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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)

**VERY SUBSTANTIAL ACQUISITION –
CONSTRUCTION AGREEMENT IN RESPECT OF
THE QINGCHENG LAND**

THE CONSTRUCTION AGREEMENT

On 13 September 2021, Zhongda Qingyuan entered into the Construction Agreement with the Contractor, pursuant to which Zhongda Qingyuan agreed to engage the Contractor for the provision of the Phase 2 Construction Work on the Qingcheng Land for a total contract price of approximately RMB194.80 million (equivalent to approximately HK\$233.76 million).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Construction Agreement exceeds 100%, the Construction Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is subject to the announcement, circular and Shareholders' approval requirements.

The SGM will be convened by the Company for the purpose of considering and, if thought fit, approving the Construction Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Construction Agreement; (ii) a notice convening the SGM; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 25 October 2021, which has been determined after taking into account the estimated time required for the Company to prepare the relevant information for inclusion in the circular.

* For identification purpose only

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THE CONSTRUCTION AGREEMENT

Date: 13 September 2021

Parties: (i) Zhongda Qingyuan; and
(ii) the Contractor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Contractor is principally engaged in the business of provision of general contracting and construction services and provision of property management services; (ii) the ultimate beneficial owners of the Contractor are Xiang Zhiyong and Xiang Zhifeng; and (iii) each of the Contractor and its ultimate beneficial owners is an Independent Third Party.

Scope of services: The Contractor shall provide (i) construction services including, among other things, earthworks, foundation works, concrete works, masonry work, secondary structure construction, waterproofing and insulation works; and (ii) installation services including, among other things, devices for lightning protection, electricity protection, water supply and drainage.

Contract price:

The contract price is approximately RMB194.80 million (equivalent to approximately HK\$233.76 million). The contract price is subject to adjustments in certain circumstances as stipulated in the Construction Agreement including but not limited to a change of engineering quantities, changes in price of materials and change of laws and regulations.

The contract price under the Construction Agreement was determined after arm's length negotiations between Zhongda Qingyuan and the Contractor with reference to the scale of the construction and the scope of services to be provided.

The contract price will be funded by internal resources of the Group and bank and other borrowings.

Payment schedule:

The contract price shall be paid by Zhongda Qingyuan to the Contractor in accordance with the progress of the construction in the following manner:

- (1) 50% of the contract price shall be paid to the Contractor within 10 working days upon completion of the roof of the buildings;
- (2) 25% of the contract price shall be paid to the Contractor within 10 working days upon the completion of outer walls of the buildings and the removal of the external scaffolding;

- (3) up to 97% of the actual settlement price shall be paid to the Contractor within 5 working days after completion of the settlement procedures of the Phase 2 Construction Work and obtaining the completion acceptance filing certificate (竣工驗收備案證); and
- (4) 3% of the actual settlement price will be retained by Zhongda Qingyuan as guarantee money for quality and is payable to the Contractor within 15 working days after the expiration of two years from the completion acceptance of the project.

Construction period:	The Phase 2 Construction Work is expected to complete by 15 September 2022.
Condition:	The performance of the parties' obligations under the Construction Agreement is conditional upon the passing of the relevant resolution(s) approving the Construction Agreement and the transactions contemplated thereunder by the Shareholders in accordance with the requirements of the Listing Rules at the SGM.
Guarantee:	The Contractor shall provide Zhongda Qingyuan with a performance guarantee in the amount of RMB9 million (equivalent to HK\$10.80 million) by way of a letter of guarantee issued by bank as security for its performance of the Construction Agreement.

REASONS FOR AND BENEFIT OF ENTERING INTO THE CONSTRUCTION AGREEMENT

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

As disclosed in the Company's announcements dated 28 May 2020 and 25 September 2020, the Group plans to set up an industrial park on the Qingcheng Land comprising factory buildings, administrative office and living facilities which are tentatively planned to be leased or sold to research centres and relevant enterprises in the biomedical industry. The Qingcheng Land has a total site area of approximately 208,000 square metres and the total construction area of the industrial park will be approximately 416,000 square metres. The entire development of the Qingcheng Land is planned to be carried out in three to four phases.

As disclosed in the aforesaid announcements and a further announcement of the Company dated 1 April 2021, Zhongda Qingyuan has entered into two construction agreements and a design agreement with two other contractors, who and whose ultimate beneficial owners are Independent Third Party, for the construction work and overall planning and design in respect of the first phase development of the Qingcheng Land. The first phase development of the Qingcheng Land comprised the construction of a multi-storey industrial building with a gross construction area of approximately 22,000 square metres. The construction work in relation to the first phase development is still ongoing and is expected to complete by the end of this year.

The Construction Agreement involved the construction work for the second phase development of the Qingcheng Land. Subject to the approval of the relevant governmental authority in the PRC, the second phase development will comprise the construction of 19 industrial buildings with a total gross construction area of approximately 117,000 square meters.

The Directors consider that the entering into of the Construction Agreement is in line with the Group's business plan for the development of the Qingcheng Land and that the terms of the Construction Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“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
“Construction Agreement”	the construction agreement dated 13 September 2021 and entered into between Zhongda Qingyuan and the Contractor in relation to the Phase 2 Construction Work

“Contractor”	清遠市建明建築工程有限公司 (unofficial English translation being Qingyuan City Jianming Construction Engineering Company Limited), a limited liability company established in the PRC
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s) (having the meaning ascribed to it under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Phase 2 Construction Work”	the construction work to be carried out by the Contractor on the Qingcheng Land pursuant to the Construction Agreement, a summary of which are set out in the item headed “Scope of services” in the section headed “The Construction Agreement” in this announcement
“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
“Qingcheng Land”	a parcel of land owned by Zhongda Qingyuan and located in the Qingyuan High-Tech Development Zone at District A, Dongkeng Cun Committee (東坑村委會), Yuantan Town (North of Lianhu Industrial Park), Qingcheng District, Qingyuan City, Guangdong Province, the PRC

“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving the Construction Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongda Qingyuan”	中大印刷(清遠)有限公司 (unofficial English translation being Zhongda Printing (Qingyuan) Company Limited), a wholly-owned subsidiary of the Company

In this announcement, for the purpose of illustration only, amounts quoted in RMB has been converted into HK\$ at the rate of RMB1 to HK\$1.20. Such exchange rates have been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 13 September 2021

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.