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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



RUIBANG SECURITIES LIMITED

THE PLACING

On 23 May 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place, on a best effort basis, up to 204,000,000 new Shares to not less than six Placees at the Placing Price of HK\$0.1 per Placing Share. The Placees and (where appropriate) their respective ultimate beneficial owner(s) shall be Independent Third Parties. The Placing Shares will be issued under the General Mandate.

The Placing Shares represent (i) approximately 19.96% of the existing issued share capital of the Company, and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the condition under the Placing Agreement as set out in the section headed “Condition of the Placing”. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 23 May 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Details of the Placing Agreement are as follows:

Date

23 May 2025 (after trading hours)

Issuer

The Company

Placing Agent

Ruibang Securities Limited

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 204,000,000 new Shares to not less than six Placees at the Placing Price of HK\$0.1 per Placing Share.

The Placing Agent will receive a placing commission of 1.8%, on a successful basis, of the aggregate amount equal to the Placing Price multiplied by the Placing Shares successfully placed by the Placing Agent. Having considered the size and the terms of the Placing and the recent market sentiment, the Directors are of the view that the placing commission of 1.8% for the Placing is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners (where appropriate) shall be Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Placing.

Placing Shares

The Placing Shares represent:

- i. approximately 19.96% of the existing issued share capital of the Company as at the date of this announcement; and
- ii. approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares, assuming that the Placing Shares are fully placed.

Based on the closing price of the Shares of HK\$0.122 per Share on 23 May 2025, being the date of the Placing Agreement, the Placing Shares have a market value of approximately HK\$24.89 million. The Placing Shares have an aggregate nominal value of HK\$2,040,000. The Placing Shares will rank, upon issue, *pari passu* in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents:

- i. a discount of 18.03% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on 23 May 2025, being the date of the Placing Agreement; and
- ii. a discount of approximately 16.94% to the average closing price of HK\$0.1204 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price of the Shares and the recent market condition, historical and prevailing market prices of the Shares and liquidity of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Period

From 24 May 2025 to 13 June 2025 (both dates inclusive)

Conditions of the Placing

The Placing is conditional upon the fulfilment of the following conditions:

- i. the General Mandate remaining to be valid and sufficient for issuing and allotting the Placing Shares;
- ii. the passing by the Board of resolutions to approve the Placing Agreement and the transactions contemplated hereunder; and
- iii. the GEM Listing Committee of the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Placing Shares.

The above conditions precedent are not capable of being waived. In the event that the condition to the Placing is not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and terminate. The Placing Agent shall be released from all obligations pursuant to the Placing Agreement and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach. Neither the Company nor the Placing Agent shall have any right to damages for any costs and expenses that it may have incurred in connection with or arising out of the Placing Agreement.

Application for the listing of the Placing Shares

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion shall take place on the third (3rd) Business Day after the fulfilment of all the above conditions or such other date as the Company and the Placing Agent may agree in writing.

Termination

the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 10:00 a.m. on the date of Completion upon the occurrence of any of the following events which, on a reasonable basis, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement that there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and would affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and any such new law or change may materially affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material effect on the business or financial position of the Group and would affect the success of the Placing; or

- (v) any breach of any of the representations and warranties set out in the Placing Agreement or any event occurs or any matter arises on or after the date hereof and prior to the date of Completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement.

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate, pursuant to which the Company is authorised to allot and issue up to 204,000,000 Shares. As at the date of this announcement, the General Mandate has not been utilised. The Placing Shares under the Placing represents 100% of the General Mandate.

Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company as at the date of this announcement and immediately after Completion (assuming all Placing Shares are fully placed) are set out as follows:

Shareholders	As at the date of this announcement		Immediately after the Completion	
	Number of Share	%	Number of Shares	%
Mr. Li Rongsheng ^(Note 1)	90,000,000	8.81	90,000,000	7.34
Ms. Sha Xuanyi ^(Note 2)	132,400,000	12.95	132,400,000	10.80
Public Shareholders				
— Placees	—	—	204,000,000	16.64
— Other public	<u>799,600,000</u>	<u>78.24</u>	<u>799,600,000</u>	<u>65.22</u>
Total	<u>1,022,000,000</u>	<u>100%</u>	<u>1,226,000,000</u>	<u>100%</u>

Note:

- Mr. Li Rongsheng is an executive Director and the Chief Executive Officer of the Company, who beneficially owned 90,000,000 Shares, representing approximately 8.81% of the issued share capital of the Company as at the date of this announcement.
- Ms. Sha Xuanyi is an executive Director and Chairlady of the Company, who beneficially owned 132,400,000 Shares, representing approximately 12.95% of the issued share capital of the Company as at the date of this announcement.

CAPITAL-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

USE OF PROCEEDS FROM 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 expected to be HK\$20.4 million and approximately HK\$20.0 million, respectively. The net proceeds raised per Placing Share is approximately HK\$0.098.

It is expected that (i) approximately HK\$15.0 million, representing approximately 75.0% of the net proceeds, will be used for existing business development and expansion, mainly for the investment and development of a production facilities in Nanyang City, Henan Province of the PRC, a city which is well-known for mugwort (艾草) production, as the base for research and development and manufacturing of the functional garment of the Group; and (ii) remaining balance of approximately HK\$5.0 million, representing approximately 25.0% of the net proceeds, will be used for general working capital of the Company.

The Company will make further announcement(s) if the acquisition of any assets which may materialise in the future as and when appropriate according to Chapter 19 of the GEM Listing Rules.

REASONS FOR THE PLACING

The Group is an established labelling solution provider and a one-stop garment accessories manufacturer and supplier based in the PRC. The Group mainly engages in the production of three types of products, which are (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 its customers in the PRC.

As previously disclosed in the announcements on 2 January 2024 and 16 April 2024, the Group has expanded its business into production and trading of functional garment in the PRC, which includes bed sheets, pillowcases and clothes, which employs mugwort as part of the raw material in the fabrics, with mugwort believed to have the function of calming one's mind and enhancing blood circulation in Chinese medicine theory. The Company has commenced in business-to-consumer (“B-to-C”) business of functional garment by cooperating with e-commerce platforms and social media platforms. As the Company considers the business of functional garment of the Group will further develop, the Group intends to expand its production capacity and capabilities of functional garment by developing a production facilities in Nanyang city in order to cater for the future increase in business.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable, on normal and commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the condition under the Placing Agreement as set out in the section headed “Condition of the Placing”. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors;
“Business Day(s)”	means a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business;
“Company”	Reach New Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on GEM (Stock Code: 8471);
“Completion”	completion of the Placing;
“Connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Directors”	the directors of the Company;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“General Mandate”	means the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed on 10 May 2024 to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company then existing, which was 1,020,000,000 Shares. As at the date of this announcement, 204,000,000 Shares under the General Mandate remain unutilised;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Parties”	third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rules);

“Listing”	the listing of the shares of the Company on GEM of the Stock Exchange;
“Long Stop Date”	means 13 June 2025, or such later date as may be agreed by the Company and the Placing Agent in writing;
“Placee(s)”	means any person or entity whom the Placing Agent or its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the offer by way of placing by the Company, the placing of 204,000,000 Placing Shares, through the Placing Agent, pursuant to the Placing Agreement;
“Placing Agent”	Ruibang Securities Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 23 May 2025 in relation to the Placing;
“Placing Price”	HK\$0.1 per Placing Share;
“Placing Shares”	a maximum of 204,000,000 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company which are listed and traded on GEM of the Stock Exchange (stock code: 8471);
“Shareholder(s)”	holder(s) of Share(s);
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“%”

per cent.

By order of the Board
Reach New Holdings Limited
Ms. Sha Xuanyi
Executive Director and Chairlady

Hong Kong, 23 May 2025

As at the date of this announcement, the executive Directors are Ms. Sha Xuanyi (Chairlady), Mr. Lam Kai Yuen, Mr. Lam Kai Cheong and Mr. Li Rongsheng (Chief Executive Officer); and the independent non-executive Directors are Mr. Liu Mingxiao, Mr. Zhu Honghai and Mr. Lin Kin-Chin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 website of the Stock Exchange at www.hkexnews.hk 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.