



# Reach New Holdings Limited

## 新達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8471



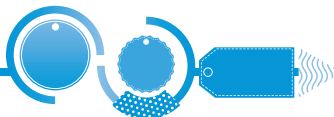
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## **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

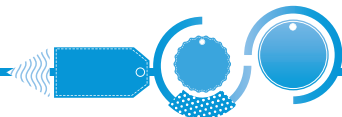
**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This report, for which the directors (the “**Directors**” or individually, a “**Director**”) of Reach New Holdings Limited (the “**Company**”) 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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*



## HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately RMB16.3 million for the three months ended 31 March 2021 (three months ended 31 March 2020: approximately RMB9.7 million), representing an increase of approximately 68.0% over the same period of 2020.
- The unaudited loss of the Group for the three months ended 31 March 2021 amounted to approximately RMB0.2 million (three months ended 31 March 2020: unaudited loss of approximately RMB2.3 million).
- The basic loss per share for the three months ended 31 March 2021 was RMB0.02 cent (three months ended 31 March 2020: basic loss per share of RMB0.28 cent).
- The board of Directors resolved not to declare an interim dividend for the three months ended 31 March 2021 (three months ended 31 March 2020: nil).



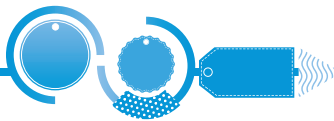
## FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2021

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2021, together with the comparative unaudited figures for the corresponding period in 2020, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months ended 31 March 2021*

|  |       | <b>Three months ended 31 March</b> |             |
|--|-------|------------------------------------|-------------|
|  |       | <b>2021</b>                        | 2020        |
|  | Notes | <b>RMB'000</b>                     | RMB'000     |
|  |       | <b>(Unaudited)</b>                 | (Unaudited) |
| <b>Revenue</b>   | 4     | <b>16,332</b>                      | 9,677       |
| Cost of sales  |       | <b>(10,682)</b>                    | (7,091)     |
| <b>Gross profit</b>  |       | <b>5,650</b>                       | 2,586       |
| Other income, gains and losses                                     |       | <b>146</b>                         | 1,058       |
| Distribution and selling expenses                                  |       | <b>(778)</b>                       | (854)       |
| Administrative expenses  |       | <b>(4,717)</b>                     | (4,975)     |
| Finance cost on lease liabilities                                  |       | <b>(61)</b>                        | (90)        |
| Loss before tax  |       | <b>240</b>                         | (2,275)     |
| Income tax expenses  | 5     | <b>(436)</b>                       | –           |
| <b>Loss and total comprehensive expense for the period</b>         |       | <b>(196)</b>                       | (2,275)     |
| Loss and total comprehensive expense for the period attributed to: |       |                                    |             |
| Owners of the Company  |       | <b>(189)</b>                       | (2,275)     |
| Non-controlling interests  |       | <b>(7)</b>                         | –           |
| <b>Loss per share,</b>   |       |                                    |             |
| — Basic and diluted (RMB cents)                                    | 7     | <b>(0.02)</b>                      | (0.28)      |

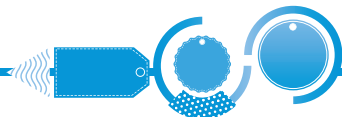


## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

|   | Attributable to owners of the Company |               |                   |                     |         | Non-controlling interest | Total equity |
|---|---------------------------------------|---------------|-------------------|---------------------|---------|--------------------------|--------------|
|   | Share capital                         | Share premium | Other reserve     | Accumulated profits | Total   |                          |              |
|   | RMB'000                               | RMB'000       | RMB'000<br>(Note) | RMB'000             | RMB'000 | RMB'000                  | RMB'000      |
| At 1 January 2021 (Audited)                         | 7,321                                 | 41,488        | 14,145            | (4,797)             | 58,157  | 169                      | 58,326       |
| Loss and total comprehensive expense for the period | -                                     | -             | -                 | (189)               | (189)   | (7)                      | (196)        |
| At 31 March 2021 (Unaudited)                        | 7,321                                 | 41,488        | 14,145            | (4,986)             | 57,968  | 162                      | 58,130       |
| At 1 January 2020 (Audited)                         | 6,890                                 | 36,775        | 14,145            | 8,804               | 66,614  | 2                        | 66,616       |
| Loss and total comprehensive expense for the period | -                                     | -             | -                 | (2,275)             | (2,275) | -                        | (2,275)      |
| At 31 March 2020 (Unaudited)                        | 6,890                                 | 36,775        | 14,145            | 6,529               | 64,339  | 2                        | 64,341       |

Note: As part of the group reorganisation for the listing of the Company's shares on GEM of the Stock Exchange, there were a series of restructuring within the Group which mainly involved interspersing investment holding entities between the operating subsidiaries and investment holding companies. The difference between the Company's share capital and the combined paid-in capital of 新天倫服裝配料(惠州)有限公司 and 新達科技(惠州)有限公司 (formerly known as 新天倫服裝輔料(惠州)有限公司), the indirect wholly-owned subsidiaries of the Company established in the People's Republic of China ("PRC"), was credited to other reserve on 30 November 2016.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2021

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 22 January 2016. Its registered office is located at PO Box 1350, Regatta Office Park, Windward 3, Grand Cayman, KY1-1108, Cayman Islands. The address of its headquarters and principal place of business in the PRC is located at Sun Tin Lun Industrial Centre, No. 6 Taihao Road, Sandong Digital Industrial Park, Sandong Town, Huizhou City, Guangdong Province, China. The ordinary shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange since 21 July 2017 (the "**Listing**"). Its parent Company is Neo Concept Holdings Limited ("**Neo Concept**"), a private company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Lam Cheung Chuen ("**Mr. Lam**"), who is also the chairman and a non-executive Director of the Company.

The Company is an investment holding company. The Group is principally engaged in the provision of labelling solution and production and supply of garment accessories in the PRC.

## 2. BASIS OF PREPARATION

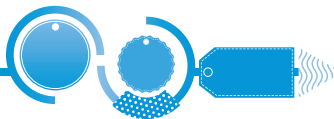
The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 have been prepared in accordance with accounting principles generally accepted in Hong Kong and have complied with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2021 have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 are presented in Renminbi ("**RMB**"), which is the same functional currency of the Company.



### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the three months ended 31 March 2021, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise HKFRS; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the three months ended 31 March 2021 and prior years.

### 4. REVENUE AND SEGMENT INFORMATION

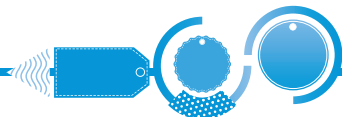
#### Disaggregation of revenue from contracts with customers

|   | <b>Three months ended<br/>31 March</b> |             |
|---|--|-------------|
|   | <b>2021</b>                            | 2020        |
|   | <b>RMB’000</b>                         | RMB’000     |
|   | <b>(Unaudited)</b>                     | (Unaudited) |
| Types of products — at point in time recognition: |  |             |
| Sales of printed products                         | <b>6,333</b>                           | 3,467       |
| Sales of woven labels                             | <b>6,021</b>                           | 1,534       |
| Sales of printed labels                           | <b>1,274</b>                           | 3,204       |
| Others  | <b>2,704</b>                           | 1,472       |
|   | <b>16,332</b>                          | 9,677       |

#### Types of customers

|  | <b>Three months ended<br/>31 March</b> |         |
|--|--|---------|
|  | <b>2021</b>                            | 2020    |
|  | <b>RMB’000</b>                         | RMB’000 |
| Garment brand companies                                  | <b>370</b>                             | 143     |
| Sourcing companies designated by garment brand companies | <b>4,753</b>                           | 1,168   |
| Garment manufacturers                                    | <b>11,209</b>                          | 8,366   |
|  | <b>16,332</b>                          | 9,677   |

The Group sells garment accessories directly to customers and revenue is recognised when control of the goods has transferred, being when the goods have been shipped from the warehouse (delivery). Following delivery, customers have full discretion over the manner of distribution and price to sell the goods, they also have the primary responsibility to sell and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 90 days upon delivery.



Information reported to the chief executive officer of the Group, being the chief operating decision maker (“**CODM**”) regularly review revenue analysis by major products as set out in the revenue analysis above for the purpose of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete consolidated financial statements is regularly reviewed by the CODM for the purpose of resource allocation and assessment of performance of respective businesses which generate different types of revenue. The CODM reviews the operating results of the Group as a whole to make decisions about resource allocation and for performance assessment. The operation of the Group constitutes one single operating and reportable segment under HKFRS 8 “*Operating Segments*” and accordingly no separate segment information is presented.

### Geographical information

The Group’s revenue from operations are located in the PRC. Most of the Group’s non-current assets and capital expenditure are located or utilised in the PRC.

### Information about major customers

Revenue from a customer that individually contributing over 10% of the total sales are as follows:

|            | Three months ended<br>31 March |         |
|------------|--------------------------------|---------|
|            | 2021                           | 2020    |
|            | RMB’000                        | RMB’000 |
| Customer A | 4,753                          | 1,168   |

## 5. INCOME TAX EXPENSES

|                          | Three months ended<br>31 March |             |
|--------------------------|--------------------------------|-------------|
|                          | 2021                           | 2020        |
|                          | RMB’000                        | RMB’000     |
|                          | (Unaudited)                    | (Unaudited) |
| Current tax:             |                                |             |
| Provision for the period | 436                            | –           |

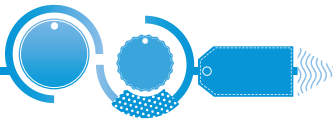
The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or earned in Hong Kong for the three months ended 31 March 2021 and 2020.

The Group is subject to PRC Enterprise Income Tax (“**PRC EIT**”) at a rate of 25% (2020: 25%) and dividend withholding tax at a rate of 5% for the three months ended 31 March 2021 (2020: 5%).

Current tax provision represents provision for the PRC EIT.





## 6. DIVIDEND

The Board resolved not to declare an interim dividend for the three months ended 31 March 2021 (31 March 2020: nil).

## 7. LOSS PER SHARE

| Three months ended<br>31 March |             |
|--------------------------------|-------------|
| 2021                           | 2020        |
| RMB'000                        | RMB'000     |
| <b>(Unaudited)</b>             | (Unaudited) |

Loss:

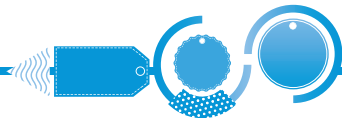
|  |              |         |
|--|--------------|---------|
| Loss for the purpose of calculating basic loss per Share | <b>(189)</b> | (2,275) |
|--|--------------|---------|

| Three months ended<br>31 March |             |
|--------------------------------|-------------|
| 2021                           | 2020        |
| '000                           | '000        |
| <b>(Unaudited)</b>             | (Unaudited) |

Number of Shares:

|   |                |         |
|---|----------------|---------|
| Weighted average number of ordinary shares for<br>the purpose of calculating basic loss per share | <b>850,000</b> | 800,000 |
|---|----------------|---------|

No diluted earnings per share is presented for the three months ended 31 March 2021 and 2020 as there was no potential ordinary Share in issue.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

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 customers in the PRC.

During the three months ended 31 March 2021, the Group continued to serve a large number of garment brand companies, sourcing companies designated by the garment brand companies and garment manufacturers in the PRC.

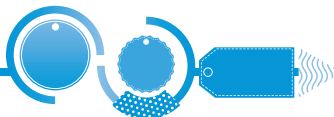
### FINANCIAL REVIEW

#### Revenue

The Group's revenue, which is principally generated from the direct sales of (i) printed products (e.g. hangtags, price tags and stickers), (ii) woven labels (e.g. woven brand labels, woven size labels and badges), (iii) printed labels (e.g. printed brand labels, printed size labels and care content labels) and (iv) other garment accessories (e.g. tapes, string locks, leather badge, buttons and metal products) was approximately RMB16.3 million for the three months ended 31 March 2021 and RMB9.7 million for the same period in 2020.

The increase in the Group's revenue was mainly due to the increase in revenue of printed products and woven labels by approximately 82.7% and 292.5% respectively for the three months ended 31 March 2021 as compared to the same period in previous year. The increase in revenue of printed products and woven label was mainly due to the increase in sales volume of the respective products.

The Group will put more resources and effort in exploring the potential customers in the PRC and at the same time to explore the potential PRC and foreign garment brand companies in order to expand the sales and enhance its profitability. In addition, the Group will continue to explore new business opportunities to strengthen our income stream, including sales of garment products through different channels.



### **Cost of Sales and gross profit**

The Group's cost of sales primarily consists of material costs, direct labour costs, subcontracting costs, rental and rates, depreciation on machinery and utilities. During the three months ended 31 March 2021, the cost of sales of the Group increased by approximately 50.6% or approximately RMB3.6 million as compared with the corresponding period in 2020.

During the three months ended 31 March 2021, the Group's revenue increased by approximately 68.0% while the cost of sales increased by approximately 50.6% as compared with that of the corresponding period in 2020, as a result, the Group's gross profit margin increased from approximately 26.7% for the three months ended 31 March 2020 to approximately 34.6% for the three months ended 31 March 2021.

### **Other income and gains**

During the three months ended 31 March 2021, the Group recorded other income and gains of approximately RMB0.1 million comparing with other income and gains of approximately RMB1.1 million for the three months ended 31 March 2020. The decrease was mainly attributable to the approximately RMB0.8 million subsidy of unemployment security allowance received from the government of the PRC during the three months ended 31 March 2020 and there was no security allowance received during the three months ended 31 March 2021.

### **Distribution and selling expenses**

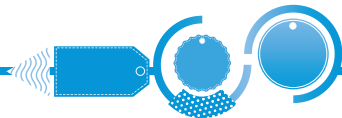
Distribution and selling expenses decreased to approximately RMB0.8 million for the three months ended 31 March 2021 from approximately RMB0.9 million for the three months ended 31 March 2020.

### **Administrative expenses**

Administrative expenses decreased to approximately RMB4.7 million for the three months ended 31 March 2021 from approximately RMB5.0 million for the three months ended 31 March 2020. Administrative expenses consist primarily of staff costs and benefits, depreciation (excluding depreciation for plant and machinery), office expenses and other general administrative expenses.

### **Loss for the period**

The Group's unaudited loss was approximately RMB0.2 million for the three months ended 31 March 2021, as compared to unaudited loss of approximately RMB2.3 million for the three months ended 31 March 2020. The decrease in loss was mainly due to the increase in revenue and gross profit margin during the three months ended 31 March 2021 when comparing with that of the same period in previous year.



## EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 has continued to bring additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outbreak is a fluid and challenging situation faced by all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outbreak and assess its impact on the financial position and operating results of the Group. The Group does not have other significant subsequent events.

## SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then sole shareholder of the Company on 24 June 2017 (the "**Share Option Scheme**") and will remain in force for 10 years after its adoption. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme were summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV to the prospectus of the Company dated 30 June 2017 (the "**Prospectus**"). No share options have been granted during the three months ended 31 March 2021.

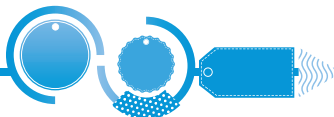
## DIVIDEND

The Board resolved not to declare an interim dividend for the three months ended 31 March 2021 (three months ended 31 March 2020: nil).

## USE OF PROCEEDS FROM THE LISTING AND BUSINESS OBJECTIVES

The net proceeds from the Listing, after deducting listing-related expenses, were approximately HK\$37.6 million (equivalent to approximately RMB32.7 million) (the "**Net Proceeds**"). After the Listing, part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

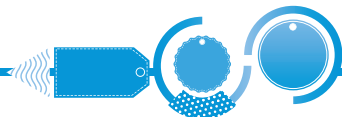
As per the Company's announcement entitled "Placing of New Shares under General Mandate and Change in Use of Proceeds from the Listing" dated 28 April 2020 (the "**Change in UOP Announcement**"), the Board, having considered the business environment and development of the Group, resolved to change the use of the unutilised Net Proceeds.



As disclosed in the Prospectus, the Group intended to purchase two four-colour offset printing machines with inline UV coating capabilities and two production lines of heat transfer printing by using parts of the Net Proceeds. Instead of purchasing new machines, the Group purchased a preowned four-colour offset printing machines with inline UV coating capabilities at a substantial discount to the purchase price of new machine, while the machine was in good working order and carried similar specifications and production capacity comparing with those of the new machines. After purchasing the preowned four-colour offset printing machine, there is approximately HK\$15.2 million Net Proceeds remaining, which is previously allocated for upgrading the production facilities and digital printing technology. Out of the HK\$15.2 million Net Proceeds, the Directors consider HK\$9.1 million can be reallocated to other items while the remaining HK\$6.1 million will continue to be allocated for upgrading the production facilities and digital printing technology.

As at the date of the Change in UOP Announcement, the Group utilised HK\$4.1 million for purchasing one heat transfer printing production line and hiring additional staff to operate the production line. However, the demand for heat transfer printing was reduced due to the escalating trade frictions between the PRC and the USA, which adversely affected the international trade of garment and further worsened after the outbreak of COVID-19, which caused a negative impact to the garment industry in the PRC. The Directors considered that is more beneficial and effective for the Group to reallocate HK\$1.9 million to facilitate alternative business needs of the Group.

The Directors consider that as the Group is positioned as a one-stop garment accessories manufacturer and supplier, the commencement of the PRC domestic garment trading business as a downstream expansion of the Group would create a value chain advantage for the Group, which is expected to drive the sustainable business growth and carry synergistic effect to its core business segments. The Group may also continue to utilise its connections with customers and suppliers in the PRC. The commencement of garment trading business is expected to utilised HK\$8.0 million from the Unutilised Net Proceeds. The commencement of the garment trading business can also diversify the income stream of the Group, which will be in the interest of the Company and the Shareholders as a whole. In addition, as affected by the outbreak of COVID-19 and the trade frictions between the PRC and the US, the Board considered it would be in the interest of the Company and its shareholders to diversify its business and look for new business opportunities, including the tapping into the information technology business by re-allocating HK\$3.0 million to it from the unutilised Net Proceeds. For further information and the reasons for the change in the use of the Net Proceeds, please refer to the Change in UOP Announcement.

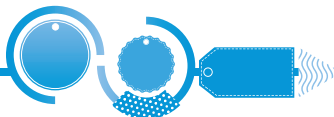


An analysis of the utilisation of the Net Proceeds after the change in use of proceeds as at 31 March 2021 is set out below:

| Intended Use of Net Proceeds   | Revised<br>planned<br>application<br>of the<br>Net Proceeds | Utilised Net<br>Proceeds as at<br>31 March 2021 | Unutilised<br>balance as at<br>31 March 2021 | Expected<br>timeline<br>for the<br>intended use |
|--|---|---|--|---|
|  | HK\$'million  | HK\$'million                                    | HK\$'million                                 |   |
| Upgrading the production facilities and digital printing technology of the Group   | 7.9   | 2.5   | 5.4  | December 2021                                   |
| Developing the capability of applying RFID technology to the products of the Group | 3.0   | 0.5   | 2.5  | December 2021                                   |
| Enhancing the heat transfer printing production facilities of the Group            | 4.1   | 4.1   | -  | -   |
| Upgrading the information technology systems of the Group                          | 5.3   | 2.9   | 2.4  | December 2022                                   |
| Expansion of the sales and marketing department of the Group                       | 3.0   | 1.5   | 1.5  | December 2021                                   |
| General working capital  | 3.3   | 3.3   | -  | -   |
| Developing garment trading business  | 8.0   | 0.8   | 7.2  | December 2022                                   |
| Developing the internet and information technology business                        | 3.0   | 3.0   | -  | -   |
| <b>Total</b>   | <b>37.6</b>   | <b>18.6</b>                                     | <b>19.0</b>                                  |   |

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

All the unutilised balance of the net proceeds have been placed in licenced banks in Hong Kong or the PRC as at 31 March 2021.

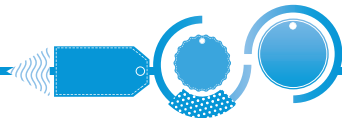


## USE OF NET PROCEEDS FROM THE PLACING

As per the Company's announcements dated 28 April 2020 and 13 May 2020, 50,000,000 Shares (the "Placing Shares") were successfully placed to nine independent placees at the placing price of HK\$0.113 per Placing Share under general mandate (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 HK\$5.65 million and approximately HK\$5.41 million, respectively (the "Placing Proceeds"). It is expected that approximately HK\$5.41 million, representing the entire amount of the Placing Proceeds, would be used for the working capital in Guangzhou Banchengyun, an associated corporation of the Group, in connection with the Group's development in the information technology business. The 50,000,000 Placing Shares represent (i) 6.25% of the issued share capital of the Company immediately before the Placing and (ii) approximately 5.88% of the issued share capital of the Company as enlarged by the Placing. Despite the Capital Increase constituted a deemed disposal of the Guangzhou Banchengyun, after which Guangzhou Banchengyun became an associated corporation of the Group, the Directors were of the view that the Placing Proceeds would still be applied to Guangzhou Banchengyun according to the planned use of proceeds in its future rounds of funding as and when appropriate.

An analysis of the unutilisation of the net proceeds from the Placing as at 31 March 2021 is set out below:

| Intended use of the net proceeds from the Placing  | Total planned amount | Utilised  | Unutilised  | Expected timeline for the intended use |
|--|----------------------|---|---|--|
|  |                      | net proceeds from the Placing as at 31 March 2021 | net proceeds from the Placing as at 31 March 2021 |  |
|  | HK\$'million         | HK\$'million                                      | HK\$'million                                      |  |
| Working capital in Guangzhou Banchengyun in connection with the Group's development in the information technology industry | 5.41                 | 0.3   | 5.11  | December 2021                          |



## DISCLOSURE OF INTERESTS

### A. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

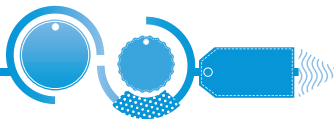
As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange, are as follows:

#### 1) Interests in the Company

| Name of Director | Capacity/nature of interest               | Number of Shares               | Percentage of interest in the Company |
|------------------|---|--------------------------------|---------------------------------------|
| Mr. Lam          | Interest in controlled corporation (Note) | 600,000,000<br>(Long position) | 70.6%                                 |

Note: The 600,000,000 Shares are held by Neo Concept, which is wholly and beneficially owned by Mr. Lam. By virtue of the SFO, Mr. Lam is deemed to be interested in all the Shares held by Neo Concept.





## 2) Interests in Associated Corporations of the Company

| Name of Director | Name of associated corporation | Nature of interest | Number of shares in associated corporation | Percentage of shareholding in associated corporation |
|------------------|--------------------------------|--------------------|--|--|
| Mr. Lam          | Neo Concept                    | Beneficial owner   | 100<br>(Long position)                     | 100%   |

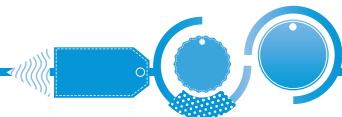
Save as disclosed above, as at 31 March 2021, none of the Directors and chief executive of the Company has registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange.

### B. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as it is known to the Directors, as at 31 March 2021, the following persons, not being a Director or chief executive of the Company, had or deemed or taken to have an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

| Name               | Capacity/nature of interest | Number of shares               | Percentage of interest in the Company |
|--------------------|-----------------------------|--------------------------------|---------------------------------------|
| Neo Concept        | Beneficial owner            | 600,000,000<br>(Long position) | 70.6%                                 |
| Ms. Wong Ching Yuk | Interest of spouse (Note)   | 600,000,000<br>(Long position) | 70.6%                                 |

Note: Ms. Wong Ching Yuk is the spouse of Mr. Lam. Accordingly, by virtue of the SFO, she is deemed to be interested in all the Shares in which Mr. Lam is interested.



Save as disclosed above, as at 31 March 2021, the Directors are not aware of any interests or short positions owned by any parties (other than a Director or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any Shares during the three months ended 31 March 2021 and up to the date of this report.

### **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

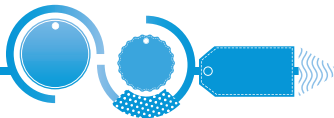
The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the three months ended 31 March 2021 and up to the date of this report.

### **CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules ("**CG Code**"). The Shares has been listed on GEM of the Stock Exchange since 21 July 2017. Upon the Listing, the Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group. The Company has complied with the CG Code in all material respects during the three months ended 31 March 2021 and up to the date of this report.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed in the Prospectus or in this report, no Director had a material interest in any contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the three months ended 31 March 2021.



## COMPETING INTERESTS

To the best of the Directors' knowledge, none of the controlling shareholders of the Company, the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business, or had any other conflict of interest with the Group, during the three months ended 31 March 2021.

## AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 24 June 2017. The terms of reference in compliance with paragraph C3.3 of the CG Code have been adopted for the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and give advice in respect of financial reporting; oversee financial reporting system, risk management and internal control systems of the Company.

The Audit Committee currently consists of three members, namely Mr. Ho Yuk Hay (chairman of the Audit Committee), Mr. Moy Yee Wo, Matthew and Mrs. So Chan Wai Hang, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 and is of the opinion that the preparation of such statements comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board

**Reach New Holdings Limited**

**Lam Kai Yuen**

*Chief Executive Officer and Executive Director*

Hong Kong, 10 May 2021

*As at the date of this report, the executive Directors are Mr. Lam Kai Yuen and Mr. Lam Kai Cheong, the non-executive Director is Mr. Lam Cheung Chuen; and the independent non-executive Directors are Mr. Moy Yee Wo, Matthew, Mrs. So Chan Wai Hang and Mr. Ho Yuk Hay.*

\* For identification purpose only