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 2024

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Ever Reach Group (Holdings) Company Limited (the "**Company**") announces the consolidated results of the Company for the year ended 31 December 2024 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*4*	**2,762,136**	3,565,598
Cost of sales		**(2,639,025)**	(3,131,395)
Gross profit		**123,111**	434,203
Fair value losses on investment properties		**(12,528)**	(2,920)
Selling and marketing expenses		**(138,437)**	(168,533)
Administrative expenses		**(128,206)**	(131,097)
(Provision)/reversal of allowance for impairment of other receivables		**(4,489)**	3,265
Other income	*6*	**806**	4,071
Other losses, net	*7*	**(920)**	(5,261)
Operating (loss)/profit		**(160,663)**	133,728
Finance income	*8*	**695**	1,073
Finance costs	*8*	**(607)**	(930)
Finance income, net		**88**	143
Share of result of associates		**(54)**	—
		34	143
(Loss)/profit before income tax	*9*	**(160,629)**	133,871
Income tax expenses	*10*	**(103,342)**	(97,054)
(Loss)/profit for the year		**(263,971)**	36,817
(Loss)/profit for the year attributable to:			
Owners of the Company		**(270,424)**	40,944
Non-controlling interests		**6,453**	(4,127)
		(263,971)	36,817
(Loss)/earnings per share (expressed in RMB cents)			
— Basic and diluted	*11*	**(22.54)**	3.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit and total comprehensive (expense)/income for the year	**(263,971)**	36,817
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	**(270,424)**	40,944
Non-controlling interests	**6,453**	(4,127)
	(263,971)	36,817

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**29,935**	35,454
Investment properties		**132,560**	119,600
Right-of-use assets		**13,216**	13,184
Intangible assets		**12,370**	13,098
Interests in associates		**53,269**	53,323
Deferred income tax assets		**120,994**	146,920
Total non-current assets		**362,344**	381,579
Current assets			
Prepayments for leasehold land		**—**	40,810
Properties held or under development for sale	*13*	**6,597,699**	7,521,685
Other receivables and prepayments	*14*	**400,500**	582,461
Prepaid income taxes		**122,484**	114,989
Contract costs		**3,282**	3,282
Restricted bank deposits		**156,874**	165,591
Cash and cash equivalents		**253,342**	274,808
Total current assets		**7,534,181**	8,703,626
Total assets		**7,896,525**	9,085,205

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
CAPITAL AND RESERVES			
Share capital		**10,645**	10,645
Share premium		**299,188**	299,188
Retained profits		**1,023,735**	1,296,860
Other reserves		**208,385**	205,684
Equity attributable to owners of the Company		**1,541,953**	1,812,377
Non-controlling interests		**52,117**	45,664
Total equity		**1,594,070**	1,858,041
LIABILITIES			
Non-current liabilities			
Bank borrowings		**387,700**	232,500
Other long-term borrowings		**29,377**	37,537
Lease liabilities		**9,339**	9,289
Deferred income tax liabilities		**15,894**	16,746
Total non-current liabilities		**442,310**	296,072
Current liabilities			
Trade and other payables	*15*	**1,741,056**	2,007,485
Bank borrowings		**371,200**	182,900
Current portion of other long-term borrowings		**276,200**	495,692
Contract liabilities	*16*	**3,136,395**	3,956,814
Lease liabilities		**5,711**	6,275
Current income tax liabilities		**329,583**	281,926
Total current liabilities		**5,860,145**	6,931,092
Total liabilities		**6,302,455**	7,227,164
Total equity and liabilities		**7,896,525**	9,085,205
Net current assets		**1,674,036**	1,772,534
Total assets less current liabilities		**2,036,380**	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 of the Company are Ever Enhancement Enterprise Company Limited, a company incorporated in the British Virgin Islands, and Mr. Li Xiaobing, the executive Director, 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

The 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. The 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.

The 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 the 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 RMB263,971,000 for the year ended 31 December 2024, and, as at 31 December 2024, the Group had total current assets of approximately RMB7,534,181,000, including cash and cash equivalents of approximately RMB253,342,000. In contrast, the Group faced total current liabilities of approximately RMB5,860,145,000, including current portion of bank borrowings and other long-term borrowings with an aggregate carrying amount of approximately RMB647,400,000 due within twelve months from the end of the reporting period, as well as capital commitments of approximately RMB841,904,000 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 RMB6,840,008,000 as at 31 December 2024. In light of the relative low 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 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 bank 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 15), owed to them of approximately RMB21,385,000 and RMB25,735,000, respectively, as at 31 December 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 consolidated financial statements of the Group on a going concern basis. The 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 2024, for the preparation of the consolidated financial statements of the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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
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 disclosed below, 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 the consolidated financial statements of the Group.

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current, related amendments to Hong Kong Interpretation 5 (Revised) and Amendments to HKAS 1 — Noncurrent Liabilities with Covenants (collectively referred to as 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 bank borrowings and other long-term borrowings. The Group did not make retrospective adjustments as a result of adopting the HKAS 1 Amendments.

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

The Group has not applied the following new and amendments to HKFRS Accounting Standards and the Interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2024:

	Effective for the accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Interpretation 5 (Revised) — 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

The Directors anticipate that, except as disclosed below, the application of other amendments to HKFRS Accounting Standards and the Interpretation will not have material impact on the consolidated financial statements of the Group 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 the consolidated financial statements, with a focus on information about financial performance present in the consolidated statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss; (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures); and (iii) enhanced requirements for aggregation and disaggregation of information.

The Directors are currently assessing the impact of applying HKFRS 18 on the presentation and disclosures of the consolidated financial statements.

4 REVENUE

Revenue represents revenue arising on sales of properties, rental income and service income for the year ended 31 December 2024. An analysis of the Group's revenue for the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**2,746,959**	3,554,210
Service income	**5,371**	2,668
	2,752,330	3,556,878
Revenue from other source		
Rental income	**9,806**	8,720
	2,762,136	3,565,598

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

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**2,746,959**	3,554,210
Over time	**5,371**	2,668
	2,752,330	3,556,878

All revenue are generated from the PRC during the years ended 31 December 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 (loss)/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 years ended 31 December 2024 and 2023, and all of the non-current assets of the Group were located in the PRC as at 31 December 2024 and 2023. 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 2024 and 2023.

6 OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Management fee income	**—**	2,830
Others	**806**	1,241
	806	4,071

7 OTHER LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Donations	**358**	2,218
Penalties, fines and compensations	**589**	356
Exchange losses, net	**30**	18
Loss on disposal of subsidiaries, net	**—**	4,053
Loss on disposal of property, plant and equipment	**25**	37
Gain on early termination of lease	**(839)**	—
Others	**757**	(1,421)
	920	5,261

8 FINANCE INCOME/(COSTS)

	2024	2023
	RMB'000	*RMB'000*
Finance income		
— Interest income on bank deposits	**695**	1,073
Finance costs		
— Interest on bank and other borrowings and other long-term borrowings	**(58,352)**	(69,668)
— Interest on lease liabilities	**(607)**	(930)
	(58,959)	(70,598)
Less: Amount capitalised	**58,352**	69,668
Finance costs	**(607)**	(930)
Finance income, net	**88**	143

9 (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax for the year has been arrived at after charging:

	2024	2023
	RMB'000	*RMB'000*
Staff costs (including Directors' emoluments)	**99,834**	110,240
Auditor's remuneration		
— audit services	**4,800**	2,987
— non-audit services	**400**	—
Depreciation charge on property, plant and equipment, included in administrative expenses	**6,749**	8,201
Depreciation charge on right-of-use assets, included in administrative expenses	**4,488**	3,832
Amortisation charge on intangible assets, included in administrative expenses	**728**	727
Expenses relating to short-term leases, included in administrative expenses	**45**	115
Expenses relating to leases of low-value assets, included in administrative expenses	**6**	24
Cost of properties recognised as expenses	**2,446,970**	3,019,928
Provision for properties held or under development for sale, included in cost of sales	**158,318**	95,062

10 INCOME TAX EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Current income tax		
— PRC Corporate Income Tax	**62,731**	28,356
— PRC LAT	**15,537**	38,979
	78,268	67,335
Deferred income tax	**25,074**	29,719
	103,342	97,054

11 (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 year ended 31 December 2024 and presented as follows:

	2024	2023
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)	**(270,424)**	40,944
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)	**(22.54)**	3.41

12 DIVIDENDS

No dividend was proposed during the year ended 31 December 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

13 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

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

	2024	2023
	RMB'000	*RMB'000*
Properties under development for sale	**3,960,468**	5,295,466
Properties held for sale	**3,008,812**	2,439,482
	6,969,280	7,734,948
Less: Provision for properties held or under development for sale	**(371,581)**	(213,263)
	6,597,699	7,521,685

14 OTHER RECEIVABLES AND PREPAYMENTS

	2024 *RMB'000*	2023 *RMB'000*
Prepayments for construction cost	**12,683**	126,245
Prepaid tax and surcharges	**15,081**	13,609
Value-added-tax recoverable	**18,232**	6,557
	45,996	146,411
Tender and other deposits	**111,943**	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	**75,563**	102,864
Temporary funding receivables	**109,050**	55,730
Consideration receivable from disposal of a subsidiary	**—**	2,189
Receivable from a contractor and supplier	**—**	114,610
Receivable from claims on litigation	**7,000**	—
Others	**15,070**	10,105
Other receivables, gross	**413,272**	490,329
Less: Allowance for impairment of other receivables	**(58,768)**	(54,279)
Other receivables, net	**354,504**	436,050
Total	**400,500**	582,461

15 TRADE AND OTHER PAYABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade payables	**1,330,603**	1,490,485
Deposits received from customers	**73,491**	81,591
Value-added-tax and other tax payable	**145,692**	205,803
Amounts due to non-controlling shareholders	**25,735**	83,533
Temporary funding payables	**28,949**	18,939
Interest payables	**50,561**	57,172
Salaries payables	**23,080**	21,325
Amounts due to related parties	**21,385**	15,304
Other payables to related parties	**1,076**	958
Others	**40,484**	32,375
	1,741,056	2,007,485

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

	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**922,507**	1,037,502
Between 1 and 2 years	**148,387**	222,064
Between 2 and 3 years	**87,960**	131,792
Over 3 years	**171,749**	99,127
	1,330,603	1,490,485

16 CONTRACT LIABILITIES

	2024	2023
	RMB'000	*RMB'000*
Contract liabilities	**3,136,395**	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.

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 2024 but not yet incurred is as follows:

	2024	2023
	RMB'000	*RMB'000*
Properties under development for sale	**841,904**	1,334,357
Land and rights	**—**	40,810
	841,904	1,375,167

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 2024 (the "**Year**").

ANNUAL REVIEW

2024 was an extremely difficult year for the real estate industry. Property prices continued to decline, leading to a significant loss of confidence among buyers. This resulted in lower sales performance and increasing pressure on project deliveries. According to search results from the People's Court Announcement website, many real estate enterprises across the country had no choice but to cease operations during the Year. Ever Reach Group has made project delivery its top priority, not only to ensure the enterprise's survival but also to fulfil its social responsibility and safeguard the rights of property owners.

In 2024, the Group upheld its unwavering commitment to quality, regarding it as the lifeline of the enterprise. It continued to strengthen product quality management and control while closely monitoring policy changes and making timely adjustments to its operational strategies. The Group also focused on innovating its business model and building its brand, striving to deliver top-tier products and services that meet consumer demands.

In terms of sales, the Group conducted a more detailed analysis of its customer base, gaining deeper insights into the needs, preferences, and consumption habits of different customer groups. Through diverse and targeted promotional strategies, the Group boosted sales performance and accelerated payment collections across the board, overcoming the challenges posed by market downturns and economic conditions.

Cash flow remains the foundation of any business. By leveraging the real estate financing coordination mechanism, we secured approval for all our "white list" projects. Under the loan extension without principal repayment policy, we communicated with banks and followed implementation guidelines to adjust the operations of eligible businesses, by either adopting the above policy, or utilising government funds for loan adjustments, with the aim of alleviating the financial pressure faced by enterprises as much as possible.

Our business is guided by a focus on targets and outcomes, with target monitoring and performance assessment forming the core of our business management process. In 2024, the Group introduced a performance appraisal system, where we refined assessment methods and advanced system adoption to establish a structured approach for target management and achieve quantifiable results. This provided strong support for standardising performance management, enhancing organisational capabilities, and driving strategic growth.

In 2024, the Group received numerous honours: (1) once again accredited as an " AAA Credit-rated Enterprise" by the China Real Estate Association; (2) ranked 84th on the "2024 Top 100 Private Enterprises in Henan Province" list released by the Henan Federation of Industry and Commerce, and the only real estate enterprise from Xuchang City to make the list; (3) recognised as a "2023 Outstanding Real Estate Development Enterprise" by the Henan Province Real Estate Association; (4) once again accredited as a "2023 AAA Credit-rated Real Estate Development Enterprise in Xuchang City" by the Xuchang City Real Estate Association. In 2024, the Group continued to actively participate in charity work to fulfil its corporate social responsibilities. We donated a total amount of approximately RMB358,000 to charity during the Year.

After 32 years of our development, the Group continues to adhere to the principle of "Integrity Management, Fulfilling Every Promise". With a strong foundation in product quality and brand reputation, we continued to expand our presence in Henan, with a particular focus on deepening our market development in Xuchang. We strive to achieve a win-win situation for property owners, employees, enterprises, and society.

ANNUAL RESULTS

For the year ended 31 December 2024, the Group's total revenue was approximately RMB2,762.1 million, representing a decrease of approximately 22.5% from approximately RMB3,565.6 million for the year ended 31 December 2023. For the year ended 31 December 2024, the net loss was approximately RMB264.0 million, representing a decrease of approximately 817.4% from the net profit of approximately RMB36.8 million for the year ended 31 December 2023.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024.

OUTLOOK

In 2024, the real estate industry faced tremendous pressure amidst a complex market environment. Despite sluggish sales, demand for high-quality residential properties in Tier 1 and 2 cities remained intact, driving regional property sales growth. However, Tier 3 and 4 cities faced substantial inventory pressure, leading to a slower market recovery.

The 2025 Chinese Government Work Report mentioned "continuing efforts to stabilise the real estate market and reverse its downturn". Key policy highlights include: (1) Based on already enacted policies, certain cities may relax purchase restrictions in suburban or other areas, while 1.5 million units of housing will be redeveloped under the nationwide Urban Village Renovation Plan, releasing demand for house swaps through monetary resettlement; (2) Expanding the special bonds issuance scale to RMB4,000 billion, with a focus on supporting "property delivery" and financing for quality real estate enterprises; (3) System innovations such as housing "trade-in", pilot projects for sales of completed property, and housing price index insurance to stabilise market expectations through sales channels. Supported by these policies, the real estate industry is expected to gradually stabilise and reverse its downturn, exhibiting signs of modest recovery through structural adjustments, though it continues to encounter challenges.

Looking ahead to 2025, while the aforementioned policies may bring certain positive effects to the real estate market, the broader environment remains complex, presenting new challenges for the Group. For example, in terms of financing, the Group will need to provide loan support to enterprises for property delivery under the "white list" project, so as to solve funding issues during project construction, and mitigate the risk of suspension for certain projects; in terms of property delivery, since homebuyers' concerns have shifted from innovative floor plans to quality and after-sales services, the Group will standardise the property delivery process, ensure transparency in construction designs, and implement measures such as increased property inspections, to enhance transparency and strengthen customer confidence. Meanwhile, the Group will consolidate resources across real estate development, property services, commercial operation, and other areas to collaboratively establish an industry chain spanning land acquisition, product design, construction, and after-sales repair and maintenance.

Overall, the Group will navigate challenges posed by the difficult and complex real estate market in 2025, sustain stable operations, continuously improve our capabilities, enhance our strengths, and embark on a new journey together with all employees.

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

The Chinese real estate industry presented complex development trends in 2024. On 17 January 2025, the National Bureau of Statistics issued a report on the "General Situation of the PRC Real Estate Market in 2024". According to the statistics therein, investment in real estate development in the PRC in 2024 amounted to approximately RMB10,028 billion, representing a decrease of approximately 10.6% as compared to the previous year. Of which, investment in residential properties amounted to approximately RMB7,604 billion, representing a decrease of approximately 10.5% as compared to the previous year. The total construction area of new property projects of real estate enterprises was approximately 738.9 million sq.m., representing a decrease of approximately 23.0% as compared to the previous year. Of which, the total construction area of new residential projects was approximately 536.6 million sq.m., representing a decrease of approximately 23.0%. The total completed area was approximately 737.4 million sq.m., representing a decrease of approximately 27.7% as compared to the previous year. Of which, the total completed area of residential properties was approximately 537.4 million sq.m., representing a decrease of approximately 27.4%.

Looking at the full-year data, real estate development enterprises across the country showed low investment enthusiasm and cautious market expectations. The significant decrease in the total construction area of new property projects means that new supply in the real estate market will decrease for the time to come, and the decline in total completed area may affect the progress of property delivery, generally indicating that the real estate market is in an overall downturn, with the real estate market still facing considerable pressure.

On 18 January 2025, the Henan Provincial Bureau of Statistics issued the "General Situation of the Henan Province Real Estate Market in 2024" report. The statistics show that, in 2024, investment in real estate development in Henan Province decreased by approximately 7.5% as compared with the previous year. Of which, investment in residential properties decreased by 8.2%. The total construction area of new property projects decreased by approximately 17.9%. Of which, the total construction area of new residential property projects decreased by 16.9%. The total completed area in the province decreased by approximately 44.5%. Of which, the total completed area of residential properties decreased by approximately 41.6%. In 2024, the total sales area of newly built commercial properties decreased by approximately 11.0% as compared with the previous year. Of which, the total sales area of residential properties decreased by approximately 11.3%. Sales of newly built commercial properties in the province decreased by approximately 13.8%. Of which, sales of residential properties decreased by approximately 13.7%.

The 2024 real estate development investment data for Henan Province shows that real estate development enterprises were relatively cautious in their investments and have conservative expectations for the market. The simultaneous decline in sales area and sales volume represents an overall weakening of market demand, with purchasing willingness and ability influenced by economic conditions, policy adjustments, and other factors. The reduction in newly started construction area suggests that real estate market supply will decrease for the time to come. In particular, the significant decrease in the total completed area in Henan Province may affect the progress of property delivery, putting certain pressure on efforts to ensure property delivery.

However, there were also positive changes in the real estate market in 2024, such as the results achieved from a series of market stabilisation policies promulgated by both the central and local governments. Since the end of September 2024, these policies have targeted both the supply and demand sides, providing guidance for banks to lower interest rates on existing mortgages, standardising the minimum down payment ratio for mortgages at 15%; and extending the validity period of real estate financial policy documents, among other measures. Relevant measures were also introduced in Henan Province, such as supporting housing consumption and increasing financial support, which have significantly boosted real estate market activity.

Overall, supported by policy measures, the real estate market in Henan Province experienced certain changes in 2024, but still faces enormous challenges in general, such as declining investment and a downturn in sales. As policies continue to take effect and the market constantly adjusts its expectations, the real estate market in Henan Province is expected to gradually stabilise, reverse its downturn, and achieve healthy development in the future.

BUSINESS OVERVIEW

In 2024, the real estate market stayed sluggish, marked by persistently weak demand, challenging sales, and a further slowdown in inventory reduction. Amid these adversities, Ever Reach Group rallied together, guided by our overarching strategy of "stabilising operations, refining management and seizing opportunities." We forged ahead, seeking breakthroughs amidst difficulties, searching for new opportunities amidst crises, advancing toward our set objectives.

The Group tackled inventory reduction through targeted marketing. Confronting the severe real estate climate, our sales team spared no effort, prioritising sales and cash collection as key goals. We meticulously categorised inventory properties, conducted thorough analyses of their features and strengths, and devised effective strategies to clear stock. Simultaneously, we proactively leveraged local insights, such as integrating nearby development plans into promotional efforts, enhancing project appeal.

In terms of operations, the Group bolstered target management and steadily advanced project delivery. By convening operational target meetings, we set and rolled out goals across projects. Regular monthly analysis sessions, delivery project conferences and other discussions helped pinpoint operational hurdles and define the direction of our work. At the same time, we continued to carry out joint inspections to minimise delivery risks, further strengthening the Group's production and on-time delivery capacity, mitigating project delays, thereby boosting homeowner satisfaction.

The Group also consolidated financial resources and processes to enable efficient sharing and coordination of financial data, enhancing the analysis and management of operational plans, cash flow, and other relevant metrics to support the Group's decision-making. In addition, we focused on strengthening cash flow and project cost management for subsidiaries, improving liquidity and resilience against risks, while eliminating unnecessary spending.

In 2024, the Group's cumulative contracted sales amounted to approximately RMB1,867.9 million, with a cumulative contracted sales area of approximately 323,710 sq.m..

Reflecting on 2024, we persevered through turbulent times. While we achieved notable progress, we remain keenly aware of our limitations. The market's volatility serves as a constant reminder that the path ahead is far from easy. "Go according to the Way, yet at its midpoint, strive onward; wisdom is within reach, so to conquer the crest, shrink not from the task". Moving forward, we embrace a pragmatic mindset, confront our shortcomings, pursue continuous improvement, and collectively pave the way for a brighter future for Ever Reach Group.

* *English name for identification purpose only*

LAND RESERVES

As at 31 December 2024, the GFA of the Group's land reserves was approximately 3.0 million square meters ("**sq.m.**"). The table below sets forth a summary of the land reserves as at 31 December 2024 by geographical location:

	Completed	Under development	Future development		
	Completed saleable/ leasable GFA remaining unsold	**GFA under development**	**Planned GFA**	**Total land reserve**	**% of total land reserve**
	sq.m.	*sq.m.*	*sq.m.*	*sq.m.*	*%*
Xuchang City					
Weidu District	113,790	99,179	17,374	230,343	7.61
Jian'an District	42,633	49,200	97,730	189,563	6.26
Yuzhou City	183,234	605,075	318,218	1,106,527	36.53
Changge City	132,437	109,483	68,712	310,632	10.26
Yanling County	18,606	174,770	103,867	297,243	9.82
Xiangcheng County	3,411	112,608	16,869	132,888	4.39
Dongcheng District	2,014	366,686	79,545	448,245	14.80
Economic and technological development zone	1,291	83,373	221,965	306,629	10.13
Luohe City					
Linying County	6,048	—	—	6,048	0.20
Total	503,464	1,600,374	924,280	3,028,118	100

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 **2024**	2023	% change +/-
Contracted sales attributable to:			
Residential units (RMB, million)	**1,528.7**	2,112.9	-27.6%
Commercial units (RMB, million)	**276.1**	413.0	-33.1%
Car parking spaces (RMB, million)	**52.4**	86.3	-39.3%
Others (RMB, million)	**10.7**	22.0	-51.4%
Total (RMB, million)	**1,867.9**	2,634.2	-29.1%
Contracted saleable GFA/Lot attributable to:			
Saleable GFA (sq.m.)	**323,710**	437,621	-26.0%
Car parking space (lot)	**1,411**	1,980	-28.7%
Contracted ASP attributable to:			
Saleable GFA (RMB/sq.m.)	**5,608**	5,822	-3.7%
Car parking space (RMB/lot)	**37,104**	43,586	-14.9%

Our contracted ASP per sq.m. of saleable GFA decreased by 3.7% from approximately RMB5,822 per sq.m. in 2023 to approximately RMB5,608 per sq.m. in 2024. The decrease in 2024 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 2024 were 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 2024, the revenue of the Group reached approximately RMB2,762.1 million (2023: RMB3,565.6 million), representing a decrease of approximately 22.5%.

The Group recorded gross profit of approximately RMB123.1 million (2023: RMB434.2 million), representing a decrease of approximately RMB311.1 million, or approximately 71.6%.

Gross profit margin was approximately 4.5% in 2024 (2023: 12.2%), representing a decrease by approximately 7.7 percentage points as compared with that in 2023.

Loss/profit for the year decreased by approximately RMB300.8 million, or 817.4%, from profit of approximately RMB36.8 million for the year ended 31 December 2023 to loss of approximately RMB264.0 million for the year ended 31 December 2024.

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 their respective percentages of contribution to the total revenue for the years indicated:

	Year ended 31 December				
	2024		2023		% change
	RMB'000	***%***	*RMB'000*	*%*	+/-
Sales of properties	**2,746,959**	**99.5**	3,554,210	99.7	-22.7%
Rental income	**9,806**	**0.3**	8,720	0.2	+12.5%
Service income	**5,371**	**0.2**	2,668	0.1	+101.3%
	2,762,136	**100.0**	3,565,598	100.0	-22.5%

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					
	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	**2,377,864**	**451,276**	**5,269**	3,009,665	605,344	4,972
Commercial	**253,257**	**43,148**	**5,869**	461,773	82,353	5,607
Storage	**11,468**	**6,146**	**1,866**	13,282	7,317	1,815
	2,642,589	**500,570**	**5,279**	3,484,720	695,014	5,014

	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	**104,370**	**2,210**	**47,226**	69,490	1,518	45,777

Sales of properties, which accounted for approximately 99.5% (2023: 99.7%) of our total revenue for the year ended 31 December 2024, were contributed by the sales of residential and commercial properties, storages and car parking spaces recognised in the year.

Our revenue decreased by approximately RMB803.5 million or 22.5% from approximately RMB3,565.6 million for the year ended 31 December 2023 to approximately RMB2,762.1 million for the year ended 31 December 2024, which was principally attributable to the decrease of approximately RMB631.8 million in the sales of our residential properties during the year ended 31 December 2024.

The decrease in sales of residential properties was mainly due to the effect of decrease in GFA recognised from approximately 605,344 sq.m. for the year ended 31 December 2023 to approximately 451,276 sq.m. for the year ended 31 December 2024, partially offset by the increase in ASP per sq.m..

The decrease in the sales of our commercial properties during the year was primarily due to the decrease in GFA recognised by 47.6%, partially offset by the increase of ASP per sq.m. from approximately RMB5,607 in 2023 to RMB5,869 in 2024.

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							
	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	**2,377,864**	**2,266,567**	**111,297**	**4.7**	3,009,665	2,624,731	384,934	12.8
— Commercial	**253,257**	**232,975**	**20,282**	**8.0**	461,773	364,439	97,334	21.1
— Car parking spaces and storages	**115,838**	**131,844**	**(16,006)**	**-13.8**	82,772	138,057	(55,285)	-66.8
Subtotal	**2,746,959**	**2,631,386**	**115,573**	**4.2**	3,554,210	3,127,227	426,983	12.0
Rental income	**9,806**	**20**	**9,786**	**99.8**	8,720	330	8,390	96.2
Service income	**5,371**	**7,619**	**(2,248)**	**-41.9**	2,668	3,838	(1,170)	-43.9
	2,762,136	**2,639,025**	**123,111**	**4.5**	3,565,598	3,131,395	434,203	12.2

The gross profit margin of sales of properties and gross profit margin of sales of residential properties dropped from approximately 12.0% in 2023 to 4.2% in 2024 and approximately 12.8% in 2023 to 4.7% in 2024, respectively.

The gross profit margin of residential properties decreased from approximately 12.8% in 2023 to 4.7% in 2024, representing a year-on-year decrease of approximately 63.3%. It was primarily attributable to the increase in cost of sales per sq.m..

The negative gross profit margin of sales of car parking spaces and storages in year 2024 was due to the effect of write-down of value of car parking spaces and storages in 2024.

Fair value losses on investment properties

The Group's investment properties were valued at 31 December 2024 by an independent professional 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 year ended 31 December 2024, the Group's selling and marketing expenses amounted to approximately of RMB138.4 million (2023: RMB168.5 million), representing a decrease of approximately 17.9% as compared to that in 2023. The decrease was mainly due to less promotion activities and campaign for brand building during the year ended 31 December 2024.

Administrative expenses

The administrative expenses decreased by approximately 2.2% from approximately RMB131.1 million in 2023 to approximately RMB128.2 million in 2024, the decrease of administrative expenses 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 decreased by approximately 34.7% from approximately RMB0.9 million for the year ended 31 December 2023 to approximately RMB0.6 million for the year ended 31 December 2024.

Income tax expenses

Income tax expenses mainly comprised of the PRC Corporate Income Tax and land appreciation tax arising from our PRC subsidiaries. Income tax expenses increased by approximately 6.4% or RMB6.2 million from approximately RMB97.1 million for the year ended 31 December 2023 to the approximately RMB103.3 million for the year ended 31 December 2024.

Liquidity, financial resources and capital resources

As of 31 December 2024, the cash and cash equivalents amounted to approximately RMB253.3 million (31 December 2023: RMB274.8 million), of which approximately RMB253.2 million (31 December 2023: RMB274.5 million) was denominated in Renminbi and approximately RMB0.1 million (31 December 2023: RMB0.3 million) was denominated in Hong Kong dollars.

As at 31 December 2024, the restricted cash amounted to approximately RMB156.9 million (31 December 2023: RMB165.6 million), all restricted cash was denominated in Renminbi.

The Group's total borrowings amounted to approximately RMB1,064.5 million as of 31 December 2024 (31 December 2023: RMB948.6 million), of which approximately RMB647.4 million was classified as current liabilities (31 December 2023: RMB678.6 million). Approximately 87.7% (31 December 2023: 68.9%) out of the Group's total borrowings was fixed interest rates.

At 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	As at 31 December 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	**371,200**	**177,400**	**210,300**	182,900	205,000	27,500
Other long-term borrowings	**276,200**	**29,377**	**—**	495,692	25,000	12,537
	647,400	**206,777**	**210,300**	678,592	230,000	40,037

Current, total and net assets

As of 31 December 2024, the Group had current assets of approximately RMB7,534.2 million (31 December 2023: RMB8,703.6 million) and current liabilities of approximately RMB5,860.1 million (31 December 2023: RMB6,931.1 million), the net current assets value slightly decreased from approximately RMB1,772.5 million as at 31 December 2023 to approximately RMB1,674.0 million as at 31 December 2024.

As of 31 December 2024, the Group had total assets of approximately RMB7,896.5 million (31 December 2023: RMB9,085.2 million) and total liabilities of approximately RMB6,302.5 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 RMB1,594.0 million as at 31 December 2024.

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 provided guarantees to secure obligations of certain purchasers of the Group's properties 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 2024, such shareholder's loans of the Associate are approximately RMB229,495,000 (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 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 RMB101,300,000.

Key financial ratios:

	For the year ended 31 December	
	2024	2023
Profitability ratios		
Return on assets	**-3.1%**	0.4%
Return on equity	**-15.3%**	2.0%
Net profit margin	**-9.6%**	1.0%

	As of 31 December	
	2024	2023
Liquidity ratio		
Current ratio	**1.3**	1.3
Capital adequacy ratios		
Gearing ratio *(note 1)*	**66.8%**	51.1%
Debt to equity ratio *(note 2)*	**50.9%**	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 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 2024.

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 2024, the gearing ratio of the Group was approximately 66.8%, representing an increase of approximately 15.7 percentage points as compared with approximately 51.1% as at 31 December 2023.

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 2024, the Group had a total workforce of 489 employees (31 December 2023: 616). 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

Over the past year, the national macroeconomic environment has grappled with immense pressure and complex challenges. The state has explicitly emphasised the need to "adopt a more proactive macroeconomic policy, boost domestic demand comprehensively, and stabilise the property and stock markets," while "continuing efforts to stabilise the real estate market and reverse its downturn". With supportive policies expected to roll out swiftly, the market is beginning to reveal emerging trends and patterns, signaling that the real estate sector may gradually enter a new phase of growth.

In 2025, the Group will closely track macroeconomic and policy shifts, proactively adapt to evolving conditions, refine its strategic framework in a timely manner, pursue progress while ensuring stability, and build momentum for transformative breakthroughs.

In terms of sales, the Group will monitor market dynamics and craft flexible marketing strategies. By leveraging data collection and analysis, we will assess customer needs and anticipate future demand, tailoring targeted sales approaches accordingly. Simultaneously, we will explore an integrated model of online brand promotion and offline sales events to broaden our customer base, amplify brand presence, forge stronger ties between brand and clientele, and devise precise sales strategies based on inventory types and ages, prioritising the accelerated turnover of commercial properties and parking spaces.

We will fully leverage favourable government policies aimed at invigorating the real estate market, striving to shorten the subscription, signing, and payment collection cycles. Additionally, we will diligently oversee completion filings, registrations, and property ownership certificate processes for homeowners to minimise funds held in regulatory and guarantee accounts.

The Group will remain committed to its development strategy of prioritising Henan and deeply cultivating Xuchang, guided by market demand and profit objectives. We will refine land acquisition criteria, steadily secure new projects, and maintain a balanced land reserve to support the Group's future growth.

Amidst the real estate market's shift toward multi-dimensional product development, the Group will embed innovation, humanism, service, and technology into project planning and design to create market-leading, people-centric, smart, and community-focused projects. We will continue to unlock spatial potential, pioneer innovative layouts, and emphasise enhancements in quality, safety, and livability.

As 2025 unfolds, Ever Reach Group will advance with measured steps, harnessing its competitive strengths, deciphering market trends, and seizing opportunities. With China's ongoing economic reforms and regulatory measures gaining depth, the real estate industry, recognised as a pillar of economic stability, stands poised to embrace a new era of development, bolstered by policy support and market momentum.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the forthcoming annual general meeting of the Company ("**AGM**") as soon as practicable, and the notice of the AGM will be published (and despatched to the shareholders of the Company, where applicable) in a timely manner in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the articles of association of the Company. Once the date of the AGM is finalised, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

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.

Throughout the year ended 31 December 2024, the Group complied with all the code provisions of the Corporate Governance Code as set out 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 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2024.

The unmodified auditor's report on the Company's consolidated financial statements for the year ended 31 December 2024 will be included in the 2024 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 2024 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 RMB263,971,000 for the year ended 31 December 2024, and as at 31 December 2024, the Group had total current assets of approximately RMB7,534,181,000, including cash and cash equivalents of approximately RMB253,342,000. In contrast, the Group faced total current liabilities of approximately RMB5,860,145,000, including current portion of bank borrowings and other long-term borrowings with an aggregate carrying amount of approximately RMB647,400,000 due within twelve months from the end of the reporting period, as well as capital commitments of approximately RMB841,904,000 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 RMB6,840,008,000 as at 31 December 2024. In light of the relative low 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 2024 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 2024.

SUSPENSION OF TRADING AND RESUMPTION GUIDANCE

(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 Pricewaterhouse Coopers and to hold office until the conclusion of the next annual general meeting of the Company. For details of the appointment of McMillan Woods (Hong Kong) CPA Limited as auditor, please refer to the announcement of the Company dated 25 September 2024.

EVENTS AFTER THE REPORTING PERIOD

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 2024 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 2024 Annual Report from which the contents of this announcement are derived.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 2 April 2024, and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise due caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek advice from their own professional or financial advisers.

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 (Chairman), Mr. Wang Zhenfeng (Chief Executive Officer), Ms. Qi Chunfeng 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*