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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)**

**(1) ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024;  
(2) APPOINTMENT OF MEMBER OF  
THE NOMINATION COMMITTEE;  
AND  
(3) DESIGNATION OF LEAD INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

**CHARACTERISTICS OF 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 announcement, for which the directors (the “**Directors**” or individually, a “**Director**”) of Reach New Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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. 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.*

## ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2024 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2023. The financial information has been approved by the Board.

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

*For the year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>RMB’000</b>	2023 <i>RMB’000</i>
Revenue	2	<b>91,706</b>	66,323
Cost of sales		<b>(66,207)</b>	(48,582)
Gross profit		<b>25,499</b>	17,741
Other income, gains and losses		<b>751</b>	877
Allowance for credit losses on trade receivables, net		<b>(323)</b>	(127)
Impairment of non-financial assets		–	(9,937)
Distribution and selling expenses		<b>(4,541)</b>	(3,890)
Administrative expenses		<b>(29,343)</b>	(26,041)
Finance expense		<b>(49)</b>	(24)
Loss before tax		<b>(8,006)</b>	(21,401)
Income tax expense	3	<b>(252)</b>	(233)
Loss and total comprehensive expense for the year	4	<b>(8,258)</b>	(21,634)
		<b>RMB cents</b>	<i>RMB cents</i>
Loss per share	5		
— Basic		<b>(0.83)</b>	(2.55)
— Diluted		<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>932</b>	–
Intangible assets		–	–
Right-of-use assets		<b>1,350</b>	–
		<b>2,282</b>	–
<b>CURRENT ASSETS</b>			
Inventories		<b>2,924</b>	2,177
Trade receivables	7	<b>17,705</b>	12,798
Prepayments and other receivables	7	<b>7,781</b>	5,760
Bank and cash balances		<b>21,062</b>	19,725
		<b>49,472</b>	40,460
<b>CURRENT LIABILITIES</b>			
Trade payables	8	<b>8,271</b>	4,051
Other payables and accruals	8	<b>4,885</b>	4,773
Contract liabilities		<b>539</b>	1,380
Leases liabilities		<b>342</b>	479
Bank Borrowing		<b>240</b>	–
Tax payable		<b>1,171</b>	1,103
		<b>15,448</b>	11,786
<b>NET CURRENT ASSETS</b>		<b>34,024</b>	28,674
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>36,306</b>	28,674
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		<b>55</b>	55
Bank Borrowing		<b>1,140</b>	–
Lease liabilities		<b>308</b>	247
		<b>1,503</b>	302
<b>NET ASSETS</b>		<b>34,803</b>	28,372
<b>CAPITAL AND RESERVES</b>			
Share capital	9	<b>8,879</b>	7,321
Reserves		<b>25,924</b>	21,051
<b>TOTAL EQUITY</b>		<b>34,803</b>	28,372

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

#### (a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	<i>Presentation of Financial Statements -Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>

The application of the amendments to HKFRS Accounting Standards and interpretation in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRS Accounting Standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2024:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the Group anticipate that the application of all other new and amendments to HKFRS Accounting Standards and interpretation will not have material impact on the financial statements in the foreseeable future.

*HKFRS 18 Presentation and Disclosure in Financial Statements*

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

### Disaggregation of revenue from contracts with customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of products — Timing of revenue recognition		
— at a point in time		
Sales of printed products	<b>28,584</b>	25,319
Sales of woven labels	<b>13,443</b>	10,739
Sales of printed labels	<b>17,763</b>	15,763
Others	<b>31,916</b>	14,502
	<b>91,706</b>	66,323

### Types of customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Garment brand companies	<b>7,584</b>	4,899
Sourcing companies designated by garment brand companies	<b>20,177</b>	19,792
Garment manufacturers	<b>50,582</b>	41,632
Others	<b>13,363</b>	—
	<b>91,706</b>	66,323

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 review 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	<u>22,466</u>	<u>19,792</u>

### 3. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
Provision for the year	<u>252</u>	<u>233</u>

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands 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 year ended 31 December 2024 (2023: Nil).

The Group is subject to the PRC Enterprise Income Tax (the “**PRC EIT**”) at a rate of 25% (2023: 25%) and dividend withholding tax at a rate of 5% (2023: 5%) for the year ended 31 December 2024, except 新天倫服裝配料(惠州)有限公司 which qualified as High and New Technology Enterprises and entitled to the preferential tax rate of 15% for the year ended 31 December 2024 (2023: 15%).

Current tax provision represents provision for the PRC EIT.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC EIT rate is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before tax	<u>(8,006)</u>	<u>(21,401)</u>
Tax at the PRC EIT rate of 25% (2023: 25%)	(2,002)	(5,350)
Tax effect of deductible temporary differences not recognised	81	2,485
Tax effect of expenses not deductible for tax purpose	1,180	70
Tax effect of tax losses not recognised	2,033	3,028
Utilisation of tax losses previously not recognised	<u>(1,040)</u>	<u>–</u>
Tax expense for the year	<u>252</u>	<u>233</u>

#### 4. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss and total comprehensive expense for the year has been arrived at after charging:		
Directors' emoluments ( <i>note 11</i> )	3,015	2,624
Other staff costs excluding directors		
— salaries and wages	24,481	19,049
— retirement benefits scheme contribution	3,152	3,042
— share-based payment expenses	2,494	—
	<u>33,142</u>	<u>24,715</u>
Total directors and other staff costs		
Auditor's remuneration	599	569
Cost of inventories recognised as cost of sales	62,790	44,723
Depreciation on property, plant and equipment	501	1,668
Depreciation of right-of-use assets	450	262
Amortisation of intangible assets	—	152
Loss on disposal of property, plant and equipment	—	391
Loss on deregistration of a subsidiary	—	231
Interest expense on lease liabilities	13	24
Interest expense on bank borrowing	36	—
Exchange loss, net	53	111

Cost of inventories recognised as cost of sales includes staff costs, depreciation on property, plant and equipment and right-of-use assets of approximately RMB17,450,000 (2023: RMB15,858,000) which are included in the amounts disclosed separately.

#### 5. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(8,258)</u>	<u>(21,634)</u>
	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>991,945,206</u>	<u>850,000,000</u>



The computation of diluted loss per share for the year ended 31 December 2024 does not assume the exercise of the Company's share options since it would result in a decrease in loss per share.

No diluted loss per share is presented for the year ended 31 December 2023 as there were no dilutive potential ordinary share in issue.

## 6. DIVIDEND

No dividend in respect of the years ended 31 December 2024 and 2023 were declared and approved by the directors.

## 7. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	19,313	14,083
Less: allowance for credit losses	<u>(1,608)</u>	<u>(1,285)</u>
	<u>17,705</u>	<u>12,798</u>
Other receivables	2,745	4,732
Prepayments	<u>5,036</u>	<u>1,028</u>
	<u>7,781</u>	<u>5,760</u>

The Group allows credit periods ranging from 30 to 90 days to its trade customers. Before accepting any new customer, the Group makes enquiries to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customer are reviewed annually. The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 90 days	17,658	12,756
91–180 days	22	25
181–365 days	<u>25</u>	<u>17</u>
	<u>17,705</u>	<u>12,798</u>

Details of credit loss assessment of trade receivables for the years ended 31 December 2024 and 2023 are set out in note 6(b) to the consolidated financial statements.

## 8. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	<u>8,271</u>	<u>4,051</u>
Other payables	2,534	1,783
Accrued expenses	<u>2,351</u>	<u>2,990</u>
	<u>4,885</u>	<u>4,773</u>

The credit period on trade payables ranging from 30 to 90 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 90 days	5,881	3,979
91–180 days	1,490	54
181–365 days	829	4
Over 1 year	<u>71</u>	<u>14</u>
	<u>8,271</u>	<u>4,051</u>

## 9. SHARE CAPITAL

	Number of shares	HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>2,000,000,000</u>	<u>20,000,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2023, 31 December 2023 and 1 January 2024	850,000,000	8,500,000
Issuance of shares during the year	<u>170,000,000</u>	<u>1,700,000</u>
At 31 December 2024	<u>1,020,000,000</u>	<u>10,200,000</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Shown in the consolidated financial statements as RMB	<u>8,879</u>	<u>7,321</u>

On 2 January 2024, the Company announced that a placing agreement was signed between the Company as issuer and Ruibang Securities Limited as placing agent. On 18 January 2024, the Company completed placing of 100,000,000 Shares under generate mandate and raised the gross proceeds and the net proceeds of HK\$8.0 million (equivalent to approximately RMB7.4 million) and HK\$7.8 million (equivalent to approximately RMB7.2 million) respectively. In addition, on 16 April 2024, the Company announced that a placing agreement was signed between the Company as issuer and Ruibang Securities Limited as placing agent. On 2 May 2024, the Company completed placing of 70,000,000 shares under generate mandate and raised the gross proceeds and the net proceeds of HK\$4.9 million (equivalent to approximately RMB4.7 million) and HK\$4.8 million (equivalent to approximately RMB4.6 million) respectively.

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt (net of cash) and cash equivalents and equity.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends (subject to covenant disclosed in Note 23), the issue of new shares, new debts or the redemption of existing debts.

The externally imposed capital requirements for the Group that in order to maintain its listing on the Stock Exchange is to have a public float of at least 25% of the shares of the Company throughout the year. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the years ended 31 December 2024 and 2023.

## 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 the customers in the PRC. The Group's customers mainly include (i) garment brand companies, (ii) sourcing companies designated by garment brand companies and (iii) garment manufacturers in the PRC. In order to diversify the business and income stream, the Group has expanded its business operations into production and trading of functional garment in the PRC. The Group is also exploring other business opportunities for maximising the return to Shareholders in the long run.

Looking forward, the Directors consider that the future opportunities and challenges faced by the Group will continue to be affected by the overall development of the garment market in the PRC as well as factors such as the increasing costs of labour and materials. The Directors are of the view that regarding further development of garment market in the PRC, shortening of fashion cycle and the multifunction of labels remains to be the key drivers for the growth of the PRC garment accessories industry. During the year ended 31 December 2024, the Group undertook two placings under general mandate for raising funds to develop functional garment manufacturing business. In addition, the Group explored new business opportunities to strengthen the Group's income streams, including, but not limited to, sales of garment products through different channels. The Group would also re-enter the information technology segment by acquiring 90% equity interest in Shenzhen GuanChengTong Technology Co., Ltd.\* (深圳市冠晟通科技有限公司) (“**GuanChengTong**”) which is a company principally engages in blockchain technology and IT security. The acquisition is expected to diversify the scope of business and will broaden the income stream of the Group in the future.

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors in respect of future challenges that are commonly faced by all competitors, and the Group will continue to adopt a positive yet prudent approach in its business strategies, with an aim to enhance the Group's profitability and maximise the shareholders' value in the long run.

\* *unofficial name for identification only*

## **FINANCIAL REVIEW**

### **Revenue**

For the Year, the Group recorded revenue of approximately RMB91.7 million, representing an increase of approximately 38.3% comparing with that of approximately RMB66.3 million for the year ended 31 December 2023. The increase in the Group's revenue was mainly attributable to more resources and effort being put by the Group for marketing and development of wider customers base and expansion of other garment accessories and trading business.

The Group will continuously put more resources and effort in marketing to attract potential customers in the PRC and at the same time exploring the expansion of the customer base of the Group to PRC and foreign garment brand companies, in order to increase sales and enhance its profitability. In addition, the Group has expanded into other garment and textile business, such as production and trading of functional garment, and re-entered into the information technology segment. The Group is also keen to explore other business opportunities to diversify income streams.

### **Cost of sales and gross profit**

During the year ended 31 December 2024, the Group's gross profit increased by approximately 43.7% from approximately RMB17.7 million for the year ended 31 December 2023 to approximately RMB25.5 million for the year ended 31 December 2024. 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 year ended 31 December 2024, the Group's revenue increased by 38.3% while the cost of sales increased by 36.3% as compared with that of the previous year primarily due to shift in product mix. As a result, the Group's gross profit margin increased by approximately 1.1 percentage points from approximately 26.7% for the year ended 31 December 2023 to approximately 27.8% for the year ended 31 December 2024.

### **Other income, gains and losses**

During the year ended 31 December 2024, the Group's other income, gains and losses slightly decreased by approximately RMB0.1 million from approximately RMB0.9 million for the year ended 31 December 2023 to approximately RMB0.8 million for the year ended 31 December 2024.

### **Distribution and selling expenses**

Distribution and selling expenses increased by approximately RMB0.6 million to approximately RMB4.5 million for the year ended 31 December 2024 from approximately RMB3.9 million for the year ended 31 December 2023 primarily due to more resources and effort were devoted for marketing and development of wider customers base.

### **Administrative expenses**

Administrative expenses increased by approximately RMB3.3 million to approximately RMB29.3 million for the year ended 31 December 2024 from approximately RMB26.0 million for the year ended 31 December 2023, which was mainly due to the increase in staff costs and benefits during the year ended 31 December 2024 comparing with those of last year. Administrative expenses consist primarily of staff costs and benefits, depreciation (excluding depreciation on property, plant and equipment), office expenses and other general administrative expenses.

### **Impairment of non-financial assets**

For the year ended 31 December 2024, the Group did not record any impairment of non-financial assets, while the amount was RMB9.9 million for the year ended 31 December 2023.

### **Income Tax expense**

Income tax expense of the Group was approximately RMB0.3 million for the year ended 31 December 2024 (for the year ended 31 December 2023: approximately RMB0.2 million).

### **Loss for the Year**

As a result of the foregoing, the Group's loss for the year was approximately RMB8.3 million for the year ended 31 December 2024, as compared with the loss for the year of approximately RMB21.6 million for the year ended 31 December 2023. The decrease in loss is mainly attributable to (i) the Group did not record any impairment of non-financial assets during the Year, and (ii) the increase in gross profit.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2024, the Group had total assets of approximately RMB51.8 million (2023: approximately RMB40.5 million), which was financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately RMB17.0 million (2023: approximately RMB12.1 million) and approximately RMB34.8 million (2023: approximately RMB28.4 million), respectively. As at 31 December 2024, the Group had bank borrowings of RMB240,000 (2023: RMBNil).

The Group maintained sufficient working capital as at 31 December 2024 with bank and cash balances of approximately RMB21.1 million (2023: approximately RMB19.7 million), which were principally denominated in RMB. The Board adopts treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

## **GEARING RATIO**

The gearing ratio of the Group as at 31 December 2024 was approximately 4.0% (2023: nil). The gearing ratio is calculated based on the total obligation under bank borrowings and overdrafts divided by total equity at the end of the year and multiplied by 100%.

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group adopted an investment policy to utilise the idle cash or other financial resources of the Group to generate reasonable return to the Group with acceptable and controllable risks associated with the investments placed by the Group. In this connection, the Company also established a treasury committee of the Board to consider and assess the investment decisions of the Company in compliance of the treasury policy.

On the other hand, the Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of our customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet our funding requirements from time to time.

## **PLEDGE OF ASSETS**

As at 31 December 2024, the Group did not pledge any assets (2023: nil) as securities for any facilities granted to the Group.

## **FOREIGN EXCHANGE EXPOSURE**

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB. As at 31 December 2024, the Group's cash and bank deposits, were mainly denominated in RMB and Hong Kong Dollar (“**HKD**”). Any significant exchange rate fluctuations of HKD against RMB as the functional currency may have a financial impact to the Group.

As at 31 December 2024, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 December 2024, the Group did not use any financial instruments for hedging purposes.

## **CAPITAL STRUCTURE**

Details of changes in the Company's share capital are set out in Note 25 to the consolidated financial statements of the Group in the report. On 18 January 2024, the Company completed placing of 100,000,000 Shares under general mandate and the number of its issued ordinary Shares increased to 950,000,000. On 2 May 2024, the Company completed placing of 70,000,000 Shares under general mandate and the number of its issued ordinary Shares increased to 1,020,000,000. For details of the placings conducted in 2024, please refer to the paragraphs headed “January-2024 Placing” and “May-2024 Placing” below.

As at 31 December 2024, the number of its issued ordinary Shares was 1,020,000,000 of HK\$0.01 each.

## **DIVIDENDS**

The Board resolved not to declare any final dividend for the year ended 31 December 2024. No dividend in respect of the year ended 31 December 2024 (2023: nil) were declared by the Board.

## **COMMITMENTS**

As at 31 December 2024, the Group did not have any significant capital commitments (2023: nil).

## **SEGMENTAL INFORMATION**

Segmental information is presented for the Group as disclosed on note 7 to the consolidated financial statements of this announcement.



## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 30 June 2017 (the “**Prospectus**”) and in this announcement, the Group did not have any plan for material investments or capital assets as of 31 December 2024.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

On 23 December 2024, the Group entered into an agreement to acquire a 90% equity interest in GuanChengTong, a company specializing in blockchain technology and IT security services, at the consideration of RMB90,000. The transaction was completed on 15 January 2025. Upon completion of the acquisition of GuanChengTong, GuanChengTong became a subsidiary of the Company, whose financial results would be consolidated into the financial results of the Group. Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: nil).

## **EMPLOYMENTS AND REMUNERATION POLICIES**

As at 31 December 2024, the Group employed a total of 218 employees (2023: 232 employees) in mainland China and Hong Kong. The staff costs, including Directors’ emoluments, of the Group were approximately RMB33.1 million for the year ended 31 December 2024 (2023: approximately RMB24.7 million). Directors’ emoluments for the year ended 31 December 2024 amounted to approximately RMB3.0 million (2023: approximately RMB2.6 million) which included emoluments of the independent non-executive Directors for a total amount of approximately RMB0.4 million (2023: approximately RMB0.6 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to prevailing market salary level and individual employees’ performance, qualification and experience). On top of basic salaries, discretionary bonuses may be paid with reference to the Group’s performance as well as individual’s performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group’s performance as well as individual contribution.

## **SIGNIFICANT INVESTMENTS HELD**

The Group did not hold any significant investments during the year ended 31 December 2024.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group's key risk exposure are summarised as follows:

- (i) The Group's business may be seriously affected by any possible public health incident, which may cause lock-down, travel restrictions and suspension of work in the PRC, Hong Kong and other locations;
- (ii) The Group has not entered into long-term contracts with the customers of the Group and it is difficult for the Group to forecast future order quantities;
- (iii) Increases in the prices of raw materials may materially and adversely affect the Group's business, financial condition and results of operations;
- (iv) The Group may experience a shortage of labour or our labour costs may continue to increase;
- (v) The Group faces intense competition in the garment accessories industry in the PRC;
- (vi) The Group may lose its customers if its customers move their factories from the PRC;
- (vii) The Group may be exposed to environmental liabilities;
- (viii) The Group may be subject to potential labour disputes and labour strikes; and
- (ix) The future expansion plans of the Group, such as production and trading of functional garment, may not be successful and are subject to uncertainties and risks.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

## **KEY PERFORMANCE INDICATORS**

The key financial performance indicators of the Group for the year ended 31 December 2024 is set out in the section headed "Five Years' Financial Summary" of this announcement.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

As the operation and production of the Group is mainly located in the PRC, the Group's operations are subject to certain environment requirements pursuant to the laws in the PRC, including primarily those in relation to prevention and reduction of pollution, water pollution control and waste disposal control.

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to promote efficient use of resources and adopting green technologies for emission reduction. For instance, the Group seeks to replace the equipment by the environmental friendly machines in order to minimise overall exhaust emission.

For further information in relation to the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report in this announcement.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during the year ended 31 December 2024.

## **KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

To the best knowledge and belief of the Directors, the Group maintains good relationship with its customers. The sales personnel and merchandisers make regular phone calls to the customers and visit them overseas periodically. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken to address the complaint made by the customer.

To the best knowledge and belief of the Directors, the Group also maintains a good relationship with its suppliers. During the year ended 31 December 2024, no material complaint was received from the customers or the suppliers and there was no disputed debts or unsettled debts.

During the year ended 31 December 2024, there was no material dispute with the Group's employees and no dispute on salary payments and other labour dispute. All accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits with reference to the individual performance, work experience and prevailing salary levels in the market.

In view of the above and as at the date of the annual report, there is no circumstance or any event relating to employees, customers and suppliers which will have a significant impact on the Group's business and operation.

### **EVENTS AFTER THE REPORTING PERIOD**

The Group has explored other business opportunities such as re-entering information technology business in the PRC. The acquisition of the equity interest in GuanChengTong was completed in January 2025. For further information in relation to the acquisition of the equity interest in GuanChengTong by the Group, please refer to the paragraph headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" above. Save as disclosed, there was no other significant subsequent events happened to the Group after 31 December 2024 and up to the date of this announcement.

### **USE OF PROCEEDS FROM THE LISTING**

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. On 28 April 2020, the Board resolved to change the use of the unutilised portion of the Net Proceeds, details of which are more particularly disclosed in the Company's announcement dated 28 April 2020. The unutilised Net Proceeds brought forward from 31 December 2023 was in the amount of HK\$9.9 million. The unutilised Net Proceeds have been and will be applied according to the disclosure in the Prospectus and the announcement of the Company dated 28 April 2020.

An analysis of the utilisation of the Net Proceeds as at 31 December 2024 is set out below:

<b>Intended Use of Net Proceeds</b>	<b>Revised planned application of the Net Proceeds</b> <i>HK\$'million</i>	<b>Utilised Net Proceeds as at 31 December 2024</b> <i>HK\$'million</i>	<b>Net Proceeds utilised during the Year</b> <i>HK\$'million</i>	<b>Unutilised balance as at 31 December 2024</b> <i>HK\$'million</i>	<b>Expected timeline for the intended use</b>
Upgrading the production facilities and digital printing technology of the Group	7.9	7.9	–	–	–
Developing the capability of applying RFID technology to the products of the Group	3.0	1.2	0.5	1.8	December 2025
Enhancing the heat transfer printing production facilities of the Group	4.1	4.1	–	–	–
Upgrading the information technology systems of the Group	5.3	5.3	–	–	–
Expansion of the sales and marketing department of the Group	3.0	3.0	0.4	–	–
General working capital	3.3	3.3	–	–	–
Developing garment trading business	8.0	8.0	7.2	–	–
Developing the internet and information technology business	3.0	3.0	–	–	–
<b>Total</b>	<u>37.6</u>	<u>35.8</u>	<u>8.1</u>	<u>1.8</u>	

There has been delay in the application of the Net Proceeds for developing the capability of applying RFID technology. The reasons for the delay in application were that the demand for garment accessory was lower than expected, which led to a slower rate of utilisation of the Net Proceeds allocated for developing the capability of applying RFID technology. With the gradual recovery of the garment industry, the Company will apply the unutilised portion of the Net Proceeds as and when appropriate with reference to the pace of recovery of the garment industry according to the manner as disclosed in the Prospectus and the announcement of the Company dated 28 April 2020. All the unutilised balance of the Net Proceeds have been placed in licenced banks in Hong Kong or the PRC as at 31 December 2024.

## USE OF NET PROCEEDS FROM THE PLACING

### FY2020 Placing

As per the Company's announcements dated 28 April 2020 and 13 May 2020, 50,000,000 Shares (the "FY2020 Placing Shares") were successfully placed to nine independent placees at the placing price of HK\$0.113 per FY2020 Placing Share under general mandate (the "FY2020 Placing"). The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the FY2020 Placing) from the FY2020 Placing are HK\$5.65 million and approximately HK\$5.41 million, respectively (the "FY2020 Placing Proceeds"). As disclosed in the announcement of the Company dated 3 December 2021, the Group entered into a sale and purchase agreement to dispose of the equity interest of Dongdong Laike. As such, on 3 December 2021, the Board resolved to change the use of the unutilised portion of the net FY2020 Placing Proceeds to be utilised for investment in other information technology companies or projects which may be identified by the Group as suitable targets in the future.

The unutilised FY2020 Placing Proceeds brought forward from 31 December 2023 was in the amount of HK\$5.1 million. An analysis of the unutilisation of the net proceeds from the FY2020 Placing as at 31 December 2024 is set out below:

		Utilised net proceeds from the FY2020 Placing as at 31 December 2024	Net proceeds from FY2020 Placing utilised during the Year	Unutilised net proceeds from the FY2020 Placing as at 31 December 2024	Expected timeline for the intended use
Intended use of the net proceeds from the FY2020 Placing	Revised total planned amount	HK\$'million	HK\$'million	HK\$'million	
Working capital in Dongdong Laike in connection with the Group's development in the information technology industry	0.3	0.3	–	–	–
Investment in information technology companies or projects	5.1	0.1	0.1	5.0	December 2025

The Company will apply the unutilised portion of the FY2020 Placing Proceeds according to the announcements of the Company dated 13 May 2020 and 3 December 2021. The Company had utilised approximately RMB0.1 million to acquire the equity interest of GuanChengTong. The Company will continue to identify suitable acquisition target to utilise the remaining unutilised FY2020 Placing Proceeds as soon as practicable. The Company will make further announcement(s) as to update on the use of the FY2020 Placing Proceeds as and when appropriate.

## **JANUARY-2024 PLACING**

As per the Company's announcements dated 2 January 2024 and 18 January 2024, 100,000,000 Shares (the "**Jan-2024 Placing Shares**"), which ranked pari passu with other ordinary shares, were successfully placed to seven independent placees at the placing price of HK\$0.08 per Jan-2024 Placing Share under general mandate (the "**Jan-2024 Placing**"). The net price per Jan-2024 Placing Share was approximately HK\$0.077 and the closing price of the Shares on 2 January 2024, being the date on which the placing agreement was signed was HK\$0.097. The Jan-2024 Placing Shares have an aggregate nominal value of HK\$1 million. The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the Jan-2024 Placing) from the Jan-2024 Placing are HK\$8.0 million and approximately HK\$7.7 million, respectively (the "**Jan-2024 Placing Proceeds**"). The market value of the Jan-2024 Placing Shares was HK\$9.7 million on the date on which the placing agreement was signed.

The reasons for the Jan-2024 Placing and an analysis of the unutilisation of the net proceeds from the Jan-2024 Placing as at 31 December 2024 is set out below:

<b>Intended use of the Jan-2024 Placing Proceeds</b>	<b>Total planned amount</b>	<b>Utilised net proceeds from the Jan-2024 Placing as at 31 December 2024</b>	<b>Net proceeds from the Jan-2024 Placing utilised during the Year</b>	<b>Unutilised net proceeds from the Jan-2024 Placing as at 31 December 2024</b>	<b>Expected timeline for the intended use</b>
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	
Expansion of production plant for functional garment	3.1	3.1	3.1	–	–
Acquisition of machineries for manufacture and processing of functional garment	2.3	–	–	2.3	December 2025
Purchasing raw materials and semi-finished products for further processing at the Group's production plant	1.5	–	–	1.5	December 2025
Working capital of the Company	0.8	0.8	0.8	–	–
<b>Total</b>	<b>7.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>	

The unutilised portion of the net proceeds of Jan-2024 Placing is currently placed in banks in Hong Kong and the PRC. The Company has applied the utilised portion and will apply the unutilised portion of the Jan-2024 Placing Proceeds according to the announcement of the Company dated 18 January 2024.



## MAY-2024 PLACING

As per the Company’s announcements dated 16 April 2024 and 2 May 2024, 70,000,000 Shares (the “**May-2024 Placing Shares**”), which ranked pari passu with other ordinary shares, were successfully placed to six independent placees at the placing price of HK\$0.07 per May-2024 Placing Share under general mandate (the “**May-2024 Placing**”). The net price per May-2024 Placing Share was approximately HK\$0.067 and the closing price of the Shares on 16 April 2024, being the date on which the placing agreement was signed, was HK\$0.081. The May-2024 Placing Shares have an aggregate nominal value of HK\$700,000. The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the May-2024 Placing) from the May-2024 Placing are HK\$4.9 million and approximately HK\$4.7 million, respectively (the “**May-2024 Placing Proceeds**”). The market value of the May-2024 Placing Shares was HK\$5.67 million on the date on which the placing agreement was signed.

The reasons for the May-2024 Placing and an analysis of the utilisation of the net proceeds from the May-2024 Placing as at 31 December 2024 is set out below:

Intended use of the May-2024 Placing Proceeds	Total planned amount <i>HK\$'million</i>	Utilised	Net proceeds	Unutilised	Expected timeline for the intended use
		net proceeds from the May-2024 Placing as at 31 December 2024 <i>HK\$'million</i>	from the May-2024 Placing utilised during the Year <i>HK\$'million</i>	net proceeds from the May-2024 Placing as at 31 December 2024 <i>HK\$'million</i>	
Marketing and developing online sales channels of the functional garment	3.0	0.8	0.8	2.2	December 2025
Working capital of the Company	1.7	1.7	1.7	–	–
Total	<u>4.7</u>	<u>2.5</u>	<u>2.5</u>	<u>2.2</u>	

The unutilised portion of the net proceeds of May-2024 Placing is currently placed in banks in Hong Kong and the PRC. The Company has applied the utilised portion and will apply the unutilised portion of the May-2024 Placing Proceeds according to the announcement of the Company dated 2 May 2024.

## **COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS**

An analysis comparing the business objectives as set out in the Prospectus and revised by the announcement dated 28 April 2020 “Placing of new shares under general mandate change in use of proceeds from the Listing” against the Group’s actual business progress up to 31 December 2024 is set out below:

<b>Business objectives</b>	<b>Actual business progress up to 31 December 2024</b>
Upgrading production facilities and digital printing technology	The Group has upgraded the production, facilities and digital printing technology.
Developing the capability of applying RFID technology to the products of the Group	The Group will develop the capability of applying RFID technology to the products of the Group according to the implementation plan as set out in the announcement.
Enhancing the heat transfer printing production facilities	The Group has enhanced its heat transfer printing production facilities by acquiring certain relevant machines and hiring additional staff for heat transfer printing production.
Upgrading the information technology system	The Group has upgraded the information technology system according to the implementation plan as set out in the announcement.
Expanding the sales and marketing department	The Group will expand the sales and marketing departments according to the implementation plan as set out in the announcement.
Developing garment trading business	The Group will develop the garment trading business according to the implementation plan set out in the announcement.
Developing the internet and information technology business	The Group has developed the internet and information technology business.

## **CORPORATE GOVERNANCE CODE**

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 of the GEM Listing Rules. During the year ended 31 December 2024, to the best knowledge of the Board, the Company has complied with all applicable code provisions of the CG Code.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted a code of conduct regarding securities transactions by the Directors as the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company has made specific enquiry to each of the Directors as to the compliance of the Model Code and each of the Director confirmed that they have fully complied with the Model Code during the year ended 31 December 2024. The Company was not aware of any non-compliance with the Model Code by the Directors during the year ended 31 December 2024.

## **REVIEW BY AUDIT COMMITTEE**

The Company has established an audit committee (the "**Audit Committee**") on 24 June 2017 with its written terms of reference in compliance with code provisions D.3.3 and D.3.7 of the CG Code. The Audit Committee consists of three members, namely Mr. Liu Mingxiao, Mr. Lin Kin-Chin and Mr. Zhu Honghai, all being independent non-executive Directors. Mr. Liu Mingxiao currently serves as the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting matters. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he/she will cease to be a member of the Audit Committee automatically. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2024. The Audit Committee is of the opinion that the audited consolidated financial statements of the Group for the year ended 31 December 2024 comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.28 of the GEM Listing Rules. In addition, the majority of the Audit Committee shall be INEDs.

## **DIVIDENDS**

The Board resolved not to declare any final dividend for the year ended 31 December 2024. No dividend in respect of the year ended 31 December 2024 (2023: nil) were declared by the Board.

## **COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year. The Company did not hold or sell any treasury shares during the Year.

## **GENERAL MEETINGS WITH SHAREHOLDERS**

The annual general meeting (“AGM”) is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc.

At the AGM, the shareholders will be given the opportunity to raise questions to the Directors (including the INEDs). The external auditor of the Company is also invited to be present at the AGM to address the queries of the shareholders concerning the audit procedures and the auditor's report.

The 2025 AGM will be held on Wednesday, 25 June 2025, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to ascertain entitlements to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025, both days inclusive, during which period no transfer of the shares of the Company will be registered. Shareholder of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 19 June 2025.

## **AUDITOR**

The consolidated financial statements for the Year have been audited by McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”). McMillan Woods shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of McMillan Woods as auditor of the Company will be proposed at the 2025 AGM. The Company has not changed its external auditor during the year ended 31 December 2024 and up to the date of this announcement.

## **SCOPE OF WORK OF MCMILLAN WOODS ON THIS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by McMillan Woods, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no opinion or no assurance has been expressed by McMillan Woods on this preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the Company's website at [www.sthl.com.hk](http://www.sthl.com.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2024 annual report of the Company will be issued and made available on the above websites according to the GEM Listing Rules by April 2025.

## **APPOINTMENT OF MEMBER OF THE NOMINATION COMMITTEE**

The Board hereby announces that in light of the proposed amendments to the Corporate Governance Code to be effective from 1 July 2025 and with regard to the circumstances of the Company, on 25 March 2025 Ms. Sha Xuanyi, the chairlady of the Board and an executive Director, was appointed as a member of the nomination committee of the Board (the "**Nomination Committee**").

Following the above changes, the Nomination Committee comprises Mr. Zhu Honghai (chairman), Mr. Lin Kin-Chin, Mr. Liu Mingxiao and Ms. Sha Xuanyi. Upon appointment of Ms. Sha Xuanyi, the Nomination Committee comprises at least one female member.

The Board would like to take this opportunity to extend its warm welcome to Ms. Sha Xuanyi in her new role in the Nomination Committee.

## **DESIGNATION OF LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board hereby announces that in light of the proposed amendments to the Corporate Governance Code to be effective from 1 July 2025, the Board on 25 March 2025 resolved to adopt the newly proposed recommended best practice in the Corporate Governance Code by appointing Mr. Zhu Honghai as lead independent non-executive director (the "**Lead INED**").

The Lead INED is not an executive position in the Company and does not have any management role in the Group. After the above designation, Mr. Zhu Honghai will continue to serve as an independent non-executive director of the Company, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the remuneration committee of the Board.

Good corporate governance plays a significant role in the overall performance of the Company and the Board believes that the implementation of above changes could strengthen the effectiveness and diversity of the Board and further enhance the corporate governance practice of the Company as a whole.

By order of the Board  
**Reach New Holdings Limited**  
**Chan Mei Wah**  
*Company Secretary*

Hong Kong, 25 March 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 Stock Exchange's website at [www.hkexnews.hk](http://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](http://www.sthl.com.hk).*