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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)

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

Reference is made to the announcement of Reach New Holdings Limited (the "**Company**") dated 18 December 2025 (the "**Announcement**") in relation to the Acquisition of 24% of the equity interest in the Target Company. Unless otherwise stated, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide supplemental information in connection with the Acquisition in this announcement.

REASONS FOR ACQUISITION

As disclosed in the Announcement, 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 for long-term vision of building a vertically integrated supply chain from upstream agricultural production to downstream textile manufacturing, with advanced production capabilities for functional garments.

The Target Company owns plot of land (the "**Land**") with a total area of 40,230.1 square metres at Hengda Yongjin Zhonghe Smart Agriculture Entrepreneurship Park in Liaohe Town, Wolong District, Nanyang City* (南陽市臥龍區潦河鎮的衡達涌金中禾智慧農業創業園), together with a production plants and the ancillary buildings of the total floor area of 9,245.16 square metres constructed thereon (the "**Production Plant**"). The Production Plant is ready to be used for production by the Group.

Instead of acquiring the Production Plant on a standalone basis, the Acquisition provides an entry into control over the production plant by way of an agreement with the Target Company that the Group would have the non-expiring first right to lease and use the Production Plant, which achieved the strategic objective of securing production capacity provided by the Production Plant, which carries a value of approximately RMB24.8 million (as the appraised value of the Buildings) at the cost of RMB11.6 million as the cost of the Acquisition.

As disclosed in the Announcement, 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 control over the production facilities of the Target Company for the long term development of functional garment business of the Group. The Company would like to supplement that due to the limitation of financial resources of the Group currently available, the Group has decided not to acquire more equity interest of the Target Company on top of 24% equity interest. However, there is a plan for the Company to acquire additional equity interest, which allows the Group to acquire a controlling stake, of the Target Company in the future when the financial resources of the Group permits and the terms of the future potential acquisition are favourable to the Group. Given the reason above, leasing the Production Plant from the Target Company would not serve the ultimate purpose of acquiring the Production Plant by the Group in the long run.

VALUATION OF THE TARGET COMPANY

As disclosed in the Announcement, the net asset value of the Target Company as at 31 December 2024 based on its audited accounts was approximately RMB36.4 million, while the appraised value of the Target Company was approximately RMB48.4 million as at 30 November 2025 based on the valuation report (the "**Valuation Report**") prepared by an independent valuer engaged by the Group.

The overall valuation methodology adopted by the valuer is asset-based approach, while the Land was appraised by using market approach and the buildings constructed thereon (the "**Buildings**") was appraised by using cost approach.

The key quantitative inputs and assumptions used in the calculations of the appraised values and the computation process of the Target Company are as follows:

Key inputs

(i) using the unaudited management accounts for the eleven months ended 30 November 2025 with unaudited net assets RMB30.6 million as the base;

(ii) *adjustments to assets:* considering the Land at historical costs and revaluing the Land using comparables in Nanyang City and considering the Buildings using replacement cost less depreciation with discount rates); and

(iii) *adjustments to liabilities:* adopting book values as fair value with no major adjustments.

Key assumptions

(i) no regulatory changes in the PRC and Henan Province;

(ii) land titles being verified; and

(iii) adopting Loan Prime Rate ("**LPR**") of the PRC as based discount rates and depreciation factors for assets.

The valuation process are summarised as follows:

(i) starting with the net book value of the Target Company based on its unaudited management accounts as at 30 November 2025;

(ii) adjusting the assets to fair value by uplifting land value of approximately RMB12.2 million due to the Land being booked at the acquisition cost with revaluation after considering the market comparables in Henan Province and uplifting the buildings value of approximately RMB5.6 million due to revaluation using cost approach discounted by depreciation with a life of 50 years; and

(iii) arriving at RMB48.4 million as total equity value of the Target Company.

Adjustments to the value of the Land

According to the Valuation Report, the Land is appraised at approximately RMB20.5 million. As such, there is a valuation uplift of RMB12.2 million over the book value of approximately RMB8.3 million (representing the cost of acquisition at approximately RMB11.8 million less depreciation and amortization of approximately RMB3.5 million) in relation to the Land, because such uplift reflects market price appreciation since 2016 where the Land was booked at a lower historical acquisition cost at approximately RMB11.8 million, less depreciation and amortization of RMB3.5 million.

The valuer considered the following market comparables of similar lands previously transacted in Nanyang City:

	Transaction Date	Location	Area (Acres)	Unit Price (RMB'000/Acre)
1	Oct 2023	South of Provincial Highway S231, Wolong District	199.80	306.8
2	Oct 2023	West of Baihe Avenue	78.71	378.6
3	Oct 2023	West of Baihe Avenue	73.754	378.3
4	Oct 2022	Longxiang Road	36.37	360.1
5	Aug 2022	East of Changjiang North Road	240.33	632.5
6	May 2022	West of Chengnan Avenue	5.94	772.2
7	May 2022	Intersection of the Ring Expressway and S234	111.76	360.0

The above comparables are sourced from public bidding and auction transaction data published by the China Land Market Network (www.landchina.com) and the Nanyang Public Resource Trading Center (http://www.nyggzyjy.cn), which meet the market approach requirements based on criteria, such as similar land use, location proximity, and date proximity. Comparables not meeting the above criteria have not been selected. According to the valuers' market investigation, from 2024 to the valuation benchmark date as at 30 November 2025, there have been no public transaction records of land of similar type in the proximate region of the Land.

The comparable analysis adopted in the valuer was that in Wolong District, which is the same district where the Land is located. According to the relevant national standards on valuation of the PRC, the number of comparables should be a minimum of three and the valuation date should generally not exceed three years from the transaction date of the comparables. As such, the comparables (1) to (3) above, which meet the said requirement, have been taken into consideration and the remaining comparables in 2022, which have exceeded three years, are listed for comprehensive comparative analysis.

According to the valuer, among the comparables (1) to (3), Comparable (1) was located slightly more remote and had slightly poorer conditions compared to the Land, and therefore has a lower transaction unit price. Comparables (2) and (3) were located in the southeastern urban area, which had a better location compared to the Land, and therefore have higher transaction unit prices. The arithmetic mean of the transaction unit prices of the above three cases is 354,600 per acre. Given the above, according to the Valuation Report, the Land was valued at RMB340,000 per acre. Since the Land is of the area of 40,230.1 square metres, which is equivalent to approximately 60.35 acres, the total value of the Land is therefore appraised at approximately RMB20.5 million.

With reference to the Valuation Report and the valuation methodology provided by the valuer, the Directors consider that the use market approach, the assumptions adopted, the selection of market comparables, the valuation methodology and the result of valuation is fair and reasonable.

Adjustments to the value of the Buildings

According to the Valuation Report, the valuer adopted a cost approach to the valuation of the Buildings, which calculated with the following formula:

Appraised value = replacement cost × condition factor

Replacement cost = direct construction cost + other related construction and engineering expenses + financing cost + taxes + developer's profit margin

The direct construction cost and other related construction and engineering expenses would make reference to the actual costs spent on construction of the Buildings. Financing costs adopted was LPR at 3.45% per annum. Taxes include the value added tax payable in connection with the construction of the Buildings and the developer's profit margin is set at 12%.

Condition factor is determined with the following formula:

Condition factor = remaining years of the building (used years of the building + remaining years of the building) × 100%

It is estimated that the life of Buildings is 50 years.

Given the factors above, the total value of the Buildings was appraised at approximately RMB24.8 million, representing an uplift of RMB5.6 million from book value of approximately RMB19.2 million.

Save as disclosed above, all other information in the Announcement remains unchanged.

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

Hong Kong, 2 February 2026

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 Director 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.

* *Unofficial translation for reference only*