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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that on 29 April 2021 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares at a total consideration of HK\$3,500,000.

As a result of the Disposal, the Group is expected to recognise an estimated unaudited loss of approximately HK\$14.1 million, which is calculated on the basis of the difference between the Consideration and (i) the initial cost of investment in Disposal Group; and (ii) the expenses associated with the Disposal.

Immediately after Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follow:

Date: 29 April 2021

Parties: (a) The Vendor

(b) The Purchaser, an independent third party

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued shares of the Disposal Company.

Consideration and payment terms

The consideration for the Sale Shares shall be in the sum of HK\$3,500,000.

The Consideration shall be paid in the following manner: (i) the sum of HK\$1,000,000 shall be payable to the Vendor by the cashier's order within 14 days from the date of signing the Sale and Purchase Agreement; and (ii) the remaining balance of the Consideration in the sum of HK\$2,500,000 shall be settled upon Completion.

Basis for determination of the Consideration

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things: (i) the historically operating loss positions recorded by the Disposal Group; (ii) the outlook and prospects of the Disposal Group and other factors as stated in the section headed "Reasons for and benefits of the Disposal" in this announcement; (iii) the unaudited consolidated net assets value of the Disposal HK Associate and Disposal Malaysia Subsidiary as at 31 December 2020 (after taking into account of the Shareholder's Loan); and (iv) the Valuation. In view of the foregoing, the Directors consider that the Consideration is fair and reasonable and are on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Completion

Pursuant to the terms of the Sale and Purchase Agreement, the Completion will take place on a date on which the Consideration is fully settled and before the Long Stop Date. Immediately after the Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is an investment holding company incorporated in BVI with limited liability on 6 January 2016. As at the date of this announcement, the Disposal Company holds 45% of the issued shares in the Disposal HK Associate, an investment holding company, which in turn holds the entire issued shares in the Disposal Malaysia Subsidiary. The Disposal Malaysia Subsidiary is a property holding company incorporated in Malaysia with limited liability on 13 March 2020. The principal assets of the Disposal Malaysia Subsidiary are the Properties.

Set out below is the financial information of the Disposal Group from the date of incorporation of Disposal HK Associate (i.e. 6 March 2020) to 31 December 2020 (*Note*):

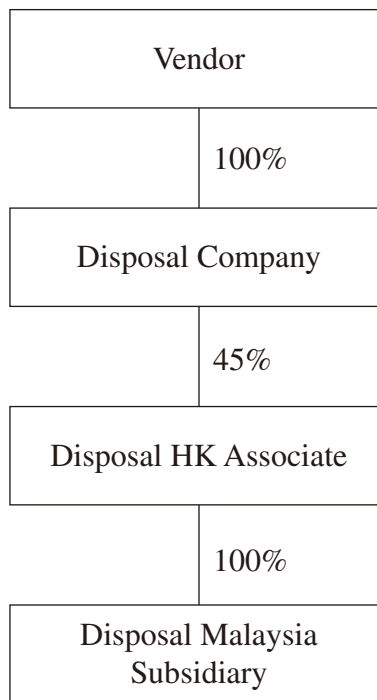
	<i>HK\$'000</i> (unaudited)
Revenue	Nil
Loss before taxation	4
Loss after taxation	4

Note: The unaudited financial information includes information relating to Disposal HK Associate and Disposal Malaysia Subsidiary, both of which are incorporated in March 2020; but excludes information relating to Disposal Company, which has been principally engaged in investment holding with no operation in the preceding two years, except the acquisition of 45% of the issued shares in Disposal HK Associate in March 2020, please refer to the announcement of the Company dated 25 March 2020 for more detail.

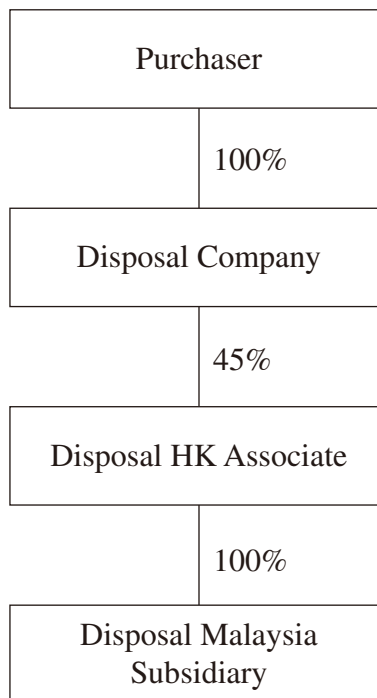
The unaudited consolidated net asset value of the Disposal HK Associate and Disposal Malaysia Subsidiary as at 31 December 2020 was approximately HK\$6,000.

Structure of the Disposal Group

The following chart shows the group structure of the Disposal Group as at the date of this announcement:



The following chart shows the group structure of the Disposal Group immediately after Completion:



FINANCIAL EFFECT AND USE OF PROCEEDS FROM THE DISPOSAL

The Group is expected to recognise an estimated unaudited losses of approximately HK\$14.1 million from the Disposal, which is calculated based on the difference between the Consideration and (i) the initial cost of investment in Disposal Group; and (ii) the expenses associated with the Disposal. The actual loss in connection with the Disposal will be assessed after the Completion and is subject to review and final audit by the Company's auditors. Shareholders should note that the financial effects set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual costs and expenses associated with the Disposal, and is subject to audit. Immediately after Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated in the Group's consolidated financial statement.

The net proceeds generated from the Disposal is estimated at approximately HK\$3.4 million, which will be used as general working capital for the Group.

INFORMATION ON THE PARTIES

The principal activity of the Company is investment holdings. The Group is principally engaged in (i) the provision of integrated circuit solutions and the design, development and sales of integrated circuits; (ii) money lending business in Hong Kong through the provision of unsecured and secured loans to customers, including individuals and corporations under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (iii) the provision of investment and planning consulting service, real estate agent, property management services and car parking management services in the People's Republic of China.

The Purchaser is a Malaysian citizen. To the best of the Directors' knowledge, information and belief having made all reasonable requires, the Purchaser is third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group, through the Disposal Company, acquired 45% of the issued shares in Disposal HK Associate in March 2020 (the "**Acquisition**"), with an aim to explore investment opportunities in overseas properties and in turn delivering reasonable returns for Shareholders through generating rental income and/or reselling properties. In particular, taking into account the prime location of the Properties, the Company believed that the Acquisition could generate stable cashflow and income to the Group and may enjoy potential capital appreciation.

However, the COVID-19 pandemic (“**COVID-19**”) outbreak had an adverse impact on (i) the construction of the Properties; and (ii) the overall business operations and cash flows of the Group. In particular, a series of unexpected precautionary and control measures was implemented across the globe including Malaysia, which significantly disrupted the construction site, movement of people and general economic conditions, and thereby affected the development of the Properties, the completion date of which remains uncertain as at the date of this announcement.

Further, given the unstable development of economic and political factors around the world under the current COVID-19 situation, the fundraising activities of the Group during the year ended 31 December 2020 were also significantly affected, since potential investors and financial institutions were more cautious on equity and debt financing, especially to loss making businesses.

In view of (i) the historical financial position of the Disposal Group, being loss-making since the Acquisition; (ii) the completion date of the Properties being uncertain; and (iii) the financial needs on working capital to meet the Group’s operating expenses, the Directors are of the view that the Disposal provides a good opportunity for the Group to realise its investment in the Disposal Group and focus its resources to develop the other existing property management business in the People’s Republic of China, as well as lessening the Group’s financial commitment and burden on sustaining the continuous operation of the loss making Disposal Group which would hopefully improve the Group’s overall liquidity and profitability following Completion.

In view of the above, the Directors consider that the entering into of the Sale and Purchase Agreement and the terms of the Disposal, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATION ON THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company has been suspended since 1 April 2021 at the request of the Company, pending the publication of the results announcement of the Company for the year ended 31 December 2020, and will continue to be suspended until further notice.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors of the Company from time to time
“BVI”	British Virgin Islands
“Company”/“Vendor”	New Western Group Limited, a limited company incorporated in the Cayman Islands whose shares are listed on the GEM (Stock code: 8242)
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the total consideration of HK\$3,500,000 payable under the Disposal pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	Excellence Steps Limited, a company incorporated in BVI and a direct wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company, Disposal HK Associate and Disposal Malaysia Subsidiary
“Disposal HK Associate”	SMA Pacific Limited, a company incorporated in Hong Kong and an associate of the Disposal Company
“Disposal Malaysia Subsidiary”	Silva Max AP Industry Sdn. Bhd., a company incorporated in Malaysia and a direct wholly-owned subsidiary of the Disposal HK Associate
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Long Stop Date”	31 December 2021 or such other date as may be agreed by the Parties in writing
“Parties”	the Vendor and the Purchaser, which are parties to the Sales and Purchase Agreement
“Properties”	the properties beneficially owned by the Subsidiary, namely six service apartment units with an aggregate gross floor area of 12,000 sq. ft. in Block 2B of the development project known as MM Residency, which is located at the northeastern side of Jalan Melawati 1 near its junction with Jalan G 1, Melawati, Kuala Lumpur, Malaysia
“Purchaser”	Ms. Yap Ying Tsin
“Sale Shares”	1 ordinary share of Disposal Company, representing the entire issued and paid-up share capital of Disposal Company
“Sales and Purchase Agreement”	the sale and purchase agreement dated 29 April 2021 entered into between the Purchaser and Vendor in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder’s Loan”	all obligations, liabilities and debts owing or incurred by the Disposal HK Associate to the Disposal Company on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion which as at 31 December 2020 and the date of this announcement, amounted to approximately HK\$11,466,900
“Shareholder(s)”	holder(s) of issued Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation”	the value of the Properties shown in the valuation report as at 29 April 2021 prepared by an independent valuer, with reference to market evidence of recent transaction prices for similar properties for the respective locations and types of properties
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 29 April 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.