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 FULFILMENT OF RESUMPTION GUIDANCE AND RESUMPTION OF TRADING AND THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Reference is made to the announcements of Ever Reach Group (Holdings) Company Limited (the "**Company**") dated 27 August 2025 in relation to key findings of the internal control review and continued suspension of trading and dated 18 September 2025 in relation to the fulfilment of resumption guidance and resumption of trading (collectively, the "**Announcements**") and the annual report of the Company for the year ended 31 December 2025 (the "**2025 Annual Report**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements and the 2025 Annual Report.

The board of directors of the Company (the "**Board**") wishes to provide supplemental information and an update on the follow-up internal control review conducted by the Internal Control Consultant in relation to certain internal control deficiencies previously identified in connection with the resumption guidance, in particular those deficiencies for which sample testing could not be conducted prior to resumption under Resumption Guidance (c). Unless otherwise specified, the follow-up internal control review covered the period from 1 August 2025 to 31 December 2025 (the "**Reviewed Period**").

1. Internal Control Deficiencies and the Internal Control Consultant’s Review Results

(a) Internal Control Deficiencies in relation to management of prepayments (“Prepayment Management”) financed by property development loans

As disclosed in the Announcements, it was noted that the Company lacked clear contractual terms regarding the utilization of funds and financial supervision measures in respect of prepayments made under agreements with contractors, which may result in such prepayments being used for unintended purposes. Accordingly, the Company has established the “Prepayments Management Policy” (《預付款管理制度》) in December 2024 (Revised in April 2025) to regulate the process of prepayment application, approval, payment and accounts reconciliation to enhance collection from suppliers.

Internal control review conducted during the Reviewed Period

During the review process, the Internal Control Consultant obtained the Group’s project list as of 31 December 2025, and compared it against the project list as of 31 July 2025, as well as reviewing the Group’s accounting ledgers. In addition, the Internal Control Consultant interviewed the heads of the Group’s Financing Department and Accounting Department. Based on the foregoing, the Internal Control Consultant noted that, from 1 August to 31 December 2025, the Group did not commence any new projects and did not obtain new bank loans to finance prepayments to construction contractors. As a result, there were no transaction samples available for the Internal Control Consultant to perform further sample testing.

(b) Internal Control Deficiencies in relation to collection of prepayments

As disclosed in the Announcements, it was noted that the Group’s prepayment collection procedures and processes were not formalized in written rules, which may result in inconsistencies in communication and execution during prepayment collection operations, unclear responsibilities within the collection management process, and a lack of consistency in the Group’s collection practices. Accordingly, the Group issued the “Collection Management Policy” (《催收管理制度》) in September 2024, which was updated in April 2025 and sets out (i) the responsibilities and duties of various departments and personnel, (ii) the collection process, which differs depending on the duration of overdue payments and the amount in arrears, (iii) documentation and record-keeping requirements, as well as (iv) the internal approval and authorization procedures.

Internal control review conducted during the Reviewed Period

The Internal Control Consultant undertook the following procedures:

(i) obtained and reviewed the Group's management accounts and noted that, as at 31 December 2025, the carrying amount of the Group's prepayments for construction costs was RMB12,590,000, arising from 116 individual prepayment transactions;

(ii) obtained and reviewed the ageing analysis of the prepayments for construction costs as at 31 December 2025;

(iii) obtained and reviewed all underlying contracts and payment records in relation to the prepayments for construction costs as at 31 December 2025;

(iv) obtained and reviewed the Company's internal approval documents in relation to the transactions giving rise to such prepayments; and

(v) obtained and reviewed the Company's internal records and noted that its subsidiaries had periodically reported the status of prepayments to the management.

Based on the foregoing, the Internal Control Consultant noted that the Company had strictly complied with the relevant internal control policies during the Reviewed Period. The Internal Control Consultant further noted that none of the aforesaid prepayments had exceeded the prescribed period triggering mandatory collection under the debt collection management policy, i.e. (i) 90 days after a supplier fails to deliver the relevant goods or services to the satisfaction of the relevant Group company by the date stipulated in the relevant contract; or (ii) 90 days after the relevant Group company notifies the supplier of its intention to terminate the contract early, and therefore, no debt recovery action was required. As a result, there were no transaction samples available for the Internal Control Consultant to perform further sample testing.

(c) Internal Control Deficiencies in relation to assessment of supplier qualifications

As disclosed in the Announcements, it was noted that the Group only conducted basic qualification assessment on its supplier, resulting in the supplier's inability to deliver products on time. Accordingly, the Group has updated its supplier qualification review system in the "Procurement Policy" (《採購政策》), which requires procurement personnel at each project company of the Group to conduct a qualification review of new suppliers.

Internal control review conducted during the Reviewed Period

The Internal Control Consultant undertook the following procedures:

(i) obtained and reviewed the Group's list of suppliers for 2025 and cross-checked it against the Group's accounting ledgers, and noted that no new suppliers had been engaged during the Reviewed Period; and

(ii) conducted interviews with representatives of the procurement department and the project department, as well as the Financial Controller of the Group, and noted that the Group is committed to strictly complying with the supplier qualification procedures set out in the Procurement Policy should there be any engagement of new suppliers in the future.

Based on the foregoing, as no new suppliers were engaged during the Reviewed Period, the relevant supplier qualification procedures set out in the Procurement Policy were not triggered. Accordingly, no transaction samples were available for the Internal Control Consultant to perform sample testing.

(d) Internal Control Deficiencies in relation to approval procedures for the procurement of construction materials

As disclosed in the Announcements, it was noted that the Company lacked regulations governing subsidiary borrowings from banks below RMB40.0 million for the procurement of construction materials. Accordingly, the Group has updated the "Loan Approval Limit Policy" (《借貸審批額度政策》), which stipulates that the borrowing limits of subsidiaries were lowered from RMB40.0 million to RMB10.0 million, and that the borrowing limits should be reviewed and adjusted, if needed, by the management of the Group annually.

Internal control review conducted during the Reviewed Period

The Internal Control Consultant undertook the following procedures:

(i) obtained and reviewed the Group's accounting ledgers covering the Reviewed Period to 31 December 2025 to screen for any transactions involving the procurement of construction materials; and

(ii) conducted interviews with representatives of the procurement department, the project department and the Financial Controller of the Group to verify whether any construction material procurement transactions had been initiated or processed.

Having obtained and reviewed the Group's accounting ledgers and conducted an interview with a representative of the procurement department, the Internal Control Consultant noted that there were no construction material procurement transactions during the Reviewed Period. As no procurement transactions took place during the Reviewed Period, nothing came to the Internal Control Consultant's attention to suggest any breach of the relevant procurement policies.

2. Timeline and Expected Completion Dates of Future Reviews

To ensure continued adherence to the enhanced internal control systems, the Company has established the following timeline for future follow-up reviews:

(a) For Prepayment Management and Collection of Prepayments

The Internal Control Consultant will commence its next annual internal control review in December 2026. If there are any new projects or prepayments, the Internal Control Consultant will perform sample testing on the relevant procedures, and the results will be disclosed in the 2026 Corporate Governance Report.

(b) For Supplier Qualifications & Material Procurement Approval

The internal control review of the procedures for supplier qualification checks and approval for building material transactions is scheduled to be conducted in December 2026. The findings will be disclosed in the 2026 Corporate Governance Report.

3. Audit Committee

The Company's Audit Committee will continue to monitor the implementation of the rectified internal control policies. To support ongoing compliance, the Audit Committee will require the Company to report any relevant new transactions to facilitate sample selection and review. In addition, the Audit Committee shall meet at least quarterly to oversee, review, and discuss the Company's compliance with its internal control policies, including whether any internal control deficiencies previously identified in connection with the resumption guidance have recurred. If new transaction samples become available in relation to the internal control deficiencies for which sample testing could not previously be conducted, the Audit Committee will request the Internal Control Consultant to conduct a review in a timely manner and discuss with the auditor of the Company regarding the scope and results of internal control review.

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

Hong Kong, 6 August 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 are Lee Kwok Lun, Wei Jian and Fang Cheng.