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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)

**CONNECTED TRANSACTION IN RELATION TO
FINANCIAL ASSISTANCE WITH REGARD TO
A CONNECTED PERSON AT SUBSIDIARY LEVEL**

Reference is made to the announcements of the Company dated 28 November 2023 and 25 January 2024 regarding, among others, the entering into of Supplemental Capital Injection Agreement and Equity Pledge Agreement.

**SUPPLEMENTAL COLLABORATION AGREEMENT AND THE 2025
EQUITY PLEDGE AGREEMENT**

On 12 February 2025 (after trading hours), Xuchang Hengda, Xuchang Shitou and Xuchang Hengrun entered into the Supplemental Collaboration Agreement, pursuant to which, amongst others, the parties agreed that: (1) the repayment date of the Outstanding Payables and the payment date of the Agreed Return shall be extended from 31 December 2024 to 31 December 2025; (2) Xuchang Hengda shall enter into the 2025 Equity Pledge Agreement and pledge the Additional Equity Interest in favor of Xuchang Shitou; and (3) Xuchang Hengda shall enter into the Guarantee Agreement.

On 12 February 2025 (after trading hours), Xuchang Hengda and Xuchang Shitou entered into the 2025 Equity Pledge Agreement, pursuant to which Xuchang Hengda shall pledge 92% equity interest in Xuchang Hengrong in favour of Xuchang Shitou as security of the repayment obligations of Xuchang Hengrun under the Supplemental Collaboration Agreement. On the same date, Xuchang Hengda and Xuchang Shitou entered into the Guarantee Agreement, pursuant to which, Xuchang Hengda provided a joint and several liability guarantee for the performance of repayment obligations of Xuchang Hengrun (including but not limited to the Outstanding Payables).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xuchang Shitou is a substantial shareholder of Xuchang Hengrun. Xuchang Shitou is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, entering into of the Supplemental Collaboration Agreement, the 2025 Equity Pledge Agreement and the Guarantee Agreement shall constitute connected transactions 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 Board has approved the Supplemental Collaboration Agreement, the 2025 Equity Pledge Agreement and the Guarantee Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that (1) the terms of the transactions contemplated under the Supplemental Collaboration Agreement, the 2025 Equity Pledge Agreement and the Guarantee Agreement are fair and reasonable, (2) the transactions are on normal commercial terms or better and in the ordinary course of business of the Group and (3) in the interests of the Company and the Shareholders as a whole, the Supplemental Collaboration Agreement, 2025 Equity Pledge Agreement and the Guarantee Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

SUPPLEMENTAL COLLABORATION AGREEMENT

The Board wishes to announce that on 12 February 2025 (after trading hours), Xuchang Hengda, an indirect wholly-owned subsidiary of the Company, has entered into the Supplemental Collaboration Agreement with Xuchang Shitou and Xuchang Hengrun.

The principal terms of the Supplemental Collaboration Agreement are as follows:

Date: 12 February 2025 (after trading hours)

Parties:

- 1) Xuchang Hengda;
- 2) Xuchang Shitou; and
- 3) Xuchang Hengrun.

Extension of repayment date of Outstanding Payables

It was agreed that the repayment date of the Outstanding Payables owed by Xuchang Hengrun to Xuchang Shitou, which includes shareholder's loan with a principal amount of RMB124,786,000 and liquidated damages of RMB1,831,481, shall be extended from 31 December 2024 to 31 December 2025.

Interest on the shareholder's loan, with a principal amount of RMB124,786,000, will accrue at an annual rate of 9% starting from 14 January 2025, whereas interest will not be calculated on the liquidated damages of RMB1,831,481, which were incurred under a series of loan contracts previously signed by Xuchang Hengrun and Xuchang Shitou. The interest accrued on the principal amount shall be paid quarterly.

Both Xuchang Hengrun and Xuchang Hengda agreed to repay the principal amount with the sale proceeds from the Dongyue Garden project, at RMB80,000 per unit. The development of Dongyue Garden project is divided into 5 phases. Following the completion of each phase, Xuchang Hengrun is required to repay the loan principal at the rate of RMB80,000 per unit within 10 days after the restrictions on the relevant supervised account are lifted. Additionally, Xuchang Hengda will make up for the insufficient funds in the account. For each subsequent sale of units of Dongyue Garden Project, loan repayment will also be made at RMB80,000 per unit, concurrently with the sales.

Payment Date of Agreed Return

The parties agreed to extend the payment date for the Agreed Return owed to Xuchang Shitou, which is calculated at an annual rate of 9% of the total paid-in capital of Xuchang Shitou in Xuchang Hengrun, from 31 December 2024 to 31 December 2025.

Default

If Xuchang Hengrun fails to pay Xuchang Shitou pursuant to the terms of the Supplemental Collaboration Agreement, Xuchang Hengrun will be required to pay liquidated damages. These damages are based on the overdue amounts that should have been paid to Xuchang Shitou, excluding the previously mentioned liquidated damages of RMB1,831,481. The damages will accrue from the date of Xuchang Hengrun's default, calculated by the overdue amount multiplied by four times the one-year loan market benchmark rate (LPR) as published by the National Interbank Funding Center (全國銀行間同業拆借中心) in the month when the Supplemental Collaboration Agreement is signed, until the overdue amounts are fully settled.

THE 2025 EQUITY PLEDGE AGREEMENT

On 12 February 2025, Xuchang Hengda and Xuchang Shitou entered into the 2025 Equity Pledge Agreement, the principal terms of which are as follows:

Date: 12 February 2025

Parties:

- 1) Pledger: Xuchang Hengda
- 2) Pledgee: Xuchang Shitou

Subject Matter

Pursuant to the 2025 Equity Pledge Agreement, Xuchang Hengda shall pledge 92% equity interest in Xuchang Hengrong in favour of Xuchang Shitou as security of the repayment obligations of Xuchang Hengrun under the Supplemental Collaboration Agreement.

Guarantee Agreement

On 12 February 2025, Xuchang Hengda and Xuchang Shitou entered into the Guarantee Agreement, the principal terms of which are as follows:

Date: 12 February 2025

Parties:

- 1) Guarantor: Xuchang Hengda
- 2) Guarantee: Xuchang Shitou

Subject Matter

Under the Guarantee Agreement, Xuchang Hengda provided a joint and several liability guarantee for the performance of repayment obligations of Xuchang Hengrun (including but not limited to the Outstanding Payables).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Xuchang Hengrun, an indirect non-wholly owned subsidiary of the Company, was established by Xuchang Hengda and Xuchang Shitou pursuant to the Collaboration Agreement in July 2022 to engage in real estate development project of Dongyue Garden in Xuchang city.

Xuchang Shitou, which is ultimately controlled by Xuchang City Finance Bureau* (許昌市財政局), has been offering various shareholder loans to Xuchang Hengrun since the establishment of Xuchang Hengrun in July 2022. Given that Xuchang Hengrun was unable to settle the Outstanding Payables by the original repayment date, i.e. 31 December 2024, Xuchang Hengda and Xuchang Hengrun have entered into the Supplemental Collaboration Agreement with Xuchang Shitou to extend the repayment date to 31 December 2025, in light of the financial status of Xuchang Hengrun and delivery status of Dongyue Garden Project.

The pledge of Additional Equity Interest and the provision of guarantee under the Guarantee Agreement shall secure the continual financial support from Xuchang Shitou and its ultimate beneficial owner, Xuchang City Finance Bureau* (許昌市財政局), in the real estate development projects undertaken and/or to be undertaken by Xuchang Hengrun and shall also help strengthening the positive and constructive business relationship between the Group and Xuchang Shitou and Xuchang City Finance Bureau* (許昌市財政局).

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Collaboration Agreement, the 2025 Equity Pledge Agreement and the Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP, XUCHANG SHITOU AND XUCHANG HENGRUN

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 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 Hengrun is a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company. Xuchang Hengrun was established by Xuchang Hengda and Xuchang Shitou in July 2022 pursuant to the Collaboration Agreement. Xuchang Hengrun is principally engaged in real estate development and house renting in the PRC. Xuchang Hengrun is owned as to 80% by Xuchang Hengda and 20% by Xuchang Shitou.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xuchang Shitou is a substantial shareholder of Xuchang Hengrun. Xuchang Shitou is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, entering into of the Supplemental Collaboration Agreement, the 2025 Equity Pledge Agreement and Guarantee Agreement 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 Collaboration Agreement, 2025 Equity Pledge Agreement and the Guarantee Agreement and the transactions contemplated thereunder; (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Supplemental Collaboration Agreement, 2025 Equity Pledge Agreement and the Guarantee Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Supplemental Collaboration Agreement, 2025 Equity Pledge Agreement and the Guarantee Agreement 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 Collaboration Agreement, the 2025 Equity Pledge Agreement and the Guarantee Agreement, no Director has abstained from voting on the relevant board resolutions.

DEFINITIONS

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

“2025 Equity Pledge Agreement”	the equity pledge agreement dated 12 February 2025 entered into between Xuchang Hengda and Xuchang Shitou, pursuant to which Xuchang Hengda shall pledge 92% of equity interest in Xuchang Hengrong in favour of Xuchang Shitou
“Additional Equity Interest”	92% of equity interest in Xuchang Hengrong, which is held by Xuchang Hengda

“Agreed Return”	the return agreed to be paid to Xuchang Shitou under the Collaboration Agreement, which is calculated at an annual rate of 9% of Xuchang Shitou’s paid in capital in Xuchang Hengrun
“Collaboration Agreement”	the collaboration agreement dated 28 January 2022 entered into between Xuchang Hengda and Xuchang Shitou in relation to the establishment of Xuchang Hengrun for the purpose of real estate development project at Dongcheng District, Xuchang City
“Company”	Ever Reach Group (Holdings) Company Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Dongyue Garden project”	Dongyue Garden (東樾花園) project, which is developed by Xuchang Hengrun
“Equity Pledge Agreement”	the equity pledge agreement entered into by Xuchang Hengda in respect of the pledge of 49% of the equity interest in Xuchang Weiheng in favour of Xuchang Shitou, pursuant to the terms of Supplemental Capital Injection Agreement
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated 12 February 2025, pursuant to which Xuchang Hengda provided a joint and several liability guarantee for the performance of repayment obligations of Xuchang Hengrun (including but not limited to the Outstanding Payables)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Outstanding Payables”	all outstanding payables to be paid by Xuchang Hengrun to Xuchang Shitou as of the date of the Supplemental Collaboration Agreement amounting to RMB126,617,481, which comprises a shareholder’s loan with a principal of RMB124,786,000 and liquidated damages of RMB1,831,481
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Capital Injection Agreement”	the supplemental agreement to the capital injection agreement dated 25 January 2024 entered into amongst Xuchang Hengda, Xuchang Shitou and Xuchang Hengrun to revise the original terms of equity pledge set out in the equity pledge agreement entered into pursuant to the capital injection agreement dated 28 November 2023
“Supplemental Collaboration Agreement”	the supplemental agreement to the Collaboration Agreement dated 12 February 2025 entered into amongst Xuchang Hengda, Xuchang Shitou and Xuchang Hengrun
“Xuchang Hengda”	Xuchang Hengda Property Group Company Limited* (許昌恒達房地產集團有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Xuchang Hengrong”	Xuchang Hengrong Real Estate Development Co., Ltd.* (許昌市恒榮房地產開發有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company

“Xuchang Hengrun”	Xuchang Hengrun Real Estate Company Limited* (許昌市恒潤置業有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company
“Xuchang Shitou”	Xuchang Shitou Urban Development Group Company Limited* (許昌市市投城市發展集團有限公司), a limited liability company established in the PRC on 16 June 2015. The ultimate beneficial owner of Xuchang Shitou is Xuchang Finance Bureau* (許昌市財政局)
“Xuchang Weiheng”	Xuchang Weiheng Property Development Co., Ltd* (許昌魏恒房地產開發有限公司), a limited liability company established in the PRC on 30 October 2019, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *English name for identification purpose only*

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

Hong Kong, 12 February 2025

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.