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**Ever Reach Group (Holdings) Company Limited**

**恒達集團（控股）有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3616)**

**(1) AMENDMENTS TO TERMS OF DISCLOSEABLE TRANSACTION  
IN RELATION TO CAPITAL INJECTION  
INTO AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY;  
AND  
(2) CONNECTED TRANSACTION IN RELATION TO  
FINANCIAL ASSISTANCE WITH REGARD  
TO A CONNECTED PERSON AT SUBSIDIARY LEVEL**

Reference is made to the Announcement of the Company dated 28 November 2023 regarding, among others, the entering into of the Capital Injection Agreement and the Equity Pledge Agreement.

**SUPPLEMENTAL AGREEMENT TO THE CAPITAL INJECTION  
AGREEMENT AND THE NEW EQUITY PLEDGE AGREEMENT**

The Board wishes to announce that on 25 January 2024, Xuchang Hengda (a wholly-owned subsidiary of the Company), Xuchang Shitou and Xuchang Hengrun (a non-wholly owned subsidiary of the Company) entered into the Supplemental Agreement regarding the Capital Injection Agreement and unanimously agreed to revise the terms of the Equity Pledge as follows: (i) upon Xuchang Hengda having paid up all the additional registered capital of Xuchang Hengrun pursuant to the Capital Injunction; and (ii) within 30 business days upon completion of the industrial and commercial registration regarding the Capital Injection, Xuchang Hengda shall enter into the New Equity Pledge Agreement in respect of the pledge of 49% of the equity interest in Xuchang Weiheng, an indirect wholly-owned subsidiary of the Company, in favour of Xuchang Shitou, as security for the repayment of the Shareholders' Loans in aggregate principal amount of RMB53.21 million and the interests accrued.

To effect such amendments, on even date, Xuchang Hengda and Xuchang Shitou entered into (i) the Termination Agreement in relation to the Equity Pledge Agreement previously signed on 28 November 2023; and (ii) the New Equity Pledge Agreement reflecting the amended terms as set out in the Supplemental Agreement. Upon entering into the New Equity Pledge Agreement, the Shareholders' Loan shall become secured with the New Equity Pledge.

## **LISTING RULE IMPLICATIONS**

As at the date of this announcement, Xuchang Shitou is a substantial shareholder of Xuchang Hengrun. Xuchang Shitou is therefore a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the financial assistance received from Xuchang Shitou and the New Equity Pledge shall constitute a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As (i) Xuchang Shitou is a connected person of the Company at subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Supplemental Agreement and the New Equity Pledge Agreement and the transactions contemplated thereunder; (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Supplemental Agreement and the New Equity Pledge Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the financial assistance received from Xuchang Shitou and the New Equity Pledge will constitute connected transactions which are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of Ever Reach Group (Holdings) Company Limited (the “**Company**”) dated 28 November 2023 (the “**Announcement**”) in relation to the Capital Injection Agreement and the Equity Pledge Agreement. Terms used herein shall have the same meaning as those defined in the Announcement unless the context otherwise stated.

As disclosed in the Announcement, on 28 November 2023, Xuchang Hengda, Xuchang Shitou and Xuchang Hengrun entered into the Capital Injection Agreement, pursuant to which, among others, Xuchang Hengda agreed to enter into the Equity Pledge Agreement and pledge 20% of the equity interest in Xuchang Hengrun (the “**Original Equity Pledge**”) in favour of Xuchang Shitou (i) upon Xuchang Hengda having paid up all the additional registered capital of Xuchang Hengrun pursuant to the Capital injection; and (ii) within 20 business days upon completion of the industrial and commercial registration regarding the Capital Injection.

## **SUPPLEMENTAL AGREEMENT TO THE CAPITAL INJECTION AGREEMENT**

As Xuchang Hengda intended to replace the Original Equity Pledge with the New Equity Pledge (as defined below) as security for the repayment of the Shareholders’ Loan payable by Xuchang Hengrun to Xuchang Shitou, on 25 January 2024, Xuchang Hengda, Xuchang Shitou and Xuchang Hengrun entered into a supplemental agreement regarding the Capital Injection Agreement (the “**Supplemental Agreement**”) to revise the original terms of the Equity Pledge set out in the Capital Injection Agreement.

As revised by the Supplemental Agreement, Xuchang Hengda shall enter into a new equity pledge agreement (the “**New Equity Pledge Agreement**”) in respect of the pledge of 49% of the equity interest in Xuchang Weiheng Property Development Co., Ltd\* (許昌魏恒房地產開發有限公司) (“**Xuchang Weiheng**”) in favour of Xuchang Shitou (the “**New Equity Pledge**”) as security for the repayment of the Shareholders’ Loans in aggregate principal amount of RMB53.21 million and the interests accrued (i) upon Xuchang Hengda having paid up all the additional registered capital of Xuchang Hengrun pursuant to the Capital Injection; and (ii) within 30 business days upon completion of the industrial and commercial registration regarding the Capital Injection.

Pursuant to the terms of the Supplemental Agreement, Xuchang Hengda shall be responsible for completing the industrial and commercial registration applicable to the New Equity Pledge Agreement. In the event that Xuchang Hengda fails to complete the industrial and commercial registration in respect of the New Equity Pledge Agreement, the Shareholders’ Loans in aggregate principal amount of RMB53.21 million shall become repayable on demand and shall be repaid to Xuchang Shitou within 40 business days after completing the industrial and commercial registration regarding the Capital Injection.

Save as disclosed above, all other principal terms and conditions of the Capital Injection Agreement remain unchanged and in full force and effect.

## **THE NEW EQUITY PLEDGE AGREEMENT**

To effect the amendments set out in the Supplemental Agreement, on 25 January 2024, Xuchang Hengda and Xuchang Shitou entered into a termination agreement in relation to the Equity Pledge Agreement previously signed on 28 November 2023 (the “**Termination Agreement**”), whereby the parties mutually agreed to terminate the Equity Pledge Agreement and to release and discharge each other from their respective obligations under the Equity Pledge Agreement with effect from the date of the Termination Agreement.

On even date, Xuchang Hengda (as pledger) (the “**Pledger**”) and Xuchang Shitou (as pledgee) (the “**Pledgee**”), entered into the New Equity Pledge Agreement, the principal terms of which are set out below:

**Date:** 25 January 2024

**Parties:** (i) Pledger: Xuchang Hengda

(ii) Pledgee: Xuchang Shitou

### **Subject Matter**

Pursuant to the New Equity Pledge Agreement, the Pledger shall pledge 49% of the total equity interest of Xuchang Weiheng in favour of Pledgee, as security for the repayment of the Shareholders’ Loans in aggregate principal amount of RMB53.21 million and the interests accrued. Once Xuchang Hengda has fully repaid such Shareholders’ Loans and the interests accrued, the New Equity Pledge Agreement shall be terminated.

## **INFORMATION ABOUT THE GROUP, XUCHANG HENGDA, XUCHANG WEIHENG, XUCHANG SHITOU AND XUCHANG HENGRUN**

### **The Group, Xuchang Hengda and Xuchang Weiheng**

The Group is principally engaged in property development business in the PRC. Xuchang Hengda is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Xuchang Hengda is principally engaged in real estate development and house renting in the PRC. Xuchang Weiheng is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company and principally engaged in real estate development and house renting in the PRC.

## **Xuchang Shitou**

Xuchang Shitou is a limited liability company established in the PRC. Xuchang Shitou is principally engaged in real estate development and urban infrastructure construction and investment in the PRC. The ultimate beneficial owner of Xuchang Shitou is Xuchang Finance Bureau\* (許昌市財政局).

Xuchang Shitou is a substantial shareholder of Xuchang Hengrun. Xuchang Shitou is therefore considered a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules.

## **Xuchang Hengrun**

Xuchang Hengrun is a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company, which was established by Xuchang Hengda and Xuchang Shitou as a joint venture in July 2022 pursuant to a cooperative development agreement. Xuchang Hengrun is principally engaged in real estate development and house renting in the PRC.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND THE NEW EQUITY PLEDGE AGREEMENT**

The Directors are of the view that the equity interests under the Original Equity Pledge shall be used to secure other borrowings instead. Accordingly, the Supplemental Agreement and the New Equity Pledge Agreement were entered into in order to replace the Original Equity Pledge and to provide an alternative form of security for the repayment of the Shareholders' Loans.

Based on the above, the Directors (including the independent non-executive Directors) consider the terms of the Supplemental Agreement and the New Equity Pledge Agreement to be on normal commercial terms and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Xuchang Shitou is a substantial shareholder of Xuchang Hengrun. Xuchang Shitou is therefore a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the financial assistance received from Xuchang Shitou and the New Equity Pledge shall constitute a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As (i) Xuchang Shitou is a connected person of the Company at subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Supplemental Agreement and the New Equity Pledge Agreement and the transactions contemplated thereunder; (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Supplemental Agreement and the New Equity Pledge Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the financial assistance received from Xuchang Shitou and the New Equity Pledge constitute connected transactions which are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As none of the Directors has a material interest in the transactions contemplated under the Supplemental Agreement and the New Equity Pledge Agreement, no Director has abstained from voting on the relevant board resolutions.

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

Hong Kong, 25 January 2024

*As at the date of this announcement, the executive Directors are Mr. Li Xiaobing, Mr. Wang Zhenfeng, Ms. Qi Chunfeng and Mr. Wang Quan; and the independent non-executive Directors are Mr. Lee Kwok Lun, Mr. Wei Jian and Mr. Fang Cheng.*

\* *English name for identification purpose only*