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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 1 March 2019.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made by Reach New Holdings Limited (the “**Company**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rule 17.10(1) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) in respect of the concentration of the shareholding of the Company in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 1 March 2019.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement (the “**SFC Announcement**”) has been published by the Securities and Futures Commission (the “**SFC**”) on 15 March 2019.

As disclosed in the SFC Announcement:

The SFC has recently completed an enquiry into the shareholding of the Company. SFC’s findings suggested that, as at 1 March 2019, a group of 15 shareholders held an aggregate of 149,940,000 Shares, representing 18.74% of the issued Shares. Such shareholding, together with 600,000,000 Shares (representing 75.00% of the issued Shares) held by the substantial shareholder of the Company, represented 93.74% of the issued Shares as at 1 March 2019. Therefore, only 50,060,000 Shares (representing 6.26% of the issued Shares) were held by other shareholders.

According to the SFC Announcement, as at 1 March 2019, the shareholding structure of the Company was as follows:

	Number of Shares held <i>(Shares)</i>	% of total number of issued Shares <i>(%)</i>
Neo Concept Holdings Limited (<i>Note 1</i>)	600,000,000	75.00
A group of 15 Shareholders	149,940,000	18.74
Other Shareholders	<u>50,060,000</u>	<u>6.26</u>
Total	<u><u>800,000,000</u></u>	<u><u>100.0</u></u>

Note 1: Neo Concept Holdings Limited is wholly-owned by Mr. Lan Cheung Chuen, the Chairman and Non-Executive Director of the Company.

As stated in the SFC Announcement:

- A. The Shares were listed on the GEM Board of the Stock Exchange of Hong Kong Limited on 21 July 2017 by way of placing and public offer of a total of 200,000,000 Shares (representing 25% of the issued Shares) at \$0.30 per share.
- B. During the period from 21 July 2017 to 26 February 2019, share price of the Company closed between \$0.240 and \$0.450, with an average daily trading volume of 3,060,127 Shares. Since then, the share price surged 310.7% from the closing price of \$0.375 on 26 February 2019 to close at \$1.540 on 13 March 2019, and the average daily trading volume also increased substantially to 8,852,591 Shares.
- C. On 25 February 2019 after market close, the Company issued a profit warning stating that the Group is expected to record a loss for the year ended 31 December 2018, as compared to the net profit of the Group (excluding the listing expenses) of approximately RMB4.5 million recorded for the year ended 31 December 2017 mainly due to (i) the decrease in sales; (ii) the increment of production costs; and (iii) the increase in directors' fee and staff costs incurred after the listing of the Company.
- D. As of 14 March 2019, the Shares closed at \$1.510, which was 302.7% higher than the closing price of \$0.375 on 26 February 2019.

The Board wishes to clarify that the above information is extracted from the SFC Announcement and the Board has not independently verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the above information except for (i) the number of Shares held by and the shareholding of Neo Concept Holdings Limited; and (ii) the information set out in paragraphs (A) to (D) above. Please refer to the SFC Announcement for other information.

PUBLIC FLOAT

Based on the information available and to the Directors' best knowledge after making all reasonable enquiries, the Company confirms that not less than 25% of the issued Shares were and are in the hands of the public as at 1 March 2019 and the date of this announcement, and the Company is able to comply with the public float requirement under the GEM Listing Rules.

In view of the high concentration of shareholding in a small number of Shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

By Order of the Board
Reach New Holdings Limited
LAM KAI YUEN
Executive Director and Chief Executive Officer

Hong Kong, 18 March 2019

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

This announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. 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.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.sthl.com.hk