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新威斯顿集团有限公司
NEW WESTERN GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8242)

**(1) UNAUDITED MANAGEMENT ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020; AND
(2) CONTINUED SUSPENSION OF TRADING**

This announcement is made by New Western Group Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 29 March 2021 and 30 March 2021 (the “**Announcements**”) in relation to, among other matters, the delay in publication of the Annual Results for FY2020 and the suspension of trading. Capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcements unless the context requires otherwise.

(1) UNAUDITED MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

As disclosed in the Announcements, additional time is required for the Auditor to perform and complete its audit work. As at the date of this announcement, the Company is still in the process of addressing certain outstanding requests raised by the Auditor and as such, the Auditor is not in a position to commit to a definite timeline about the completion of their audit work and issuance of their audit opinion. Accordingly, as at the date of this announcement, the Board is not able to determine the expected date of publication of the Annual Results for FY2020. The Company will continue to actively facilitate the audit process of the Auditor and work with the Auditor for the audit of the Annual Results for FY2020. The Company will issue further announcement on the expected date of publication of the Annual Results for FY2020 as and when appropriate in accordance with the requirements of the GEM Listing Rules.

The audit committee of the Company (the “**Audit Committee**”) has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the unaudited consolidated financial information of the Group for FY2020. The Audit Committee has also conducted communication with the Auditor, to understand their latest audit work progress.

In order to keep the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company informed of the Group’s business operation and financial position, the Board would like to provide the Shareholders and potential investors of the Company with the preliminary unaudited consolidated financial information of the Group for FY2020 which was extracted from the management accounts of the Group for FY2020 together with the audited comparative figures for the year ended 31 December 2019, which were prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The Board wishes to emphasise that the unaudited consolidated financial information set out below has not been finalised. Shareholders and potential investors of the Company are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board and the Audit Committee on the unaudited management accounts of the Group for the year ended 31 December 2020, and is not based on any data or information that has been audited or reviewed by the Auditor. The relevant financial information is pending further review by the Company and the Auditor, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that may be made by the Auditor subject to the completion of auditing process. The Board cannot guarantee that the unaudited consolidated financial information set out above truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. Shareholders and potential investors should note that the actual Annual Results for FY2020 may be significantly different from the disclosure in this announcement. Shareholders and potential investors of the Company are also cautioned not to unduly rely on the unaudited financial information disclosed below, and should exercise caution when dealing in the securities of the Company.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)
	Note		
Revenue	2	24,230	62,335
Cost of sales and services		<u>(12,645)</u>	<u>(23,161)</u>
Gross profit		11,585	39,174
Other income	3	1,900	2,235
Other net gains	4	73	202
Impairment losses of trade and loan receivables		(116,600)	(31,422)
Impairment losses on goodwill		(81,000)	–
Impairment losses on property, plant and equipment		(677)	–
Impairment losses on right-of-use asset		(662)	–
Administrative expenses		(17,592)	(27,680)
Finance cost	5	<u>(156)</u>	<u>(429)</u>
Loss before tax	6	(203,129)	(17,920)
Income tax expense	7	<u>(32)</u>	<u>(2,164)</u>
Loss for the year		<u>(203,161)</u>	<u>(20,084)</u>
Other comprehensive expenses, net of nil tax			
Items that may be reclassified subsequently to profit or loss:			
Release of Translation adjustments upon disposal of subsidiaries		(4)	–
Exchange differences arising on translation of foreign operations		<u>2,857</u>	<u>(855)</u>
Total comprehensive expense for the year		<u>(200,308)</u>	<u>(20,939)</u>
Loss for the year attributable to:			
– Owners of the Company		(202,825)	(18,675)
– Non-controlling interests		<u>(336)</u>	<u>(1,409)</u>
		<u>(203,161)</u>	<u>(20,084)</u>

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Note</i>	(Unaudited)	(Audited)
Total comprehensive expense for the year attributable to:		
– Owners of the Company	(199,948)	(19,525)
– Non-controlling interests	(360)	(1,414)
	(200,308)	(20,939)
	2020	2019
	<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to:		
– Owner of the Company		
– Basic and diluted	(12.65)	(1.34)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		2020	2019
		HK\$'000	HK\$'000
	<i>Note</i>	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		38	1,139
Right-of-use assets		141	4,591
Investment in associate		17,613	–
Goodwill		56,448	137,448
Loan receivables		–	9,000
		74,240	152,178
Current assets			
Right-of-use assets		10	–
Inventories		664	816
Trade receivables	8	4,182	6,253
Loan receivables	9	8,681	113,876
Other receivables, deposits and prepayments		39,680	2,210
Tax recoverable		1,173	305
Bank balances and cash		4,960	42,091
		59,350	165,551
Current liabilities			
Trade payables	10	129	392
Other payables and accruals		7,250	5,073
Contract liabilities		594	1,691
Lease liabilities		774	1,894
Amounts due to directors		1,593	–
		10,340	9,050
Net current assets		49,010	156,501
Total assets less current liabilities		123,250	308,679
Non-current liability			
Lease liabilities		92	2,826
Net assets		123,158	305,853

		2020	2019
		HK\$'000	HK\$'000
	Note	(Unaudited)	(Audited)
Capital and reserves			
Share capital		167,734	139,778
Reserves		<u>(44,655)</u>	<u>165,636</u>
Equity attributable to owners of the Company		123,079	305,414
Non-controlling interests		<u>79</u>	<u>439</u>
Total equity		<u>123,158</u>	<u>305,853</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company						Sub-total HK\$	Non- controlling interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Statutory reserve HK\$	Exchange reserve HK\$	(Accumulated losses)/ retained profits HK\$			
At 1 January 2019	139,778	148,287	17,941	508	(678)	19,103	324,939	1,853	326,792
Loss for the period	-	-	-	-	-	(18,675)	(18,675)	(1,409)	(20,084)
Other comprehensive expense for the period:									
Exchange differences arising on translation	-	-	-	-	(850)	-	(850)	(5)	(855)
Total comprehensive (expense)/income for the year	-	-	-	-	(850)	(18,675)	(19,525)	(1,414)	(20,939)
Capital Injection by non-controlling interests									
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	51	-	(51)	-	-	-
At 31 December 2019	<u>139,778</u>	<u>148,287</u>	<u>17,941</u>	<u>559</u>	<u>(1,528)</u>	<u>377</u>	<u>305,414</u>	<u>439</u>	<u>305,853</u>
At 1 January 2020	139,778	148,287	17,941	559	(1,528)	377	305,414	439	305,853
Allotment of shares	27,956	(10,343)	-	-	-	-	17,613	-	17,613
	167,734	137,944	17,941	559	(1,528)	377	323,027	439	323,466
Loss for the period	-	-	-	-	-	(202,825)	(202,825)	(336)	(203,161)
Other comprehensive expense for the period:									
Release of translation adjustments upon disposal of subsidiaries	-	-	-	-	(4)	-	(4)	-	(4)
Exchange differences arising on translation	-	-	-	-	2,881	-	2,881	(24)	2,857
Total comprehensive (expense) income for the year	-	-	-	-	2,877	(202,825)	(199,948)	(360)	(200,308)
Capital Injection by non-controlling interests									
Disposal of subsidiaries	-	-	-	(29)	-	29	-	-	-
Transfer to statutory reserve	-	-	-	26	-	(26)	-	-	-
At 31 December 2020	<u>167,734</u>	<u>137,944</u>	<u>17,941</u>	<u>556</u>	<u>1,349</u>	<u>(202,445)</u>	<u>123,079</u>	<u>79</u>	<u>123,158</u>

NOTE

1. GEOGRAPHIC INFORMATION

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Revenue information from external customers		
Hong Kong (place of domicile)	4,286	18,135
The People's Republic of China (the "PRC"), excluding Hong Kong and Taiwan	18,902	38,085
Korea	–	21
Taiwan	14	97
Russia	978	1,037
The United States of America	–	1,398
Canada	50	3,562
	<u>24,230</u>	<u>62,335</u>
	<u>24,230</u>	<u>62,335</u>
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Non-current assets information (excluding loan receivables)		
Hong Kong (place of domicile)	74,061	1,565
The PRC, excluding Hong Kong and Taiwan	179	140,873
Taiwan	–	740
	<u>74,240</u>	<u>143,178</u>
	<u>74,240</u>	<u>143,178</u>

2. REVENUE

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Revenue from contracts with customers		
Sales of ICs	1,667	6,880
Provision of ASIC services	138	483
Provision of property management services	18,442	35,879
Revenue from other sources		
Interest from money lending business	3,983	19,093
	<u>24,230</u>	<u>62,335</u>
	<u>24,230</u>	<u>62,335</u>
Timing of revenue recognition		
A point of time	1,667	6,880
Over time	22,563	55,455
	<u>24,230</u>	<u>62,335</u>
	<u>24,230</u>	<u>62,335</u>

3. OTHER INCOME

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Interest income from:		
– Bank deposit	7	8
– Others	1,283	1,320
Disbursements income from waste disposal	–	265
Compensation income	183	120
Sundry income	211	174
Income from sourcing and distribution of construction material	22	348
Government grant	194	–
	<u>1,900</u>	<u>2,235</u>

4. OTHER NET GAINS

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Loss on disposal of property, plant and equipment, net	(16)	(25)
Exchange (loss)/gain, net	(4)	2
Gain on lease modification and loss from termination	93	225
	<u>73</u>	<u>202</u>

5. FINANCE COST

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Interest on lease liabilities	<u>156</u>	<u>429</u>

6. LOSS BEFORE TAX

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Loss before tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	425	628
Depreciation of right-of-use asset	1,648	2,874
	<u>2,073</u>	<u>3,502</u>
Staff cost (including directors' emoluments)		
– Salaries, allowance and benefits in kind	9,828	15,858
– Retirement benefits contributions	465	995
	<u>10,293</u>	<u>16,853</u>
Auditor's remuneration		
– audit services	700	700
– other services	–	711
Cost of inventories	12,645	5,529
Design and development costs	–	522
(Reversal of impairment losses)/		
impairment losses on		
– Trade receivables	(1,201)	1,202
– Loan receivables	117,801	30,220
Impairment losses on goodwill	81,000	–
Impairment losses on property, plant and equipment	677	–
Impairment losses on right-of-use asset	662	–
Exchange loss/(gain), net	4	(2)
Loss on disposal of property, plant and equipment	16	25
Provision for slow-moving and obsolete inventories	128	6

7. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Current tax:		
– PRC Enterprise Income Tax	29	2,184
Under/(over) provision for previous years	3	(20)
	<u>32</u>	<u>(20)</u>
Income tax expenses for the year	<u><u>32</u></u>	<u><u>2,164</u></u>

8. TRADE RECEIVABLES

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Trade receivables	4,183	7,455
Less: allowance for credit losses	(1)	(1,202)
	<u>4,182</u>	<u>6,253</u>
	<u><u>4,182</u></u>	<u><u>6,253</u></u>

The following is an ageing analysis of trade receivables at the end of each reporting period, presented based on the invoice date and net of allowance for credit losses:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
0–30 days	4,142	4,767
31–60 days	28	255
61–90 days	12	411
More than 90 days	–	820
	<u>4,182</u>	<u>6,253</u>
	<u><u>4,182</u></u>	<u><u>6,253</u></u>

9. LOAN RECEIVABLES

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Loan to customers	149,000	151,600
Accrued interest receivables	4,080	1,496
Less: allowance for credit losses	(144,399)	(30,220)
	<u>8,681</u>	<u>122,876</u>
Analysed as:		
Non-current assets	–	9,000
Current assets	<u>8,681</u>	<u>113,876</u>
	<u>8,681</u>	<u>122,876</u>

The following is an aging analysis of loan receivables at the end of each reporting period presented based on the invoice date:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Within 1 year	8,681	113,876
Over 1 year and up to 5 years	<u>–</u>	<u>9,000</u>
	<u>8,681</u>	<u>122,876</u>

10. TRADE PAYABLES

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Trade payables	<u>129</u>	<u>392</u>

An ageing analysis of the Group's trade payables, presented based on the invoice date at the end of each reporting period, is as follows:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
0–30 days	124	388
31–60 days	–	–
61–90 days	–	1
More than 90 days	<u>5</u>	<u>3</u>
	<u>129</u>	<u>392</u>

(2) SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2021 at the request of the Company, pending the publication of the Annual Results for FY2020, and will remain suspended until further notice.

The unaudited consolidated financial information contained herein in respect of the unaudited management accounts of the Group have not been audited and have not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
New Western Group Limited
Yu Kwan Tseung Alvin
Executive Director and Chief Financial Officer

Hong Kong, 4 May 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Qing, Mr. Gan Lin, Mr. Yu Kwan Tseung Alvin and Mr. Wong Kong; and the independent non-executive Directors are Mr. Chiu Yu Wang and Mr. Ng Wai Kee.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement, for which the director of the Company 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 director of the Company, 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 “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of the publication and will be published on the website of the Company at www.newwesterngroup.com.hk.