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NEWAY GROUP HOLDINGS LIMITED

中星集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

- (1) PROPOSED RIGHTS ISSUE OF 507,278,912 RIGHTS SHARES AT HK\$0.20 PER RIGHTS SHARE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE;**
(2) CONNECTED TRANSACTION;
AND
(3) APPLICATION FOR WHITEWASH WAIVER

Financial Adviser to the Company



Underwriter to the Rights Issue

Smithfield Ventures Limited

**Independent Financial Adviser to the Listing Rules IBC,
the Takeovers Code IBC and the Independent Shareholders**



* For identification purpose only

THE PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the SGM, the Board proposed to raise gross proceeds of approximately HK\$101.46 million (before expenses) on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date by issuing 507,278,912 Rights Shares at the Subscription Price of HK\$0.20 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

The estimated net proceeds (after the deduction of the costs and expenses which the Company will incur in the Rights Issue) amount to approximately HK\$97.96 million. The Company intends to apply the net proceeds from the Rights Issue for the following purposes: (i) approximately HK\$37.50 million for the repayment of short-term post-shipment buyer loans and post-shipment seller loans; (ii) approximately HK\$11.97 million for the construction and development of the industrial land situated in Qingyuan, the PRC and other potential investment projects in the PRC; (iii) approximately HK\$34.93 million for (a) the acquisition of printing machines for the factories in Shenzhen, the PRC; (b) renovation of a factory in Shenzhen, the PRC; and (c) upgrading the information system of the factories in Shenzhen, the PRC; (iv) approximately HK\$10.22 million for the acquisition of printing machines for the factory in Dongguan, the PRC; and (v) approximately HK\$3.34 million for use as the Group's general working capital.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, CNA is beneficially interested in an aggregate of 39,872,000 Shares, representing approximately 15.72% of the existing issued Shares. CNA is beneficially owned by Preserve Capital Trust. Mr. Suek is personally beneficially interested in an aggregate of 1,210,000 Shares, representing approximately 0.48% of the existing issued Shares. Mr. Suek Chai Hong, an executive Director and the chief executive officer of the Company, is beneficially interested in an aggregate of 700,000 Shares, representing approximately 0.28% of the existing issued Shares. Dr. Ng Wai Kwan, a non-executive Director, is beneficially interested in an aggregate of 8,000 Shares, representing approximately 0.01% of the existing issued Shares.

Pursuant to the Irrevocable Undertakings, each of CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan has provided irrevocable and unconditional undertakings to the Company that (i) all the above Shares will continue to be beneficially owned by each of them on the Record Date; and (ii) each of them will accept and pay for 79,744,000 Rights Shares, 2,420,000 Rights Shares, 1,400,000 Rights Shares and 16,000 Rights Shares respectively to be provisionally allotted to each of them under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

THE UNDERWRITING AGREEMENT

On 10 January 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. The Rights Issue is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite 423,698,912 Rights Shares (being the Rights Shares other than 83,580,000 Rights Shares that have been undertaken to be subscribed by CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan pursuant to the Irrevocable Undertakings) pursuant to the terms and subject to the conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “THE UNDERWRITING AGREEMENT” in this announcement.

LISTING RULES IMPLICATIONS

Rights Issue

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules since there is no controlling Shareholder. As such, Mr. Suek, Mr. Suek Chai Hong, Dr. Ng Wai Kwan, and Mr. Wong Sun Fat and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

Underwriting Agreement

The Underwriter is wholly-owned by CNA, which is in turn beneficially owned by Preserve Capital Trust. As at the date of this announcement, CNA is beneficially interested in 39,872,000 Shares, representing approximately 15.72% of the existing issued Shares. Therefore, the Underwriter is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Underwriter and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 41,890,000 Shares, representing approximately 16.52% of the issued share capital of the Company (16.20% if class (6) presumption under the definition of "acting in concert" under the Takeovers Code are excluded). Assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan pursuant to the Irrevocable Undertakings) and no placement will be made under the Compensatory Arrangements, the Underwriter will be required to take up 423,698,912 Rights Shares. In such circumstance and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter and parties acting in concert with it (excluding parties presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of "acting in concert" under the Takeovers Code only (i.e. Mr. Suek Chai Hong, Dr. Ng Wai Kwan and Mr. Wong Sun Fat)) will, in aggregate, be interested in 546,944,912 Shares, representing approximately 71.88% of the issued share capital of the Company as enlarged by the Rights Shares. Accordingly, the Underwriter and parties acting in concert with it would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it unless the Whitewash Waiver is granted. Upon completion of the Rights Issue, Mr. Suek Chai Hong, Dr. Ng Wai Kwan and Mr. Wong Sun Fat will no longer be presumed as acting in concert with the Underwriter under class (6) presumption under the definition of "acting in concert" under the Takeovers Code.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; the Underwriter, its associates and parties acting in concert with the Underwriter; and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

ESTABLISHMENT OF THE LISTING RULES IBC, THE TAKEOVERS CODE IBC AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Listing Rules IBC, comprising all the independent non-executive Directors (namely Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and as to the voting action therefor.

The Company has also established the Takeovers Code IBC, comprising two non-executive Directors (namely Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat) and all the independent non-executive Directors (namely Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Dr. Ng Wai Kwan, as a non-executive Director and the uncle of Mr. Suek, has been excluded from the members of the Takeovers Code IBC.

VMS Securities Limited has been appointed as the Independent Financial Adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Whitewash Waiver. The appointment of the Independent Financial Adviser has been approved by the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter from the Listing Rules IBC; (iii) a letter from the Takeovers Code IBC; (iv) a letter from the Independent Financial Adviser to the Listing Rules IBC and Takeovers Code IBC in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) a notice convening the SGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Subject to, among others, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver being approved at the SGM, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this announcement). Accordingly, the Rights Issue may or may not proceed.

PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the SGM, the Board proposed to raise gross proceeds of approximately HK\$101.46 million (before expenses) on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date by issuing 507,278,912 Rights Shares at the Subscription Price of HK\$0.20 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

On 10 January 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue : Two (2) Rights Shares for every one (1) Share held on the Record Date

Subscription Price : HK\$0.20 per Rights Share

Number of Shares in issue : 253,639,456 Shares
as at the date of this
announcement

Number of Rights Shares : 507,278,912 Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date

Number of issued Shares : 760,918,368 Shares, assuming no further issue of new upon completion of the Share(s) other than the Rights Shares and no repurchase of Rights Issue Share(s) on or before completion of the Rights Issue

Amount to be raised : Approximately HK\$101.46 million before expenses

As at the date of this announcement, the Company had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares.

The 507,278,912 Rights Shares represent 200% of the Company's issued share capital as at the date of this announcement and approximately 66.67% of the Company's issued share capital as enlarged by the Rights Issue immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

By virtue of the connection between Mr. Suet and the Underwriter as disclosed in the section headed "THE UNDERWRITING AGREEMENT" below, Mr. Suet is deemed to have a material interest in the transactions contemplated under the Underwriting Agreement. Therefore, Mr. Suet has abstained from voting on the Board resolutions which approved the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Mr. Suet Chai Hong and Dr. Ng Wai Kwan, who are the uncles of Mr. Suet, have also abstained from voting on the said Board resolutions voluntarily on the ground of good corporate governance.

Irrevocable Undertakings

As at the date of this announcement, CNA is beneficially interested in an aggregate of 39,872,000 Shares, representing approximately 15.72% of the existing issued Shares. CNA is beneficially owned by Preserve Capital Trust. Mr. Suet is personally beneficially interested in an aggregate of 1,210,000 Shares, representing approximately 0.48% of the existing issued Shares. Mr. Suet Chai Hong, an executive Director and the chief executive officer of the Company, is beneficially interested in an aggregate of 700,000 Shares, representing approximately 0.28% of the existing issued Shares. Dr. Ng Wai Kwan, a non-executive Director, is beneficially interested in an aggregate of 8,000 Shares, representing approximately 0.01% of the existing issued Shares.

Pursuant to the Irrevocable Undertakings, each of CNA, Mr. Suet, Mr. Suet Chai Hong and Dr. Ng Wai Kwan has provided irrevocable and unconditional undertakings to the Company that (i) all the above Shares will continue to be beneficially owned by each of them on the Record Date; and (ii) each of them will accept and pay for 79,744,000 Rights Shares, 2,420,000 Rights Shares, 1,400,000 Rights Shares and 16,000 Rights Shares respectively to be provisionally allotted to each of them under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 27 February 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 25 February 2020 and the Shares will be dealt with on an ex-rights basis from Wednesday, 26 February 2020.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 18 February 2020 to Monday, 24 February 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Friday, 28 February 2020 to Thursday, 5 March 2020 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there are 10 Overseas Shareholders with registered addresses situated in the United States of America.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form during the period from Tuesday, 10 March 2020 to Tuesday, 17 March 2020 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any NQS Unsold Rights Shares will first be placed by the Placing Agent under the Placing Agreement together with the Unsubscribed Rights Shares, and if unsuccessfully sold, will be taken up by the Underwriter.

Net Gain (if any) will be paid pro-rata (but rounded down to the nearest cent) to the relevant No Action Shareholders according to their shareholdings held on the Record Date in Hong Kong dollars on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares. The Company will retain individual amounts of less than HK\$100 for its own benefit.

For the nil-paid Rights Shares that are sold in the market by the Company, if the buyer(s) of such nil-paid Rights Shares does/do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Subscription price

The Subscription Price is HK\$0.20 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of 20.00% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 8.68% to the theoretical ex-rights price of approximately HK\$0.219 per Share based on the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 21.57% to the average closing price of HK\$0.255 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 21.57% to the average closing price of HK\$0.255 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

- (e) a discount of approximately 94.54% to the audited consolidated net asset value per Share of approximately HK\$3.66 based on the published audited consolidated net asset value of the Company of approximately HK\$927.28 million as at 31 December 2018 as extracted from the annual report of the Company for the year ended 31 December 2018 and the issued share capital of the Company of 253,639,456 Shares;
- (f) a discount of approximately 94.49% to the unaudited consolidated net asset value per Share of approximately HK\$3.63 based on the published unaudited consolidated net asset value of the Company of approximately HK\$920.09 million as at 30 June 2019 as extracted from the interim report of the Company for the six months ended 30 June 2019 and the issued share capital of the Company of 253,639,456 Shares; and
- (g) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 15.12% of the theoretical diluted price of HK\$0.219 per Share to the benchmarked price of HK\$0.258 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.250 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.258 per Share).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$37.92 million for the financial year ended 31 December 2018; and (iv) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "REASONS FOR THE RIGHTS ISSUE" below.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "REASONS FOR THE RIGHTS ISSUE" below, the Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue and the Underwriting Agreement, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.193.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Tuesday, 31 March 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

Fractions of Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Odd lots matching services

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange the odd lots matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Rights Shares. Details of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders in respect of, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and any other applicable fees and charges in Hong Kong.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter is wholly-owned by CNA, a Substantial Shareholder which is beneficially interested in an aggregate of 39,872,000 Shares, representing approximately 15.72% of the existing issued Shares, the Company must make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on Thursday, 26 March 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

THE PLACING AGREEMENT

On 10 January 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 10 January 2020 (after trading hours)

Placing Agent : Merdeka Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.

As at the date of this announcement, the Placing Agent does not hold any Shares.

Placing fee : A fixed fee of HK\$100,000.

Placing price of the Unsubscribed Rights Shares and/or and the NQS Unsold Rights Shares (as the case maybe) : The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case maybe) shall be not less than the Subscription Price.

The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of placement.

Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies).

For the avoidance of doubt, no Placée shall become a Substantial Shareholder of the Company.

- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition Precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional.
- Placing Completion Date : Tuesday, 31 March 2020 or such other date as the Company and the Placing Agent may agree in writing.
- Termination : If, prior to the Latest Placing Time:
- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

THE UNDERWRITING AGREEMENT

On 10 January 2020 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement which is conditional upon, among other things, the Independent Shareholders' approval. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan pursuant to the Irrevocable Undertakings. Material terms of the Underwriting Agreement are set out below:

Date : 10 January 2020 (after trading hours)

Underwriter : Smithfield Ventures Limited

The Underwriter is wholly-owned by CNA, which is in turn beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. Suek and the beneficiaries of which include a family member of Mr. Suek and a charitable institution set up in Hong Kong.

Total number of Rights Shares underwritten by the Underwriter : 423,698,912 Rights Shares (which do not include 83,580,000 Rights Shares that CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan have undertaken to subscribe pursuant to the Irrevocable Undertakings and assuming no new Share will be issued and no Share will be repurchased on or before the Record Date).

Commission : The Underwriter will not receive any underwriting commission.

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

As mentioned in the sub-section headed "Issue statistics" in the section headed "PROPOSED RIGHTS ISSUE" in this announcement, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan have abstained from voting on the Board resolutions approving the Rights Issue, the Underwriting and the transactions contemplated thereunder and the Whitewash Waiver. Notwithstanding the above, the Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Prior to approaching the Underwriter to act as the underwriter to the Rights Issue, the Company approached two independent securities brokers to act as the underwriter, but none of them was willing to act as the underwriter given the prevailing market condition. Thereafter, the Company approached the Underwriter which is wholly-owned by CNA and is in turn beneficially owned by Preserve Capital Trust.

It is not in the ordinary course of business of the Underwriter to underwrite issues of shares. The Underwriter's role as an underwriter in respect of the Rights Issue and the Irrevocable Undertakings given by CNA and Mr. Suek signify strong support from the Substantial Shareholder of the Company to the Group and its confidence in the prospects and development of the Group.

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and the Underwriter, taking into account the following factors: (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$37.92 million for the financial year ended 31 December 2018; and (iv) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "REASONS FOR THE RIGHTS ISSUE" below.

Having considered the aforesaid factors, the Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that selecting a company wholly-owned by the Substantial Shareholder of the Company, who is willing to support the continuing growth of the Group, as the underwriter for the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (1) the passing by the Independent Shareholders at the SGM of (i) ordinary resolutions to approve the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Shares to the Non-Qualifying Shareholders) and the Underwriting Agreement; and (ii) a special resolution to approve the Whitewash Waiver by no later than the Prospectus Posting Date;
- (2) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;
- (4) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (5) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;

- (6) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (7) the delivery of the duly signed Irrevocable Undertakings to the Company; and
- (8) compliance with and performance of all the undertakings and obligations of the signatory of each of the Irrevocable Undertakings.

None of the above conditions precedent is capable of being waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination (or such later time and/or date as the Underwriter may agree with the Company in writing), the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	2020
Announcement of the Rights Issue	Friday, 10 January
Expected date of despatch of Circular and the notice of SGM	Friday, 31 January
Latest time for lodging transfer of Shares in order to be qualified for attendance and voting at the SGM	4:30 p.m. on Monday, 17 February

Event**2020**

Register of members of the Company closes (both dates inclusive)	Tuesday, 18 February – Monday, 24 February
Latest time for lodging proxy forms for the SGM (not less than 48 hours prior to the time of the SGM)	11:30 a.m. on Saturday, 22 February
Record date for determining attendance and voting at SGM	Monday, 24 February
Expected date and time of the SGM.	11:30 a.m. on Monday, 24 February
Announcement of results of the SGM	Monday, 24 February
Last day of dealings in the Shares on a cum-rights basis.	Tuesday, 25 February
First day of dealings in the Shares on an ex-rights basis	Wednesday, 26 February
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 27 February
Register of members of the Company closes (both days inclusive)	Friday, 28 February – Thursday, 5 March
Record Date for the Rights Issue.	Thursday, 5 March
Register of members of the Company re-opens	Friday, 6 March
Despatch of the Prospectus Documents.	Friday, 6 March
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Tuesday, 10 March

Event**2020**

Latest time for splitting of the PAL.....4:30 p.m. on
Thursday, 12 March

Last day of dealings in nil-paid Rights Shares4:10 p.m. on
Tuesday, 17 March

**Latest time for lodging transfer documents of
nil-paid Rights Shares in order to qualify for
the Compensatory Arrangements..... 4:00 p.m. on
Friday, 20 March**

**Latest Time for Acceptance of and
payment for the Rights Shares 4:00 p.m. on
Friday, 20 March**

Latest Time for Termination of the
Underwriting Agreement and for the
Rights Issue to become unconditional4:30 p.m. on
Monday, 23 March

Announcement of the number of Unsubscribed
Rights Shares and the NQS Unsold Rights Shares
subject to the Compensatory Arrangements.....Tuesday, 24 March

Commencement of placing of Unsubscribed
Rights Shares and the NQS Unsold
Rights Shares by the Placing Agent.....Tuesday, 24 March

Latest time of placing of the Unsubscribed
Rights Shares and the NQS Unsold Rights
Shares by the Placing Agent5:00 p.m. on
Thursday, 26 March

Event**2020**

Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per NQS Unsold Rights Share under the Compensatory Arrangements)	Monday, 30 March
Refund cheques, if any, to be despatched (if the Rights Issue is terminated) on or before	Tuesday, 31 March
Despatch of certificates for fully-paid Rights Shares on or before	Tuesday, 31 March
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.	9:00 a.m. on Wednesday, 1 April
Dealings in fully-paid Rights Shares commence	9:00 a.m. on Wednesday, 1 April
Payment of Net Gain to relevant No Action Shareholders (if any)	Wednesday, 1 April
Last day for the designated broker to provide matching services for odd lots of Shares	Thursday, 23 April

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 253,639,456 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the date of this announcement to completion of the Rights Issue save for the following, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders; (iii) immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan, who have provided the Irrevocable Undertakings, and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements; and (iv) immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan, who have provided the Irrevocable Undertakings, and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter:

	(i)		(ii)		(iii)		(iv)	
	As at the date of this announcement		Immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
CNA (note 1)	39,872,000	15.72	119,616,000	15.72	119,616,000	15.72	119,616,000	15.72
Mr. Suek (note 1)	1,210,000	0.48	3,630,000	0.48	3,630,000	0.48	3,630,000	0.48
The Underwriter (note 2)	-	-	-	-	-	-	423,698,912	55.68
Mr. Suek Chai Hong (notes 3 and 6)	700,000	0.28	2,100,000	0.28	2,100,000	0.28	2,100,000	0.28
Dr. Ng Wai Kwan (notes 4 and 6)	8,000	0.01	24,000	0.01	24,000	0.01	24,000	0.01
Mr. Wong Sun Fat (notes 5 and 6)	100,000	0.03	300,000	0.03	100,000	0.01	100,000	0.01
Sub-total of the Underwriter and parties acting in concert with it	41,890,000	16.52	125,670,000	16.52	125,470,000	16.50	549,168,912	72.18
Other public Shareholders	211,749,456	83.48	635,248,368	83.48	635,448,368	83.50	211,749,456	27.82
Total	253,639,456	100.00	760,918,368	100.00	760,918,368	100.00	760,918,368	100.00

Notes:

1. Mr. Suek is the chairman of the Board and an executive Director. Mr. Suek is deemed to be interested in 41,082,000 Shares under the SFO, of which (i) 39,872,000 Shares are held by CNA which in turn is beneficially owned by Preserve Capital Trust; and (ii) 1,210,000 Shares are held by Mr. Suek personally.
2. The Underwriter is wholly-owned by CNA which in turn is beneficially owned by Preserve Capital Trust.
3. Mr. Suek Chai Hong is the uncle of Mr. Suek and an executive Director.
4. Dr. Ng Wai Kwan is the uncle of Mr. Suek and a non-executive Director.
5. Mr. Wong Sun Fat is a non-executive Director.
6. Each of Mr. Suek Chai Hong, Dr. Ng Wai Kwan and Mr. Wong Sun Fat is a Director and is presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until completion of the Rights Issue. This class (6) presumption will cease to apply after completion of the Rights Issue. None of Mr. Suek Chai Hong, Dr. Ng Wai Kwan and Mr. Wong Sun Fat is a party acting in concert with the Underwriter or Mr. Suek under the definition of “acting in concert” under the Takeovers Code.
7. Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in (i) money lending; (ii) manufacturing and sale of printing products; (iii) artistes management, production and distribution of music albums; (iv) property development and investment; (v) securities trading; and (vi) trading of printing products.

From 2019, the Group has commenced the business expansion plans for the manufacturing and sales of printing product and property development segments which involve long term investments and additional fund is required for such expansion. The business expansion plans are stated as follow:

As disclosed in previous announcements of the Company in late-2019, the Group is expanding its business of manufacturing of printing products by setting up a new production plant in Dongguan, the PRC, acquiring new machines for the production plants in Dongguan and Shenzhen, the PRC and upgrading the infrastructure of the existing production plants in Shenzhen, the PRC in order to improve the printing quality and increase the production capacity of the printing machines in order to meet the increasing quality requirements and demands of the existing and new customers of the Group.

In addition, as disclosed in the annual report of the Company for the year ended 31 December 2018, the Group is actively seeking for cooperation opportunities with companies in other industry to better utilise and develop the land parcel in Qingyuan, the PRC. The Group is evaluating several potential cooperation proposals which are expected to be finalised and commence in 2020.

Due to the recent social unrest in Hong Kong and global economic uncertainty arising from the impact of trade war between the United States of America and the PRC which adversely affect the business of export sales customers, the Group considers that the repayment of short-term bank loans can improve the overall financial performance and maintain a suitable and healthy gearing ratio of the Group.

The Board has considered other alternative means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but it was unable to obtain any debt financing at terms acceptable to the Company as, save for the collaterals for the existing banking facilities, the Group does not have any other significant assets which can serve as collaterals for further bank loans. Also, the Board does not consider debt financing to be desirable at this stage as the expected finance costs are high and additional borrowings will deteriorate the gearing position of the Group. Placing of new Shares is not adopted as it does not allow the Qualifying Shareholders the rights to participate in the fund raising exercise and their shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Directors (excluding members of the Listing Rules IBC and the Takeovers Code IBC whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) considers that the Rights Issue is in the best interest of the Company and its Shareholders as a whole. The Rights Issue will not only strengthen the Group's capital base but will also allow all Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and participate in the development of the Group through the Rights Issue.

The gross proceeds from the Rights Issue amounts to approximately HK\$101.46 million before expenses. The estimated expenses, in the sum of approximately HK\$3.50 million, in relation to the Rights Issue, including the financial, legal, and other professional advisory fees, placing fee, printing and translation expenses will be borne by the Company. The estimated net proceeds of the Rights Issue amounts to approximately HK\$97.96 million. The Company intends to apply the abovementioned net proceeds from the Rights Issue for the following purposes: (i) approximately HK\$37.50 million for the repayment of short-term post-shipment buyer loans and post-shipment seller loans; (ii) approximately HK\$11.97 million for the construction and development of the industrial land situated in Qingyuan, the PRC and other potential investment projects in the PRC; (iii) approximately HK\$34.93 million for (a) the acquisition of printing machines for the factories in Shenzhen, the PRC; (b) renovation of a factory in Shenzhen, the PRC; (c) upgrading the information system of the factories in Shenzhen, the PRC; (iv) approximately HK\$10.22 million for the acquisition of printing machines for the factory in Dongguan, the PRC; and (v) approximately HK\$3.34 million for use as the Group's general working capital.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities involving issue of securities in the past 12 months immediately preceding the date of this announcement.

INFORMATION ON THE UNDERWRITER

The Underwriter, Smithfield Ventures Limited, is an investment holding company incorporated in the British Virgin Islands with limited liability, and is not engaged in underwriting of issue of securities in its ordinary course of business. The Underwriter is wholly-owned by CNA, which is in turn beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. Suek, the beneficiaries of which include a family member of Mr. Suek and a charitable institution set up in Hong Kong.

LISTING RULES IMPLICATIONS

Rights Issue

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules since there is no controlling Shareholder. As such, Mr. Suek, Mr. Suek Chai Hong, Dr. Ng Wai Kwan, and Mr. Wong Sun Fat and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

Underwriting Agreement

The Underwriter is wholly-owned by CNA, which is in turn beneficially owned by the Preserve Capital Trust, a discretionary trust set up by Mr. Suek. As at the date of this announcement, CNA is beneficially interested in 39,872,000 Shares, representing approximately 15.72% of the existing issued Shares. Therefore, the Underwriter is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has not conducted any rights issue or open offer within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Underwriter and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 41,890,000 Shares, representing approximately 16.52% of the issued share capital of the Company (16.20% if class (6) presumption under the definition of “acting in concert” under the Takeovers Code are excluded). Assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan pursuant to the Irrevocable Undertakings) and no placement will be made under the Compensatory Arrangements, the Underwriter will be required to take up 423,698,912 Rights Shares. In such circumstance and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter and parties acting in concert with it (excluding parties presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code only (i.e. Mr. Suek Chai Hong, Dr. Ng Wai Kwan and Mr. Wong Sun Fat)) will, in aggregate, be interested in 546,944,912 Shares, representing approximately 71.88% of the issued share capital of the Company as enlarged by the Rights Shares. Accordingly, the Underwriter and parties acting in concert with it would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it unless the Whitewash Waiver is granted. Upon completion of the Rights Issue, Mr. Suek Chai Hong, Dr. Ng Wai Kwan and Mr. Wong Sun Fat will no longer be presumed as acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; the Underwriter, its associates and parties acting in concert with the Underwriter; and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

As at the date of this announcement, the Company believes that the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue does not comply with other applicable rules and regulations.

DEALINGS OF THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT

As at the date of this announcement, neither the Underwriter nor any parties acting in concert with it:

- (a) save for the Shares as set out in the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY”, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;

- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Underwriting Agreement and Irrevocable Undertakings given by CNA, Mr. Suek, Mr. Suek Chai Hong and Dr. Ng Wai Kwan, details of which are set out in the section headed “Irrevocable Undertakings” of this announcement, there are no arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (e) save that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by the Underwriter as set out in the sub-section headed “Conditions of the Rights Issue” under the section headed “THE UNDERWRITING AGREEMENT” of this announcement, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (f) has dealt in any relevant securities of the Company in the 6-month period preceding the date of this announcement; and
- (g) has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement:

- (a) apart from the Rights Shares to be subscribed and underwritten by the Underwriter, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Underwriter and parties acting in concert with it in connection with the Rights Issue and the Underwriting Agreement;
- (b) apart from the Underwriting Agreement and the Irrevocable Undertakings, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriter and parties acting in concert with it on the other hand; and

- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) the Underwriter and parties acting in concert with it; or the Company, its subsidiaries or associated companies.

SGM

The register of members of the Company will be closed from Tuesday, 18 February 2020 to Monday, 24 February 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve, among other things: (i) the Rights Issue; (ii) the Underwriting Agreement and (iii) the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

In accordance with the Listing Rules and the Takeovers Code, (i) the Underwriter and its associates; (ii) any parties acting in concert with the Underwriter; (iii) the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates; and (iv) Shareholders who are involved in, or interested in, the Rights Issue, the Underwriting Agreement or the Whitewash Waiver, including but not limited to the Underwriter and parties acting in concert with it, will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM. Save as disclosed, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

ESTABLISHMENT OF THE LISTING RULES IBC, THE TAKEOVERS CODE IBC AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Listing Rules IBC, comprising all the independent non-executive Directors (namely Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and as to the voting action therefor.

The Company has also established the Takeovers Code IBC, comprising two non-executive Directors (namely Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat) and all the independent non-executive Directors (namely Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui) to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Dr. Ng Wai Kwan, as a non-executive Director and the uncle of Mr. Suek, has been excluded from the members of the Takeovers Code IBC.

VMS Securities Limited has been appointed as the Independent Financial Adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Whitewash Waiver. The appointment of the Independent Financial Adviser has been approved by the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter from the Listing Rules IBC; (iii) a letter from the Takeovers Code IBC; (iv) a letter from the Independent Financial Adviser to the Listing Rules IBC and Takeovers Code IBC in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (v) other information required under the Listing Rules and the Takeovers Code and (vi) a notice convening the SGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Subject to, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver being approved at the SGM, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 26 February 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 10 March 2020 to Tuesday, 17 March 2020 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“acting in concert” has the meaning ascribed to it under the Takeovers Code

“associate(s)” has the meaning ascribed thereto under the Listing Rules

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CNA”	CNA Company Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Preserve Capital Trust
“Company”	Neway Group Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	VMS Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; and (ii) the Takeovers Code IBC and the Independent Shareholders in relation to the Whitewash Waiver
“Independent Shareholder(s)”	the Shareholder(s) other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; (ii) the Underwriter, its associate(s) and parties acting in concert with the Underwriter; and (iii) any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertakings”	the irrevocable undertakings dated 10 January 2020 in favour of the Company, the details of which are set out in the sub-section headed “The Irrevocable Undertakings” under the section headed “PROPOSED RIGHTS ISSUE” in this announcement

“Latest Placing Date”	Thursday, 26 March 2020 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares
“Latest Placing Time”	5:00 p.m. on the Latest Placing Date
“Last Trading Day”	10 January 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 20 March 2020 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be extended to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Latest Time for Termination”	4:30 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Listing Rules IBC”	the independent board committee of the Company comprising all the independent non-executive Directors (namely Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui) formed for the purpose of giving a recommendation to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and as to the voting action therefor
“Mr. Suet”	Mr. Suet Ka Lun, Ernie, the chairman of the Board, an executive Director and a Substantial Shareholder of the Company
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Merdeka Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules

“Placing Agreement”	the placing agreement dated 10 January 2020 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Completion Date”	Tuesday, 31 March 2020 or such other date as the Company and the Placing Agent may agree in writing, being the date of completion of the Placing
“Placing Period”	a period commencing from the second Business Day after the Latest Time for Acceptance, which is expected to be Tuesday, 24 March 2020, and ending at the Latest Placing Time
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preserve Capital Trust”	Preserve Capital Trust, a discretionary trust set up by Mr. Suek and the beneficiaries of which include a family member of Mr. Suek and a charitable institution set up in Hong Kong
“Prospectus Posting Date”	Friday, 6 March 2020 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)

“Record Date”	Thursday, 5 March 2020 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Secretaries Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	507,278,912 Shares proposed to be allotted and issued by the Company for subscription pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Share(s)”	ordinary share(s) in the issued and unissued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.20 per Rights Share
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules

“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Takeovers Code IBC”	the independent board committee of the Company comprising two non-executive Directors (namely Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat) and all the independent non-executive Directors (namely Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui) formed for the purpose of giving a recommendation to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor under Rule 2.1 of the Takeovers Code
“Underwriter”	Smithfield Ventures Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by CNA and is in turn beneficially owned by Preserve Capital Trust
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 10 January 2020 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	423,698,912 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders

“Whitewash Waiver” a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it as a result of the subscription of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement

“%” per cent

On behalf of the Board
Neway Group Holdings Limited
Suek Ka Lun, Ernie
Chairman

Hong Kong, 10 January 2020

As at the date of this announcement, the Board comprises Mr. Suek Ka Lun, Ernie (Chairman) and Mr. Suek Chai Hong (Chief Executive Officer) being the executive Directors; Dr. Ng Wai Kwan, Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat being the non-executive Directors; Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui being the independent non-executive Directors; and Mr. Lau Kam Cheong being the alternate Director to Dr. Ng Wai Kwan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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.