

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

Reference is made to the announcement of Ever Reach Group (Holdings) Company Limited (the “**Company**”) dated 29 May 2026 (the “**Announcement**”) in relation to the discloseable and connected transaction regarding the disposal of 70% equity interest in Xuchang Yuanda Real Estate Company Limited* (許昌遠達置業有限公司) (the “**Target Company**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Board would like to provide the Shareholders and potential investors with the following supplemental information in relation to the Disposal.

Background of the Target Company

The Target Company was established on 18 January 2019 by the Vendor and the Purchaser to develop the Changge Junyue Mansion project (the “**Project**”). The Target Company has an initial registered capital of RMB20.0 million, of which the Vendor contributed RMB14.0 million in cash, representing the Company’s investment in the Target Company. The Project occupies a site area of approximately 25,533 sq.m., with a total gross floor area of approximately 89,723 sq.m.. Construction of the Project has been fully completed, and the official filing for completion of construction (竣工備案) of the residential and commercial units of the Project was made in January 2024. Physical handover of the residential and commercial units to buyers also took place in the same month. Since the Project is in its final clearance stage, the remaining inventory consisting of 42 residential units, 18 commercial units, 263 car parking spaces and 76 storage facilities, there are no ongoing project development costs or expected future capital contribution required from the Group.

Valuation approach and method

As disclosed in the Announcement, the Consideration of RMB3.0 million was determined with reference to a valuation carried out by an independent valuer (the “**Valuer**”). According to the valuation report (the “**Valuation Report**”), the Valuer considered the appropriateness of three generally accepted valuation approaches in the course of the valuation, including the asset-based approach, the income approach, and the market approach:

- The Asset-Based Approach: This approach is based on the balance sheet of the appraised entity as at the valuation benchmark date and each of the assets and liabilities thereunder to determine the value of the appraised target.
- The Income Approach: This approach capitalises or discounts the expected income of the appraised entity to determine its value.
- The Market Approach: This approach determines the value of the appraised entity by comparing it to comparable companies and analysing their market prices.

Given that the assets to be appraised were clearly identified, and that there were no assets that would have a material impact on the value of the appraised subject but were difficult to identify or assess, the Valuer determined that the asset-based approach was an appropriate valuation method for the purpose of the Valuation Report.

Valuation scope

The scope of valuation under the Valuation Report is the assets and liabilities of the Target Company as of 30 April 2026 based on the management accounts of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises.

The main assets and liabilities within the scope of the valuation under the Valuation Report include:

1. **current assets**, including cash and bank balances, other receivables, and inventories (comprising completed residential units, commercial units, car parking spaces and storage facilities); and
2. **current liabilities**, including accounts payable, receipts in advance and taxes payable.

Sources of information

The Valuer has been furnished with the information in the management accounts of the Target Company as of 30 April 2026 as well as supporting documents of the Target Company, e.g. bank statements, property right certificates, construction contracts, and invoices. The Valuer also enquired with relevant personnel of the Target Company to verify its operational model, property composition, asset verification, project development status, and the policies for assessing contingent litigation liabilities.

Valuation assumptions and key inputs

The key assumptions adopted and the inputs to the valuation are summarised as follows:

(A) *Residential units and car parking spaces*

The appraised value of the residential units amounted to approximately RMB21.3 million, and the appraised value of the car parking spaces amounted to approximately RMB4.7 million as of the valuation benchmark date (i.e. 30 April 2026). To appraise the value of the residential units and, as well as the underground car parking spaces, the Valuer adopted the market approach. Under the market approach, a certain number of comparable instances from the open market are selected and compared against the target objects, adjusting for differences to process the transactional prices of the comparable instances and derive the appraised values.

There is an active open transaction market for similar residential units and car parking spaces in Change City. Recent, verifiable transaction records and asking prices for comparable properties are readily available, making the market approach the most direct and objective method to reflect fair market value.

The Valuer adopted the following formulas under the market approach:

$$P_1 = P' \times A \times B \times C \times D \times E = P' \times \frac{100}{(\quad)} \times \frac{(\quad)}{100} \times \frac{100}{(\quad)} \times \frac{100}{(\quad)} \times \frac{100}{(\quad)}$$

$$P = \sum (P_1 \times \text{Weight Coefficient})$$

where:

- P = Appraised market price of the target property
- P_1 = Comparable adjusted price of the target property
- P' = Transaction price of the recent comparable case instance
- A = Transaction situation correction coefficient =
$$\frac{\text{Normal Transaction Situation Index}}{\text{Comparable Instance Transaction Situation Index}}$$
- B = Transaction date correction coefficient =
$$\frac{\text{Price Index at Valuation Date}}{\text{Price Index at Transaction Date of Comparable Instance}}$$
- C = Regional factor correction coefficient =
$$\frac{\text{Regional Condition Index of Target Object}}{\text{Regional Condition Index of Comparable Instance}}$$
- D = Individual factor correction coefficient =
$$\frac{\text{Individual Condition Index of Target Object}}{\text{Individual Condition Index of Comparable Instance}}$$
- E = Equity factor correction coefficient =
$$\frac{\text{Equity Condition Index of Target Object}}{\text{Equity Condition Index of Comparable Instance}}$$

The Valuer applied adjustment coefficients to account for differences between the residential units and the three comparables. These adjustments were grouped into regional factors, individual factors, and equity factors.

Below sets out the details and the adjustment coefficients (“AC”) of the comparables and the residential units:

Valuation Factors & Parameters	Comparable 1	AC	Comparable 2	AC	Comparable 3	AC	Residential units	AC
Property Location	Shenghe Central Garden, South side of Getian Avenue, Change City		Change Junyue Mansion, North side of Chaoyang Road, Change City		Zhongliang Getian Mansion, West side of Weiwu Avenue, Change City		Change Junyue Mansion, North side of Chaoyang Road, Change City	
Gross Floor Area (m ²)	128		118		133		143.3	
Purpose	Residential		Residential		Residential		Residential	
Transaction Date	April 2026	100	April 2026	100	April 2026	100	30 April 2026	100
Transaction Situation	Normal	100	Normal	100	Normal	100	Normal	100
Transaction Price (RMB/m ²)	4,900	100	5,050	100	5,500	100	—	100
Regional Factors								
Geographical Location	South side of Getian Avenue, Relatively Good	100	North side of Chaoyang Road, Relatively Good	100	West side of Weiwu Avenue, Prime/Good	95	North side of Chaoyang Road, Relatively Good	100
Infrastructure Condition	Perfect	100	Perfect	100	Perfect	100	Perfect	100
Road Frontage Status	Non-frontage Shop/Unit	100	Non-frontage Shop/Unit	100	Non-frontage Shop/Unit	100	Non-frontage Shop/Unit	100
Traffic Access/Convenience	Relatively Convenient	100	Relatively Convenient	100	Relatively Convenient	100	Relatively Convenient	100
Public Services Amenities	Relatively Complete	100	Relatively Complete	100	Relatively Complete	100	Relatively Complete	100
Building Floor Level	3rd Floor/7 storeys	1.000	5th Floor/7 storeys	0.971	6th Floor/7 storeys	0.971	3rd Floor/7 storeys	100
Unit Orientation	South	100	South	100	South	100	South	100
Environmental & Landscape	Relatively Good	100	Relatively Good	100	Relatively Good	100	Relatively Good	100
Individual Factors								
Building Function/Quality	Good	100	Good	100	Good	100	Good	100
Physical Condition/Newness	90% New	102	95% New	100	95% New	100	95% New	100
Gross Floor Area (m ²)	128	100	118	100	133	100	143.3	100
Fit-out Status	Bare Shell	100	Bare Shell	100	Bare Shell	100	Bare Shell	100
Utilities & Facilities Equipment	Complete Supply	100	Complete Supply	100	Complete Supply	100	Complete Supply	100
Layout	3 Rooms, 2 Living, 2 Baths	100	3 Rooms, 2 Living, 2 Baths	100	4 Rooms, 2 Living, 2 Baths	100		100
Building Structure	Composite Steel-Concrete	100	Composite Steel-Concrete	100	Composite Steel-Concrete	100	Composite Steel-Concrete	100
Property Exterior Appearance	Relatively Good	100	Relatively Good	100	Relatively Good	100	Relatively Good	100
Property Management Standard	Relatively Standard	100	Relatively Standard	100	Relatively Standard	100	Relatively Standard	100
Equity Factors								
Purpose	Residential	100	Residential	100	Residential	100	Residential	100
Statutory Zoning Restrictions	In Line with Master Plan	100	In Line with Master Plan	100	In Line with Master Plan	100	In Line with Master Plan	100
Remaining Land Use Tenure	Similar	100	Similar	100	Similar	100	Similar	100
Ownership/Title Status	Sole Ownership; Clear Title	100	Sole Ownership; Clear Title	100	Sole Ownership; Clear Title	100	Sole Ownership; Clear Title	100

The comparable figures after adjustments are set out below:

Market Comparables	Original Unit Price (RMB/sq.m.)	Adjusted Unit Price (RMB/sq.m.)
Comparable 1	4,900	5,000
Comparable 2	5,050	4,900
Comparable 3	5,500	5,090

The final unit price is determined by taking the simple arithmetic mean of the adjusted unit prices of the three market comparables.

$$\text{Appraised Unit Price} = \frac{\text{RMB5,000} + \text{RMB4,900} + \text{RMB5,090}}{3} = \text{RMB5,000/sq.m.}$$

Based on the sample unit size of 143.3 sq.m.:

$$\text{Gross Value} = \text{RMB5,000} \times 143.3 \text{ sq.m.} = \text{RMB716,500}$$

To reflect the net value of residential units, estimated disposal taxes and selling expenses are deducted as follows:

- Selling Expenses (4% of revenue): RMB28,660
- Value-Added Tax (VAT) (9%): RMB59,161
- Surcharges and Stamp Duties: RMB7,457

$$\begin{aligned} &\text{Net Appraised Value of Residential Unit (rounded)} \\ &= \text{RMB716,500} - \text{RMB28,660} - \text{RMB59,161} - \text{RMB7,457} \\ &= \text{RMB621,200} \end{aligned}$$

The exact same core comparative mechanism, parameter adjustments, and cost deductions were systematically executed by the Valuer across all remaining residential units and car parking spaces to aggregate the final value. Based on the above adjustments and calculation method, the appraised value of the residential units amounted to approximately RMB21.3 million, and the appraised value of the car parking spaces amounted to approximately RMB4.7 million as of the valuation benchmark date (i.e. 30 April 2026).

(B) Commercial units

The appraised value of the commercial units amounted to RMB12.4 million as of the valuation benchmark date (i.e. 30 April 2026). To appraise the value of the commercial units, nearby comparable rental instances were active and leasing levels were readily available, making the income approach the most appropriate method. This method forecasts the future net income generated by the target object and utilizes yield rates, capitalization rates, or income multipliers to convert the projected earnings into a market value at the valuation date.

The rental and leasing market for similar commercial properties in the surrounding area of the Project is well-developed, and historical market rent levels and occupancy rates are fully transparent and accessible. As income-generating assets, applying the income approach reflects the true economic value based on anticipated rental cash flows and investment returns. Although the market approach was also considered, it was not adopted, primarily due to the lack of sufficient recent arm's-length commercial sales transaction data in the immediate surrounding area of the Project to support a reliable analysis.

The Valuer adopted the following capitalization formula:

$$V = A / (Y - G) * \{ 1 - [(1 + G)/(1 + Y)]^N \} / \{ 1 - [(1 + g)/(1 + Y)]^N \}$$

$$V = \frac{300}{(7\% - 3\%)} \times \frac{1 - \left(\frac{1 + 3\%}{1 + 7\%}\right)^5}{1 - \left(\frac{1 + 3\%}{1 + 7\%}\right)^5} = \text{RMB}7,500/\text{sq.m.}$$

where:

- V = Revenue price of the property at the valuation timepoint
- A = Net income of the property in the first year of the future
 - Based on market investigations of active commercial leases near the Project, the average market rent for ground-floor retail shops was determined to be RMB30/sq.m./month. Factoring in a typical structural market vacancy rate of 8% in the local area, the effective gross income is computed as RMB30*12*(1-8%) = RMB331.2/sq.m.. After deducting normalized property operation expenses under industry practice, the net first-year income is derived as RMB300/sq.m..
- Y = Rate of return of the property
 - Yield Rate (Y) = Risk-Free Rate (3%) +
Investment Risk Premium (2.5%) +
Management Burden Compensation (0.5%) +
Illiquidity Compensation (1%) = 7%
- g = Growth rate of the property price after the holding period expires
- G = Rate of progressive year-by-year increase of the net income of the property
 - Based on historical commercial rent indices and macro property price trends in Changge City, commercial real estate prices are stabilizing with modest growth. To maintain a prudent and conservative outlook, the Valuer locked both the rental growth rate (G) and the property value appreciation rate after the holding term expires (g) at an equilibrium growth rate of 3% per annum.
- N = Holding period of the property
 - Based on the market investigations conducted by the Valuer regarding the holding periods of properties with similar usage and comparable scales in Changge City, and taking into account the actual operational circumstances of the commercial units, the holding period (N) was comprehensively determined to be 5 years.

The remaining commercial inventory comprises 18 commercial units with a total gross floor area of approximately 2,154.67 sq.m.. Based on the derived capitalized unit price of RMB7,500 per sq.m.:

$$\text{Gross commercial value} = \text{RMB7,500/sq.m.} \times 2,154.67 \text{ sq.m.} = \text{RMB16,160,025}$$

Deducting the estimated transaction expenses and taxes from the gross capitalized commercial value yields the final net appraised value for the commercial units:

$$\begin{aligned} \text{Net Appraised Value} \\ \text{of Commercial Units} &= \text{RMB 16,160,025} - \text{RMB 3,759,725} = \text{RMB12,400,300} \end{aligned}$$

(C) *Storage facilities*

The appraised value of the storage facilities amounted to RMB1.3 million under the cost approach as of the valuation benchmark date (i.e. 30 April 2026). To appraise the value of the auxiliary underground storage facilities, their respective cost parameters, applicable taxes, and developer profit rates could be measured with a high degree of technical accuracy, making the cost approach the most appropriate valuation method.

The calculation formula used is as follows:

$$\text{Appraised Value} = \text{Replacement Cost} \times \text{Comprehensive Newness Rate}$$

Comprehensive Newness Rate

$$= \frac{50 \text{ (Economic Life)} - 2.3 \text{ (Elapsed Years)}}{50 \text{ (Economic Life)}} \times 100\% = 95.4\%$$

→ Adopted as 95%

$$\begin{aligned} \text{Appraised Value of Storage Facilities} \\ &= \text{RMB1,364,421 (Replacement Cost)} \times 95\% \\ &= \text{RMB1,296,200 (rounded)} \end{aligned}$$

where:

- Replacement cost was calculated by summing up: (1) construction and installation costs, which the Valuer obtained based on construction codes for identical underground properties and adjusted against the Henan Provincial Building and Decoration Engineering Budget* 《河南省房屋建築與裝飾工程預算定額》; (2) pre-construction overhead fees; (3) statutory urban infrastructure charge assessments per square metre; (4) accrued financial interest calculated over the development phase using prevailing loan rates; and (5) developer's profit based on regional averages.
- Comprehensive newness rate was determined primarily through the service-year duration method (economic service years minus elapsed years of use) integrated with technical physical condition scoring of structural elements on site.

Difference between the book value and the appraised value

According to the Valuation Report, the appraised value of the Target Company as at 30 April 2026 using the asset-based approach was approximately RMB4.3 million, representing a decrease of RMB7.4 million as compared with the net assets value based on the management accounts of the Target Company as at 30 April 2026 of RMB11.7 million. Details of the decrease in value are as follows.

Item	Book Value (A) (RMB'000)	Appraised Value (B) (RMB'000)	Adjustments (C = B – A) (RMB'000)
I. Current Assets	62,238.42	54,806.55	(7,431.86)
Inventories	47,098.86	39,667.00	(7,431.86)
Residential Units	26,383.49	21,282.80	(5,100.69)
Commercial Units	9,774.63	12,400.30	2,625.67
Car Parking Spaces	8,563.87	4,687.70	(3,876.17)
Storage Facilities	2,376.87	1,296.20	(1,080.67)
II. Non-current Assets	417.38	418.98	1.60
Total Assets	62,655.79	55,225.53	(7,430.26)
III. Current Liabilities	50,949.62	50,949.62	—
Total Liabilities	50,949.62	50,949.62	—
Net assets	11,706.17	4,275.91	(7,430.26)

The material adjustment to the inventories was primarily attributable to significant changes in property market conditions as of 30 April 2026 (i.e. the valuation date) as compared with those prevailing at the time the construction costs were incurred, due to the downturn in the PRC's macro real estate sector and changes in the market environment in the area where the Project is located, resulting in a decline in value of the residential units and the car parking spaces. In particular, the decline in value of the residential units was mainly caused by weak property market conditions and a decrease in the average transaction price, resulting in the appraised value being lower than the book value. The decline in value of the car parking spaces was mainly attributable to the well-developed public parking facilities in the area, the ample availability of free roadside parking spaces, and weak buyer interest in purchasing proprietary parking spaces, resulting in market transaction prices for car parking spaces being significantly lower than their cost.

The Board's assessment on the fairness and reasonableness of the consideration

The Board has reviewed the methods, basis, and assumptions adopted for the Valuation in the Valuation Report. Based on the review of the Valuation Report and considering:

1. The assumptions adopted by the Valuer in the Valuation Report are reasonable, and having taken into account the actual circumstances of the Target Company as a single-project vehicle in the final clearance stage, the asset-based approach is considered to be more practicable and appropriate than other valuation methods for appraising the total shareholders' equity interest in the Target Company;
2. The Board has not identified any major factors that would cause it to doubt the fairness and reasonableness of the valuation method (i.e. asset-based approach) or assumptions adopted by the Valuer; and
3. The book values of the Target Company used in the Valuation are from the management account as of 30 April 2026, which has a financial period end date that is the same as the valuation date. The alignment between the valuation date and the financial period end date ensures accuracy in deriving certain appraisal items' values in the Valuation.

The Board is of the view that the valuation method (i.e. asset-based approach) and assumptions adopted by the Valuer in the Valuation are fair and reasonable, and the appraised value of the total equity interest as at 30 April 2026 has been carefully and thoroughly considered.

Since the Group owns 70% of the equity interest in the Target Company, its share of the appraised net assets amounted to approximately RMB2,993,000. The negotiated Consideration of RMB3.0 million is broadly in line with the appraised fair market value of the equity interest being disposed of and represents a slight premium. In the absence of other viable company valuation methods other than the asset-based approach, the Board considers that the terms of the transaction and the amount of the Consideration are fair and reasonable, on normal commercial terms, and are in the interest of the Company and its Shareholders as a whole.

The above additional information does not affect any other information contained in the Announcement, and save as disclosed above, all other contents of the Announcement remain unchanged.

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

Hong Kong, 18 June 2026

As at the date of this announcement, the executive directors of the Company are Li Xiaobing, Wang Zhenfeng, Li Man and Wang Quan; and the independent non-executive directors of the Company are Lee Kwok Lun, Wei Jian and Fang Cheng.

* *For identification purpose only*