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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)

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(2) 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 six months ended 30 June 2022 (“**6M2022**”) and the information currently available, the Group is expected to record a loss attributable to the owners of the Company for 6M2022 within the range of approximately RMB3.0 million to RMB5.0 million, as compared to a loss attributable to owners of the Company of approximately RMB1.0 million for the six months ended 30 June 2021 (“**6M2021**”).

The increase in loss attributable to the owners of the Company was mainly attributable to the drop in the Group’s gross profit margin from approximately 29.2% for 6M2021 to approximately 28.5% for 6M2022 due to the increase in unit cost of raw materials; and the increase in administrative expenses from approximately RMB9.5 million for 6M2021 to approximately RMB12.4 million for 6M2022 due to the increase in administrative staff costs, repairing expenses for office equipment, other tax expenses and the loss on disposal of obsoleted plants and equipment for 6M2022 comparing with those of 6M2021.

The Company is still in the process of finalising its financial results for 6M2022. 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 6M2022 and the information currently available, which have not been reviewed by the audit committee of the Company or reviewed or audited by the Company's auditors. The above information may be subject to adjustments. The actual financial results for 6M2022 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for 6M2022, which is expected to be published in August 2022 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, 25 July 2022

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, Mr. Lam Kai Cheong and Ms. Ma Huilin and the independent non-executive Directors are Mrs. So Chan Wai Hang, Mr. Ho Yuk Hay, Mr. Moy Yee Wo, Matthew and Mr. Zhu Honghai.

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 Exchange's website at www.hkexnews.hk 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.