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**Reach New Holdings Limited**

**新達控股有限公司**

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

**(Stock Code: 8471)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG  
LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**” or individually, a “**Director**”) of Reach New Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately RMB56.3 million for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately RMB42.5 million), representing an increase of approximately 32.5% over the same period of 2020.
- The unaudited profit of the Group for the nine months ended 30 September 2021 amounted to approximately RMB2.8 million (nine months ended 30 September 2020: unaudited loss of approximately RMB9.4 million).
- The basic earning per share for the nine months ended 30 September 2021 was RMB0.33 cent (nine months ended 30 September 2020: basic loss per share of RMB1.07 cent).
- The board of Directors resolved not to declare an interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

## FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2021, together with the comparative unaudited figures for the corresponding period in 2020, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months and nine months ended 30 September 2021*

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
<b>Revenue</b>	4	<b>18,302</b>	17,181	<b>56,311</b>	42,530
Cost of sales		<u>(13,807)</u>	<u>(14,537)</u>	<u>(40,719)</u>	<u>(34,320)</u>
<b>Gross profit</b>		<b>4,495</b>	2,644	<b>15,592</b>	8,210
Other income, gains and losses		<b>151</b>	153	<b>261</b>	1,138
Deemed gain on disposal of an associate		<b>4,900</b>	–	<b>4,900</b>	–
Deemed gain on disposal of a subsidiary		–	1,537	–	1,537
Distribution and selling expenses		<b>(955)</b>	(1,070)	<b>(2,765)</b>	(3,073)
Administrative expenses		<b>(4,496)</b>	(6,740)	<b>(13,981)</b>	(16,940)
Finance cost on lease liabilities		<u><b>(61)</b></u>	<u>(106)</u>	<u><b>(184)</b></u>	<u>(294)</u>
Profit/(Loss) before tax		<b>4,034</b>	(3,582)	<b>3,823</b>	(9,422)
Income tax expenses	5	<u><b>(200)</b></u>	–	<u><b>(1,001)</b></u>	–
<b>Profit/(Loss) and total comprehensive income/(expense) for the period</b>		<u><b>3,834</b></u>	<u>(3,582)</u>	<u><b>2,822</b></u>	<u>(9,422)</u>
Profit/(Loss) and total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		<b>3,840</b>	(3,565)	<b>2,846</b>	(8,910)
Non-controlling interests		<b>(6)</b>	(17)	<b>(24)</b>	(512)
<b>Earnings/(Loss) per share,</b>					
— Basic and diluted (RMB cents)	7	<u><b>0.45</b></u>	<u>(0.04)</u>	<u><b>0.33</b></u>	<u>(1.07)</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note)	Accumulated profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2021 (Audited)	7,321	41,488	14,145	(4,797)	58,157	169	58,326
Profit/(Loss) and total comprehensive income/ (expense) for the period	–	–	–	2,846	2,846	(24)	2,822
At 30 September 2021 (Unaudited)	<u>7,321</u>	<u>41,488</u>	<u>14,145</u>	<u>(1,951)</u>	<u>61,003</u>	<u>145</u>	<u>61,148</u>
At 1 January 2020 (Audited)	6,890	36,775	14,145	8,804	66,614	2	66,616
Incorporation of subsidiaries	–	–	–	–	–	690	690
Placing of new shares	431	4,435	–	–	4,866	–	4,866
Loss and total comprehensive expense for the period	–	–	–	(8,910)	(8,910)	(512)	(9,422)
At 30 September 2020 (Unaudited)	<u>7,321</u>	<u>41,210</u>	<u>14,145</u>	<u>(106)</u>	<u>62,570</u>	<u>180</u>	<u>62,750</u>

*Note:* As part of the group reorganisation for the listing of the Company's shares on GEM of the Stock Exchange, there were a series of restructuring within the Group which mainly involved interspersing investment holding entities between the operating subsidiaries and investment holding companies. The difference between the Company's share capital and the combined paid in capital of 新天倫服裝配料(惠州)有限公司 and Reach New Technology (Huizhou) Company Limited\* (新達科技(惠州)有限公司) ("Reach New Technology") (formerly known as 新天倫服裝輔料(惠州)有限公司), the indirect wholly-owned subsidiaries of the Company established in the People's Republic of China ("PRC"), was credited to other reserve on 30 November 2016.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30 September 2021*

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act, (as consolidated and revised) of the Cayman Islands on 22 January 2016. Its registered office is located at PO Box 1350, Regatta Office Park Windward 3, Grand Cayman, KY1-1108, Cayman Islands. The address of its headquarters and principal place of business in the PRC is located at Sun Tin Lun Industrial Centre, No. 6 Taihao Road, Sandong Digital Industrial Park, Sandong Town, Huizhou City, Guangdong Province, China. The ordinary shares of the Company (the “**Shares**”) have been listed on GEM of the Stock Exchange since 21 July 2017 (the “**Listing**”). Its parent Company is Neo Concept Holdings Limited (“**Neo Concept**”), a private company incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling party is Mr. Lam Cheung Chuen (“**Mr. Lam**”), who is also the chairman and a non-executive Director of the Company.

The Company is an investment holding company. The Group is principally engaged in the provision of labelling solution and production and supply of garment accessories in the PRC.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 have been prepared in accordance with accounting principles generally accepted in Hong Kong and have complied with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 are presented in Renminbi (“**RMB**”), which is the same functional currency of the Company.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the nine months ended 30 September 2021, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise HKFRS; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the nine months ended 30 September 2021 and prior years.

#### 4. REVENUE AND SEGMENT INFORMATION

##### Disaggregation of revenue from contracts with customers

	Nine months ended 30 September	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Types of products — at point in time recognition:		
Sales of printed products	20,833	15,642
Sales of woven labels	18,843	8,287
Sales of printed labels	4,535	10,708
Others	12,100	7,236
Revenue from information technology business	—	657
	<u>56,311</u>	<u>42,530</u>

##### Types of customers

	Nine months ended 30 September	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Garment brand companies	1,593	1,273
Sourcing companies designated by garment brand companies	14,786	9,195
Garment manufacturers	39,932	31,405
Customers of information technology business	—	657
	<u>56,311</u>	<u>42,530</u>

The Group sells garment accessories directly to customers and revenue is recognised when control of the goods has transferred, being when the goods have been shipped from the warehouse (delivery). Following delivery, customers have full discretion over the manner of distribution and price to sell the goods, they also have the primary responsibility to sell and bear the risk of obsolescence and loss in relation to the goods. The normal credit term is 30 to 90 days upon delivery.

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the executive Directors of the Company, for the purposes of allocating resources and assessing performance.

Specifically, the Group’s reportable and operating segments under HKFRS 8 “Operating Segments” are as follows:

- (i) Labelling Solution — production and supply of garment accessories
- (ii) Information Technology — development of applications and provision of information technology consultancy services

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

For the nine months ended 30 September 2021 (unaudited)

	Labelling Solution RMB'000	Information Technology RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue				
External sales	56,311	–	–	56,311
Inter-segment sales	–	–	–	–
	<u>56,311</u>	<u>–</u>	<u>–</u>	<u>56,311</u>
Segment results	<u>15,592</u>	<u>–</u>	<u>–</u>	<u>15,592</u>
Other gains and losses				261
Deemed gain on disposal of an associate				4,900
Distribution and selling expenses				(2,765)
Administrative expenses				(13,981)
Finance costs on lease liabilities				<u>(184)</u>
Profit before taxation				<u>3,823</u>

For the nine months ended 30 September 2020 (unaudited)

	Labelling Solution RMB'000	Information Technology RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue				
External sales	41,873	657	–	42,530
Inter-segment sales	–	–	–	–
	<u>41,873</u>	<u>657</u>	<u>–</u>	<u>42,530</u>
Segment results	<u>11,013</u>	<u>(2,803)</u>	<u>–</u>	<u>8,210</u>
Other income and gain				1,138
Deemed gain on disposal of a subsidiary				1,537
Distribution and selling expenses				(3,073)
Administrative expenses				(16,940)
Finance costs on lease liabilities				<u>(294)</u>
Loss before taxation				<u>(9,422)</u>

## Geographical information

### *Revenue by geographical location*

The Group's operations are located in the PRC. Most of the Group's non-current assets and capital expenditure are located or utilised in the PRC.

### Information about major customers

Revenue from a customer that individually contributing over 10% of the total sales are as follows:

	Nine months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	<u>14,786</u>	<u>9,195</u>

## 5. INCOME TAX EXPENSES

	Nine months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period	<u>1,001</u>	<u>–</u>

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or earned in Hong Kong for the nine months ended 30 September 2021 and 2020.

The Group is subject to PRC Enterprise Income Tax ("PRC EIT") at a rate of 25% (2020: 25%) and dividend withholding tax at a rate of 5% for the nine months ended 30 September 2021.

Current tax provision represents provision for PRC EIT.

## 6. DIVIDEND

The Board resolved not to declare an interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).



## 7. EARNINGS/(LOSS) PER SHARE

	<b>Nine months ended</b> <b>30 September</b> <b>2021</b> 2020 <i>RMB'000</i> <i>RMB'000</i> <b>(Unaudited)</b> (Unaudited)	
Earnings/(Loss) for the purpose of calculating basic earnings/(loss) per Share		
Earnings/(Loss) for the period attributable to owners of the Company	<b><u>2,846</u></b>	<b><u>(8,910)</u></b>
	<b>Nine months ended</b> <b>30 September</b> <b>2021</b> 2020 <b>(Unaudited)</b> (Unaudited)	
Number of Shares:		
Weighted average number of Shares for the purpose of calculating basic earnings/(loss) per Share	<b><u>850,000,000</u></b>	<b><u>831,780,822</u></b>

No diluted earnings per share is presented for the nine months ended 30 September 2021 and 2020 as there was no potential ordinary Share in issue.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

The Group is an established labelling solution provider and a one-stop garment accessories manufacturer and supplier based in the PRC. The Group's products can be categorised into three main types being (i) printed products (e.g. hangtags, price tags and stickers), (ii) woven labels (e.g. woven brand labels, woven size labels and badges); and (iii) printed labels (e.g. printed brand labels, printed size labels and care content labels). The Group also sources and sells other garment accessories, such as tapes, hanging tablets, string locks, leather badge, buttons and metal products to the customers in the PRC.

During the nine months ended 30 September 2021, the Group continued to serve a large number of garment brand companies, sourcing companies designated by the garment brand companies and garment manufacturers in the PRC.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue, which is principally generated from the direct sales of (i) printed products (e.g. hangtags, price tags and stickers), (ii) woven labels (e.g. woven brand labels, woven size labels and badges), (iii) printed labels (e.g. printed brand labels, printed size labels and care content labels) and (iv) other garment accessories (e.g. tapes, string locks, leather badge, buttons and metal products) was approximately RMB56.3 million for the nine months ended 30 September 2021 and approximately RMB42.5 million for the same period in 2020, representing an increase of approximately 32.5% over the same period of 2020.

The increase in the Group's revenue was mainly due to the increase in revenue of printed products, woven labels and other garment accessories by approximately 33.2%, 127.4% and 67.2% respectively for the nine months ended 30 September 2021 as compared to the same period in previous year. The increase in revenue of printed products, woven labels and other garment accessories was mainly due to the increase in sales volume of the respective products as a result of the resumption and recovery of the garment industry from the negative effect brought by the COVID-19 pandemic during the nine months ended 30 September 2021 as compared with the same period of 2020.

To continue promoting the business of the Group, the Group will put more resources and effort in exploring the potential customers in the PRC and at the same time exploring potential PRC and foreign garment brand companies in order to increase sales and enhance its profitability. In addition, the Group will continue to explore new business opportunities to strengthen our income streams, including sales of garment products through different channels.

## **Cost of sales and gross profit**

The Group's gross profit increased by approximately 90.2% from approximately RMB8.2 million for the nine months ended 30 September 2020 to approximately RMB15.6 million for the nine months ended 30 September 2021. The Group's cost of sales primarily consists of material costs, direct labour costs, subcontracting costs, rental and rates, depreciation on machinery and utilities.

During the nine months ended 30 September 2021, the Group's revenue increased by 32.5% while the cost of sales increased by 18.6% as compared with the corresponding period, as a result, the Group's gross profit margin increase from approximately 19.3% for the nine months ended 30 September 2020 to approximately 27.7% for the nine months ended 30 September 2021.

## **Distribution and selling expenses**

Distribution and selling expenses decreased to approximately RMB2.8 million for the nine months ended 30 September 2021 from approximately RMB3.1 million for the nine months ended 30 September 2020.

## **Administrative expenses**

Administrative expenses decreased to approximately RMB14.0 million for the nine months ended 30 September 2021 from approximately RMB16.9 million for the nine months ended 30 September 2020, which was mainly due to approximately RMB1.4 million administration cost incurred by the information technology business during the nine months ended 30 September 2020 and no such administrative cost increased during the period, and cost control measures implemented during the period. The drop of headcount of the Group's administrative staff members together with streaming workflow contributed to the decrease in the Group's administrative expenses. Administrative expenses consist primarily of staff costs and benefits, depreciation (excluding depreciation for plant and machinery), office expenses and other general administrative expenses.

## **Profit for the period**

The Group's unaudited profit was approximately RMB2.8 million for the nine months ended 30 September 2021, as compared to unaudited loss of approximately RMB9.4 million for the nine months ended 30 September 2020. The turnaround from loss to profit is mainly attributable to (i) the increase in revenue and gross profit margin during the nine months ended 30 September 2021 when comparing that with the same period in previous year, the reasons of which have been explained in the paragraphs above; and (ii) the deemed gain on disposal of an associate of the Group, namely Guangzhou Banchengyun Information Technology Co. Ltd.\* (廣州半城雲信息科技有限公司) (“**Guangzhou Banchengyun**”) of RMB4.9 millions incurred during the nine months ended 30 September 2021.

## SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then sole shareholder of the Company on 24 June 2017 (the “**Share Option Scheme**”) and will remain in force for 10 years after its adoption. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the paragraph headed “D. Share Option Scheme” in Appendix IV to the Prospectus of the Company dated 30 June 2017 (the “**Prospectus**”). No share option has been granted, cancelled or lapsed during the nine months ended 30 September 2021. There were no outstanding options during the nine months ended 30 September 2021.

## DIVIDEND

The Board resolved not to declare an interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

## USE OF PROCEEDS FROM THE LISTING AND BUSINESS OBJECTIVES

The net proceeds from the Listing, after deducting listing-related expenses, were approximately HK\$37.6 million (equivalent to approximately RMB32.7 million) (the “**Net Proceeds**”). After the Listing, part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. On 28 April 2020, the Board resolved to change the use of the unutilised portion of the New Proceeds, details of which are more particularly disclosed in the Company’s announcement dated 28 April 2020. The unutilised Net Proceeds have been and will be applied according to the disclosure in the Prospectus and the announcement of the Company dated 28 April 2020.

An analysis of the utilisation of the Net Proceeds as at 30 September 2021 is set out below:

<b>Intended Use of Net Proceeds</b>	<b>Revised planned application of the Net Proceeds <i>HK\$'million</i></b>	<b>Utilised Net Proceeds as at 30 September 2021 <i>HK\$'million</i></b>	<b>Unutilised balance as at 30 September 2021 <i>HK\$'million</i></b>	<b>Expected timeline for the intended use</b>
Upgrading the production facilities and digital printing technology of the Group	7.9	5.2	2.7	December 2022
Developing the capability of applying RFID technology to the products of the Group	3.0	0.5	2.5	December 2022
Enhancing the heat transfer printing production facilities of the Group	4.1	4.1	–	–
Upgrading the information technology systems of the Group	5.3	3.2	2.1	December 2022
Expansion of the sales and marketing department of the Group	3.0	1.7	1.3	December 2022
General working capital	3.3	3.3	–	–
Developing garment trading business	8.0	0.8	7.2	December 2022
Developing the internet and information technology business	3.0	3.0	–	–
Total	<u>37.6</u>	<u>21.8</u>	<u>15.8</u>	

There has been delay in the application of the Net Proceeds for upgrading the production facilities and digital printing technology, developing the capability of applying RFID technology to the products and expansion of sales and marketing department of the Group. The reasons for the delay in application were that the garment industry was disrupted by the outbreak of the COVID-19 pandemic since early 2020 and there has been gradual recovery. The Directors considered that the expansion plans of the Group should be postponed, given the previous drop in demand for the Group's products. However, the Company will apply the unutilised portion of the Net Proceeds as and when appropriate according to the manner as disclosed in the Prospectus and the announcement of the Company dated 28 April 2020. All the unutilised balance of the net proceeds have been placed in licenced banks in Hong Kong or the PRC as at 30 September 2021.

## USE OF NET PROCEEDS FROM THE PLACING

As per the Company's announcements dated 28 April 2020 and 13 May 2020, 50,000,000 Shares (the "**Placing Shares**") were successfully placed to nine independent placees at the placing price of HK\$0.113 per Placing Share under general mandate (the "**Placing**"). The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing are HK\$5.65 million and approximately HK\$5.41 million, respectively (the "**Placing Proceeds**").

An analysis of the unutilisation of the net proceeds from the Placing as at 30 September 2021 is set out below:

Intended use of the net proceeds from the Placing	Total planned amount <i>HK\$'million</i>	Utilised net proceeds from the Placing as at 30 September 2021 <i>HK\$'million</i>	Unutilised net proceeds from the Placing as at 30 September 2021 <i>HK\$'million</i>	Expected timeline for the intended use
Working capital in Guangzhou Banchengyun in connection with the Group's development in the information technology industry	5.41	0.3	5.11	December 2022

The unutilised Net Placing Proceeds will be applied in the manner as disclosed in the announcement of the Company dated 28 April 2020. There has been a delay in the application of the Placing Proceeds as capital to Guangzhou Banchengyun, since the Directors were reviewing the financial performance of the Guangzhou Banchengyun before committing additional capital to it. The Company will make further announcement(s) as to the update on the use of the Placing Proceeds as and when appropriate.

## DISCLOSURE OF INTERESTS

### A. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange, are as follows:

#### 1) Interests in the Company

Name of Director	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Mr. Lam	Interest in controlled corporation ( <i>Note</i> )	433,400,000 (Long position)	50.99%

*Note:* The 433,400,000 Shares are held by Neo Concept, which is wholly and beneficially owned by Mr. Lam. By virtue of the SFO, Mr. Lam is deemed to be interested in all the Shares held by Neo Concept.

#### 2) Interests in Associated Corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares in associated corporation	Percentage of shareholding in associated corporation
Mr. Lam	Neo Concept	Beneficial owner	100 (Long position)	100%

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company has registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange.

**B. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

So far as it is known to the Directors, as at 30 September 2021, the following persons, not being a Director or chief executive of the Company, had or deemed or taken to have an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of shares</b>	<b>Percentage of interest in the Company</b>
Neo Concept	Beneficial owner	433,400,000 (Long position)	50.99%
Ms. Wong Ching Yuk	Interest of spouse ( <i>Note</i> )	433,400,000 (Long position)	50.99%
Mr. Zhu Lingran	Beneficial owner	128,790,000 (Long position)	15.15%

*Note:* Ms. Wong Ching Yuk is the spouse of Mr. Lam. Accordingly, by virtue of the SFO, she is deemed to be interested in all the Shares in which Mr. Lam is interested.

Save as disclosed above, as at 30 September 2021, the Directors are not aware of any interests or short positions owned by any parties (other than a Director or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.



## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the nine months ended 30 September 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any Shares.

### **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Having made specific enquiry to each of the Directors, all Directors confirmed that they have fully complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors under the Model Code for the nine months ended 30 September 2021.

### **CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (“**CG Code**”). For the nine months ended 30 September 2021, the Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group. The Company has complied with all the code provisions in the CG Code in all material respects for the nine months ended 30 September 2021.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed in the Prospectus, no Director had material interest in any contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the nine months ended 30 September 2021.

### **COMPETING INTERESTS**

To the best the Directors' knowledge, none of the controlling shareholders of the Company, the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business, or had any other conflict of interest with the Group, during the nine months ended 30 September 2021.

## EVENT AFTER REPORTING PERIOD

The outbreak of COVID-19 pandemic has continued to bring additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outbreak is a fluid and challenging situation faced by all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outbreak and assess its impact on the financial position and operating results of the Group. The Group does not have other significant subsequent events happened after 30 September 2021 and up to the date of this announcement.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 24 June 2017. The terms of reference in compliance with paragraph C3.3 of the CG Code have been adopted for the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and give advice in respect of financial reporting; oversee financial reporting system, risk management and internal control systems of the Company; and review the continuing connected transactions of the Company.

The Audit Committee currently consists of three members, namely Mr. Ho Yuk Hay (chairman of the Audit Committee), Mr. Moy Yee Wo, Matthew and Mrs. So Chan Wai Hang, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The unaudited financial information in this announcement has not been reviewed or audited by the auditor of the Company but the Audit Committee has reviewed this announcement, including the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 and is of the opinion that the preparation of such statements comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board  
**Reach New Holdings Limited**  
**Lam Kai Yuen**

*Chief Executive Officer and Executive Director*

Hong Kong, 8 November 2021

*As at the date of this announcement, the executive Directors are Mr. Lam Kai Yuen, Mr. Lam Kai Cheong and Ms. Rachel Wu, the non-executive Director is Mr. Lam Cheung Chuen; and the independent non-executive Directors are Mr. Moy Yee Wo, Matthew, Mrs. So Chan Wai Hang and Mr. Ho Yuk Hay.*

*This announcement will remain on the GEM's website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at [www.sthl.com.hk](http://www.sthl.com.hk).*

\* For identification purpose only