of net current assets value from approximately RMB1,772.5 million as at 31 December 2023 to approximately RMB1,814.8 million as at 30 June 2024.

As at 30 June 2024, the Group had total assets of approximately RMB8,333.6 million (31 December 2023: RMB9,085.2 million) and total liabilities of approximately RMB6,511.7 million (31 December 2023: RMB7,227.2 million), representing a decrease of net assets or total equity from approximately RMB1,858.0 million as at 31 December 2023 to approximately RMB1,821.9 million as at 30 June 2024.

Charge on assets

Part of the Group's borrowings are secured by property, plant and equipment, investment properties, shares of subsidiaries and properties held or under development for sale 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 of the Company 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 loans on time, the subsidiary of the Group is required to provide funding to the Associate for the repayment of the shareholder's loans. As at 30 June 2024, such shareholder's loans of the Associate are approximately RMB229,495,000 (31 December 2023: 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 of the Company 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 guarantees and pledges of properties held or under development for sale provided for the borrowings of certain third parties as at 30 June 2024 amounted to RMB119.3 million (31 December 2023: RMB120.9 million).

Key financial ratios

Key financial ratios:

	As at 30 June 2024	As at 31 December 2023
Liquidity ratio		
Current ratio	**1.3**	1.3
Capital adequacy ratios		
Gearing ratio *(note 1)*	**59.9**	51.1
Debt to equity ratio *(note 2)*	**46.8**	36.3

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 other cities in 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 degrees of damage to the economy, social conditions, infrastructure and livelihood of the people of the regions we operate or in the PRC 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 risks.

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.

GEARING RATIO

Gearing ratio is our total debts, including bank borrowings and other long-term borrowings, as a percentage of total equity. As at 30 June 2024, the gearing ratio of the Group was approximately 59.9%, representing an increase of approximately 8.8 percentage points as compared with approximately 51.1% as at 31 December 2023, which was mainly due to the new borrowings obtained during the period.

INTERIM DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 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 at 30 June 2024, the Group had a total workforce of 548 employees (30 June 2023: 658). The remuneration policy is reviewed by the Board from time to time. Emoluments of the directors of the Company are determined by the Remuneration Committee 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.

To intensify 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

Looking forward to the second half of the year, the year-on-year decline in new property sales is expected to gradually narrow, as a result of policy support and the diminishing impact of the high base effect. However, real estate investment is likely to remain subdued as the market continues to lag, particularly in the absence of significant improvements in residents' income expectations and property prices. More time is therefore needed to restore market confidence. Key policy measures include lowering mortgage rates, reducing transaction fees and taxes, optimising purchase restrictions, as well as stimulating demand from second-home buyers to promote market recovery. In the second half of 2024, despite continued adjustment pressures in the real estate market, the market is expected to gradually stabilise with constant policy support.

In the second half of 2024, the Group will maintain a steady course by strengthening its internal control and management, upholding product quality, and continuing to further implement its core operational strategies. At the same time, the Group will also strengthen its requirements on carbon neutrality by improving its design and construction processes. Our primary focus will be on closely monitoring and managing our capital deployment. By conducting accurate data analysis and forward-looking planning, we will ensure efficient fund utilisation and enhancement in overall capital turnover and utilisation rate, and in turn stabilise the Group's cash flow. These measures will lay a solid foundation for the Group's sustainable operations. Meanwhile, the Company will also increase its efforts in the innovation and application of marketing strategies, as innovative marketing strategies are the key to attracting customers and accomplishing sales targets in a highly competitive real estate market. By proactively studying market dynamics and formulating marketing strategies that meet consumers' needs, the Company will also scale up our sales incentive program to ensure that our sales team remains fully committed to achieving their annual sales targets. In terms of carbon neutrality, the Group will prioritise the use of environmentally friendly and renewable construction materials in the project planning and design stages to increase the energy efficiency of our buildings. During construction, the Group will optimise construction and management practices to minimise resource consumption and waste emissions. By implementing the above measures, the Group aims to effectively reduce carbon emissions and make impactful contributions for the industry to realise its carbon neutrality goals. Not only will these measures benefit the Company's sustainable development, but also demonstrate our commitment to the social and environmental responsibilities.

OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

(1) Suspension of Trading on the Stock Exchange

Trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended pending the fulfillment of the Resumption Guidance as specified by the Stock Exchange.

(2) Resignation of Auditor

The Company's former auditor, PricewaterhouseCoopers, has tendered its resignation as the auditor of the Company with effect from 9 August 2024. For details of the resignation of PricewaterhouseCoopers, please refer to the announcement of the Company dated 12 August 2024.

(3) Resumption Guidance

On 25 June 2024, the Company received a letter from the Stock Exchange setting out the following guidance for the resumption of trading in the shares of the Company on the Stock Exchange (the "**Resumption Guidance**"). Pursuant to the Resumption Guidance, the Company shall:

(a) conduct an appropriate independent investigation into the prepayments issue, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions;

(b) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;

(c) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules;

(d) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(e) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and

(f) inform the market of all material information for the Company's shareholders and other investors to appraise its position.

For details of the Resumption Guidance, please refer to the announcement of the Company dated 28 June 2024.

(4) Progress of Fulfillment of the Resumption Guidance

For quarterly update on status of resumption and the Company's resumption plan in fulfilling the Resumption Guidance, please refer to the announcements of the Company dated 28 June 2024, 27 September 2024, 30 December 2024, 31 March 2025 and 1 July 2025 in accordance with Rules 13.09 and 13.24A of the Listing Rules.

(5) Appointment of New Auditor

The Company has appointed McMillan Woods (Hong Kong) CPA Limited as the new auditor of the Company with effect from 25 September 2024 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. For details of the appointment of McMillan Woods as auditor, please refer to the announcement of the Company dated 25 September 2024.

Save as disclosed in this interim results announcement, no material events were undertaken by the Group subsequent to 30 June 2024.

CORPORATE GOVERNANCE

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures. During the six months ended 30 June 2024, the Board is of the opinion that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

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 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. The Company has made a specific enquiry to all directors of the Company regarding any non-compliance with the Model Code and all directors confirmed that they have complied with the Model Code for the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been reviewed by the audit committee of the Board which comprises three independent non-executive directors namely, Mr. LEE Kwok Lun, Mr. FANG Cheng and Mr. WEI Jian.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2024 have not been audited or reviewed by the auditor of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

FORWARD-LOOKING STATEMENTS

This announcement includes certain forward-looking statements which involve the financial conditions, results and businesses of the Group. These forward-looking statements are the Group's expectation or beliefs for future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

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

Hong Kong, 18 July 2025

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.