Reach New Holdings Limited

新達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8471)

PROFIT WARNING

This announcement is made by Reach New Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on a preliminary review of the Group's unaudited consolidated management accounts for the year ended 31 December 2019, the Group is expected to record a loss of approximately RMB5.1 million comparing with the loss of approximately RMB2.8 million recorded for the year ended 31 December 2018. The increase in loss was mainly attributable to (i) an approximate 23.1% decrease in revenue caused by (a) the continuous cost reduction measures taken by the Group's customers given the advent of trade protectionism and intensifying trade disputes between the People's Republic of China ("**PRC**") and the United States of America; (b) the challenging macro-economic environment and the PRC's slower economic growth drove down the demand in garment market; (c) the keen price competition in garment market; (d) some of our customers shift their production base to the South East Asia for the purpose of lower production cost and to lesser impact to the trade war between the United State of America and the PRC; (ii) an approximate 1.2% decline in gross profit margin primarily caused the increment of production costs; (iii) the increase on distribution and selling expenses used for explore potential customers in the PRC market targeting to gain market share in keen competition.

The Company is still in the process of finalising its financial statements for the year ended 31 December 2019. The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and the information available for the time being, which have not been reviewed by the audit committee of the Company or audited by the Company's auditors. The above information may be subject to adjustment based on further updated information and review by the Company's audit committee. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2019, which is expected to be published in March 2020 in accordance with the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Reach New Holdings Limited
Mr. Lam Kai Yuen
Executive Director

Hong Kong, 14 February 2020

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 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.