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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 24% OF THE EQUITY INTEREST IN THE TARGET COMPANY

THE ACQUISITION

On 18 December 2025 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase 24% of the equity interest in the Target Company at the total consideration RMB11.6 million. After the Acquisition, the Target Company will be held as to 24% by the Purchaser and the remaining 76% continued to be held by the Vendor.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules, and is therefore subject to notification and announcement requirements but exempt from Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

THE ACQUISITION

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase 24% of the equity interest in the Target Company, free from encumbrance, at the total consideration RMB11.6 million. After the Acquisition, the Target Company will be held as to 24% by the Purchaser and the remaining 76% continued to be held by the Vendor.

The Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement is as follows:

Date: 18 December 2025 (after trading hours)

Parties: (i) the Vendor

(ii) the Purchaser

Interests to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell, 24% equity interest in the Target Company out of the Purchaser's current ownership of 100% equity interest in the Target Company, free from all encumbrances and together with all rights attaching (or may in the future attach) thereto and not subject to any restrictions. The Purchaser agrees to pay the full consideration in cash to the Vendor within fifteen (15) days after the completion of the transfer and registration of the 24% equity interest.

The completion of the equity transfer shall take place at the time when the change in ownership of the equity interest in the Target Company is registered with the relevant government authority.

Upon the completion, the 24% equity interest in the Target Company will be accounted for as a financial asset under HKFRS9.

Consideration

The Consideration of the equity transfer is RMB11.6 million, which shall be paid by the Purchaser to the Vendor by cash within fifteen days after the transfer of the 24% equity interest in the Target Company to the Purchaser.

The Consideration was arrived at after arm's length negotiation between the parties to Equity Transfer Agreement on normal commercial terms with reference to the valuation report prepared by an independent valuer on the Target Company that the Target Company was valued at RMB48.4 million based on asset-based approach as at 30 November 2025. The Consideration will be fully financed by the net proceeds from the placing under general mandate completed in June 2025 of the Company.

INFORMATION OF THE COMPANY, THE GROUP AND THE PURCHASER

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and is principally engaged in investment holding.

The Group is principally engaged in the provision of labelling solution and production and supply of garment accessories in the PRC. In addition, the Group has expanded its business operations into production and trading of functional garment in the PRC.

The Purchaser is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability.

INFORMATION OF THE TARGET COMPANY AND THE VENDOR

The Target Company is a company incorporated in the PRC whose operation is located in Nanyang, Henan Province, the PRC. The Target Company is engaged in the trading of crop seeds (limited to pre-packaged seeds not for resale), the cultivation of grain crops, and the production of seeds for non-staple crops.

As at the date of this Announcement, the Target Company is owned as to 100% by the Vendor.

Set out below is the financial information of the Target Company for the two years ended 31 December 2024:

	For the year ended 31 December	
	2023	**2024**
	(unaudited)	*(audited)*
	(RMB)	*(RMB)*
Net profit/(loss) before tax	(343,200)	(374,881)
Net profit/(loss) after tax	(343,200)	(374,881)

The net asset value of the Target Company as at 31 December 2024 based on its audited accounts was approximately RMB36.4 million.

The Vendor is a company established in the PRC with limited liability. The Vendor is principally engaged in agriculture and production of farming seeds business. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is owned as to (i) 30% by Dacheng Internet Financial Services (Shenzhen) Co., Ltd.* (大成互聯網金融服務(深圳)有限公司) ("**Dacheng Internet**"); (ii) 20% by Beijing Danong Culture Media Co., Ltd.* (北京大農文化傳媒有限公司) ("**Beijing Danong**"); (iii) 17.54% by Song Huadong* (宋華東); and (iv) an aggregate of 32.46% by 11 individuals and one limited liability company established in the PRC (collectively, the "**Minority Shareholders**"), with none of the Minority Shareholders holding more than 8% each in the equity interest of the Vendor. Dacheng Internet is a company established in the PRC with limited liability, whose equity interest is wholly-owned by Li Zhenhuai* (李振懷). Beijing Danong is a company established in the PRC with limited liability, whose equity interest is 98% owned by Li Wei* (李偉). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, its ultimate beneficial owners and the Target Company are all Independent Third Parties as at the date of this announcement.

REASONS AND BENEFITS OF ACQUISITION

As disclosed in the announcements of the Company dated 28 April 2020 and 3 December 2021 and the annual reports of the Company for the years ended 31 December 2020 to 2024, given the continuous downward trend of the global economy, the continuous trade frictions between the PRC and the United States, which adversely affects the international trade of garment, keen competition from Southeast Asian countries and rising labour cost in the PRC, the Board considers it to be in the interest of the Company and its shareholders to diverse its business and look for new business opportunities.

As disclosed in the announcements of the Company dated 23 May 2025, 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 Nangyang city in order to cater for the future increase in business. The Directors have been identifying suitable production plant for functional garment as acquisition target as the Director are of the view that it is strategically beneficial for the Group, this strategic move is also aligned with the Group's long-term vision of building a vertically integrated supply chain from upstream agricultural production to downstream textile manufacturing, with the specific purpose of acquiring advanced production capabilities for functional garments.

To the best knowledge and belief of the Directors, the Target Company possesses a production plant for functional garment. The Board considers that the Acquisition will diversify the Group's business but also create critical strategic synergy, which is expected to enhance the competitiveness, sustainability, and resilience of its core textile business, particularly in developing and producing functional garments, thereby supporting sustainable and long term development and growth of the Group. The acquisition of 24% equity interest in the Target Company has taken consideration of the financial resources currently available to the Group, which balances the cash flow needs for the operation of the Group and gaining partial control over the production facilities of the Target Company for the long term development of functional garment business of the Group.

Based on the above, the Directors are of the view that the terms of the Equity Transfer Agreement and the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules, and is therefore subject to notification and announcement requirements but exempt from Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

DEFINITION

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

"Board"	board of Directors
"Company"	Reach New Holdings Limited (新達控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange (stock code: 8471)
"Consideration"	the consideration for acquisition of 24% of the equity interest in the Target Company under the Equity Transfer Agreement, which is RMB11.6 million
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	director(s) of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 18 December 2025 entered into between the Vendor and the Purchaser for the acquisition of 24% of the equity interest held by the Vendor in the Target Company at the consideration of RMB11.6 million.
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time
"Group"	the Company and its subsidiaries
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules);
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Shenzhen Xinda Functional Textile Co., Ltd.* (深圳市新達功能紡織有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holders of the shares of the Company from time to time

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Hengda Yongjin Agricultural High Technology Co., Ltd.* (衡達湧金農業高科技有限公司), a company established in the PRC with limited liability
"Vendor"	Tianjin Zhonghe Seed Co., Ltd.* (天津中禾種業有限公司), an independent third party of the Company, who is the vendor under the Equity Transfer Agreement
"%"	per cent

* *Unofficial name for identification purpose only*

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

Hong Kong, 18 December 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); the non-executive Directors is Mr. Kok Bing Ching 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 Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company" page for at least 7 days from the date of its posting and on the website of the Company at www.sthl.com.hk.