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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)

GROUP INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Neway Group Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”), together with comparative figures for the corresponding period of the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended	
	30.6.2022	30.6.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Total revenue	230,016	293,097
Gross proceeds from sale of held-for-trading investments	—	1,250
	<u>230,016</u>	<u>294,347</u>

* For identification purpose only

		Six months ended	
	<i>NOTES</i>	30.6.2022	30.6.2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue			
Revenue from goods and services	3	227,104	289,347
Rental income		1,464	2,735
Interest income from lending business		1,448	1,015
		<hr/>	<hr/>
Total revenue		230,016	293,097
Cost of sales		(178,039)	(239,574)
		<hr/>	<hr/>
Gross profit		51,977	53,523
Interest income		184	468
Other income		3,048	2,642
Selling and distribution expenses		(15,545)	(13,929)
Administrative and other expenses		(74,381)	(62,932)
Other gains and losses, net	7	77,372	30,604
Net reversal of impairment losses on financial assets and contract assets		98	2,493
Finance costs	5	(1,748)	(1,977)
		<hr/>	<hr/>
Profit before taxation		41,005	10,892
Taxation charge	6	(2,810)	(2,790)
		<hr/>	<hr/>
Profit for the period	7	38,195	8,102
		<hr/>	<hr/>
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(23,797)	7,412
		<hr/>	<hr/>
Total comprehensive income for the period		14,398	15,514
		<hr/> <hr/>	<hr/> <hr/>

	<i>NOTE</i>	Six months ended	
		30.6.2022	30.6.2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company		38,249	8,149
Loss for the period attributable to non-controlling interests		<u>(54)</u>	<u>(47)</u>
		<u>38,195</u>	<u>8,102</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		14,294	15,361
Non-controlling interests		<u>104</u>	<u>153</u>
		<u>14,398</u>	<u>15,514</u>
Earnings per share	<i>9</i>		
Basic (<i>HK cents</i>)		<u>15.1</u>	<u>3.2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	<i>NOTES</i>	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	210,471	234,915
Investment properties	<i>10</i>	116,679	259,295
Equity instruments at fair value through other comprehensive income (“FVTOCI”)	<i>11</i>	22,397	22,550
Club membership		3,404	3,404
Prepayments and deposits	<i>12</i>	5,181	4,156
Loans receivable		15,600	–
Interests in joint ventures		393	397
Deposit paid for acquisition of property, plant and equipment		2,397	12,677
Deferred tax assets		10,749	10,765
		387,271	548,159
Current assets			
Inventories		34,440	20,533
Properties under development for sale		256,109	198,365
Financial assets at fair value through profit or loss (“FVTPL”)	<i>11</i>	22,564	24,716
Trade and other receivables, prepayments and deposits	<i>12</i>	145,959	159,597
Contract assets		39,792	46,447
Loans receivable		12,890	9,138
Tax recoverable		363	363
Pledged bank deposits		60,000	–
Short-term bank deposits		–	3,305
Cash and cash equivalents		236,267	145,680
		808,384	608,144

	<i>NOTES</i>	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables and accruals	<i>13</i>	149,117	153,493
Lease liabilities		9,935	13,922
Contract liabilities		8,515	8,577
Tax liabilities		9,314	10,061
Amount due to a non-controlling shareholder of a subsidiary	<i>13</i>	17,562	18,360
Amount due to a related company		13	62
Bank borrowings		60,285	62,609
		254,741	267,084
Net current assets		553,643	341,060
Total assets less current liabilities		940,914	889,219
Non-current liabilities			
Lease liabilities		44,029	47,116
Amount due to a related company		135	179
Bank borrowings		42,150	–
Deferred tax liabilities		8,144	9,866
		94,458	57,161
Net assets		846,456	832,058
Capital and reserves			
Share capital		2,536	2,536
Reserves		847,472	833,178
Total attributable to owners of the Company		850,008	835,714
Non-controlling interests		(3,552)	(3,656)
Total equity		846,456	832,058

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Deemed contribution from a shareholder HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Properties revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	2,536	368,949	188,957	63	103,571	63,252	(22,986)	26,684	102,176	833,202	(3,274)	829,928
Profit (loss) for the period	-	-	-	-	-	-	-	-	8,149	8,149	(47)	8,102
Other comprehensive income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	7,212	-	7,212	200	7,412
Total comprehensive income for the period	-	-	-	-	-	-	-	7,212	8,149	15,361	153	15,514
At 30 June 2021 (unaudited)	<u>2,536</u>	<u>368,949</u>	<u>188,957</u>	<u>63</u>	<u>103,571</u>	<u>63,252</u>	<u>(22,986)</u>	<u>33,896</u>	<u>110,325</u>	<u>848,563</u>	<u>(3,121)</u>	<u>845,442</u>
At 1 January 2022 (audited)	2,536	368,949	188,957	63	103,571	63,252	(22,986)	39,902	91,470	835,714	(3,656)	832,058
Profit (loss) for the period	-	-	-	-	-	-	-	-	38,249	38,249	(54)	38,195
Other comprehensive (expense) income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(23,955)	-	(23,955)	158	(23,797)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	(23,955)	38,249	14,294	104	14,398
At 30 June 2022 (unaudited)	<u>2,536</u>	<u>368,949</u>	<u>188,957</u>	<u>63</u>	<u>103,571</u>	<u>63,252</u>	<u>(22,986)</u>	<u>15,947</u>	<u>129,719</u>	<u>850,008</u>	<u>(3,552)</u>	<u>846,456</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Neway Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE FROM GOODS AND SERVICES

An analysis of the Group's revenue from goods and services by segment for the period is as follows:

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of goods or services:		
Manufacturing and Sales Business*		
– Income from manufacturing and sales of printing and other products	<u>212,063</u>	<u>271,331</u>
Music and Entertainment Business*		
– Income from the licensing of the musical works	<u>1,035</u>	1,450
– Sales of albums	<u>496</u>	<u>895</u>
	<u>1,531</u>	<u>2,345</u>
Trading Business*		
– Sales of printing products	<u>13,510</u>	<u>15,671</u>
	<u>227,104</u>	<u>289,347</u>

* The segment names are defined in the section "Segment information" in note 4.

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Geographical markets:		
Hong Kong	<u>74,124</u>	114,900
The People's Republic of China ("PRC")	<u>104,320</u>	117,362
Europe	<u>8,125</u>	12,680
United States	<u>34,825</u>	30,127
Others	<u>5,710</u>	<u>14,278</u>
	<u>227,104</u>	<u>289,347</u>

Information about the Group’s revenue from external customers is presented based on the locations of the shipments of goods or the services provided.

	Six months ended	
	30.6.2022	30.6.2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time	212,063	271,331
A point in time	15,041	18,016
	227,104	289,347

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

To cope with the Group’s recent business development in property development and investment, the information reported to the CODM regarding to Property Business (property development and investment including properties development projects and properties leasing and investments in the PRC, mini storage business and office leasing and properties leasing and investment in Hong Kong) which is previously reported as a single reportable segment in prior year is further separated into Property Development Business (as defined below) and Property Investment Business (as defined below) during the six months ended 30 June 2022. Accordingly, each of these segments is considered as a separate operating segment by the CODM, resulting in changes to the presentation of the Group’s operating and reportable segments on the Group’s segment results and the Group’s segment assets and liabilities. Figures in the segment information for the six months ended 30 June 2021 and as at 31 December 2021 have been re-presented for comparative purposes.

The Group’s reportable and operating segments are therefore as follows:

- (a) Money lending (“**Lending Business**”);
- (b) Manufacturing and sales of printing and other products (“**Manufacturing and Sales Business**”);
- (c) Artistes management, production and distribution of music albums (“**Music and Entertainment Business**”);

- (d) Property development (“**Property Development Business**”), including properties development projects in the PRC and Hong Kong;
- (e) Property investment (“**Property Investment Business**”), including properties leasing and investments in the PRC and Hong Kong.
- (f) Securities trading (“**Securities Trading Business**”); and
- (g) Trading of printing and other products (“**Trading Business**”);

The following is an analysis of the Group’s revenue and results by operating and reportable segment:

	Revenue		Segment profit (loss)	
	Six months ended		Six months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Re-presented)	(Unaudited)	(Re-presented)
Lending Business	1,448	1,015	878	(52)
Manufacturing and Sales Business	212,063	271,331	(1,159)	(6,415)
Music and Entertainment Business	1,531	2,345	(728)	(472)
Property Development Business	–	–	(5,904)	(1,147)
Property Investment Business	1,464	2,735	69,020	31,954
Securities Trading Business	–	–	(2,041)	(675)
Trading Business	13,510	15,671	(2,974)	(1,608)
	230,016	293,097	57,092	21,585
Bank interest income			10	4
Unallocated other income and other gains and losses, net			670	(630)
Unallocated corporate expenses			(16,767)	(10,067)
Profit before taxation			41,005	10,892

All of the segment revenue reported above was from external customers.

Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of bank interest income, unallocated other income and other gains and losses and unallocated corporate expenses. This is the measure reported to the Group’s management for the purposes of resources allocation and assessment of segment performance.

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	30.6.2022	31.12.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Re-presented)
Segment assets		
Lending Business	29,026	10,248
Manufacturing and Sales Business	401,002	430,926
Music and Entertainment Business	2,832	3,832
Property Development Business	258,082	201,899
Property Investment Business	129,563	274,461
Securities Trading Business	23,997	26,034
Trading Business	14,088	11,831
	<hr/>	<hr/>
Total segment assets	858,590	959,231
Other assets	337,065	197,072
	<hr/>	<hr/>
Consolidated assets	<u>1,195,655</u>	<u>1,156,303</u>
	 30.6.2022	 31.12.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Re-presented)
Segment liabilities		
Lending Business	635	1,204
Manufacturing and Sales Business	186,553	207,557
Music and Entertainment Business	2,169	2,562
Property Development Business	99,498	58,616
Property Investment Business	23,538	19,835
Securities Trading Business	6	93
Trading Business	16,978	13,951
	<hr/>	<hr/>
Total segment liabilities	329,377	303,818
Other liabilities	19,822	20,427
	<hr/>	<hr/>
Consolidated liabilities	<u>349,199</u>	<u>324,245</u>

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain interest in a joint venture, certain equity instruments at FVTOCI, club membership, deferred tax assets, certain other receivables, prepayments and deposits, tax recoverable, short-term bank deposits and cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, tax liabilities and deferred tax liabilities.

5. FINANCE COSTS

	Six months ended	
	30.6.2022	30.6.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Lease liabilities	1,334	1,153
Bank borrowings	411	806
Amount due to a related company	3	18
	<u>1,748</u>	<u>1,977</u>

6. TAXATION CHARGE

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The taxation charge comprises:		
Hong Kong Profits Tax charge for the period	(2,094)	(225)
PRC Enterprise Income Tax charge for the period	<u>(816)</u>	<u>(924)</u>
	(2,910)	(1,149)
Deferred tax credit (charge)	<u>100</u>	<u>(1,641)</u>
Taxation charge	<u><u>(2,810)</u></u>	<u><u>(2,790)</u></u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate on the PRC subsidiaries is 25%.

During the six months ended 30 June 2022, an indirect wholly-owned subsidiary of the Company reached a preliminary agreement with the Inland Revenue Department to accept a tax penalty of approximately HK\$3,700,000 and additional tax payables of approximately HK\$2,094,000 for previous years of assessment from 2008/2009 to 2020/2021. Accordingly, tax penalty of approximately HK\$3,700,000 was provided during the six months ended 30 June 2022 and included in “Administrative and other expenses” and the additional tax payables of approximately HK\$2,094,000 was provided during the six months ended 30 June 2022 and included in “Taxation charge”. Tax reserve certificates of approximately HK\$5,794,000 purchased by the Group will be utilised to settle the aforesaid payables.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	7,443	5,100
Depreciation of other property, plant and equipment	12,183	15,460
Depreciation of property, plant and equipment	19,626	20,560
Impairment losses on inventories (include in cost of sales)	272	1,141
Included in other gains and losses:		
Net foreign exchange (gain) loss	(7,541)	2,629
Decrease in fair value in financial assets at FVTPL	2,152	770
Decrease (increase) in fair value in investment properties	4,459	(35,937)
Impairment losses on property, plant and equipment	–	1,934
Gain on disposal of a subsidiary	(76,442)	–
	(77,372)	(30,604)

8. DIVIDENDS

No dividends were paid, declared or proposed during both interim periods. The directors of the Company did not recommend the payment of an interim dividend in respect of the current interim period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for the current interim period is based on the following data:

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	38,249	8,149
	253,639,456	253,639,456
	253,639,456	253,639,456

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding issue for both periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$16,136,000 (six months ended 30 June 2021: approximately HK\$3,388,000).

During the six months ended 30 June 2022, the Group disposed of property, plant and equipment of approximately HK\$13,669,000 through the disposal of a subsidiary.

During the six months ended 30 June 2021, the Group considered to suspend the mask production due to poor performance of the operation. Accordingly, an impairment of loss of property, plant and equipment approximately HK\$1,934,000 was recognised.

As at 31 December 2021, property, plant and equipment with an aggregate carrying value of approximately HK\$11,043,000 were pledged to bank to secure banking facilities granted to the Group.

Investment properties

The fair value of investment properties as at 30 June 2022 and 31 December 2021 were arrived at on the basis of valuations carried out by Peak Vision Appraisals Limited, independent qualified professional valuers not related to the Group, of properties located in Hong Kong and the PRC.

The fair value of investment properties was determined based on income capitalisation approach deriving from the market rentals of all lettable units of the properties and discounting at the market yield expected by investors.

The decrease in fair value of approximately HK\$4,459,000 (six months ended 30 June 2021: increase in fair value of approximately HK\$35,937,000) of investment properties has been recognised directly in profit or loss for the six months ended 30 June 2022. The decrease/increase is resulted from the decrease/increase in the market observable transactions of comparable properties.

During the six months ended 30 June 2022, the Group disposed investment properties of approximately HK\$137,357,000 through the disposal of a subsidiary.

As at 30 June 2022, investment properties with an aggregate carrying value of HK\$99,000,000 (31 December 2021: approximately HK\$241,057,000) were pledged to banks to secure bank borrowings and general banking facilities granted to the Group.

11. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

Equity instruments at FVTOCI

	30.6.2022	31.12.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Unlisted equity securities established in Hong Kong, the PRC and overseas (<i>note</i>)	<u>22,397</u>	<u>22,550</u>

Note: As at 30 June 2022 and 31 December 2021, the Group had investments in three unlisted equity securities established in the PRC, three unlisted equity securities in overseas and one unlisted equity security incorporated in Hong Kong which have held for an identified long term strategic purpose.

Financial assets at FVTPL

	30.6.2022	31.12.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Listed equity investments in Hong Kong	<u>22,564</u>	<u>24,716</u>

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group's credit terms on Manufacturing and Sales Business and Trading Business generally range from 60 to 90 days. Credit term of 120 days is granted to a few customers of the Manufacturing and Sales Business with whom the Group has a good business relationship and are in sound financial condition. The Group allows an average credit period of 60 to 90 days to its customers of the Music and Entertainment Business. The following is an ageing analysis of the trade receivables net of allowance for expected credit losses presented based on the invoice date at the end of the reporting period.

	30.6.2022	31.12.2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Manufacturing and Sales Business and Trading Business:		
0 – 30 days	57,735	80,720
31 – 60 days	33,543	22,573
61 – 90 days	11,104	8,666
Over 90 days	13,306	7,233
	<u>115,688</u>	<u>119,192</u>
Music and Entertainment Business:		
0 – 30 days	127	518
31 – 60 days	–	8
61 – 90 days	–	151
Over 90 days	–	481
	<u>127</u>	<u>1,158</u>
Total trade receivables	115,815	120,350
Receivables with brokers' houses	1,414	1,264
Deposits and other receivables	17,442	25,412
Other tax recoverable	5,318	5,370
Prepayments	11,151	11,357
	<u>151,140</u>	<u>163,753</u>
Analysed for reporting purposes as:		
Current assets	145,959	159,597
Non-current assets	5,181	4,156
	<u>151,140</u>	<u>163,753</u>

13. TRADE AND OTHER PAYABLES AND ACCRUALS/AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

An ageing analysis of the trade payables presented based on the invoice date is as follows:

	30.6.2022	31.12.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 – 30 days	53,747	62,338
31 – 60 days	20,250	12,212
61 – 90 days	5,315	5,806
Over 90 days	1,711	2,335
	<hr/>	<hr/>
	81,023	82,691
Accrued expenses and other payables	29,452	31,364
Construction costs payable for properties under development for sale	38,642	39,438
	<hr/>	<hr/>
	149,117	153,493
	<hr/> <hr/>	<hr/> <hr/>

The amount due to a non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2021: Nil).

REVIEW OF OVERALL FINANCIAL RESULTS

For the Period, revenue of the Group amounted to approximately HK\$230.0 million (six months ended 30 June 2021: approximately HK\$293.1 million), representing a decrease of approximately 21.5% as compared with the six months ended 30 June 2021.

Gross profit for the Period amounted to approximately HK\$52.0 million (six months ended 30 June 2021: approximately HK\$53.5 million). However, gross profit margin has improved to approximately 22.6% for the Period (six months ended 30 June 2021: approximately 18.3%).

Profit for the Period amounted to approximately HK\$38.2 million (six months ended 30 June 2021: approximately HK\$8.1 million). The profit recorded for the Period was mainly attributable to the gain on disposal of a subsidiary in the Property Investment Business of approximately HK\$76.4 million (six months ended 30 June 2021: Nil), which was partially offset by the loss incurred by the Group's other business segments. Financial performance of the Group's various business segments is further explained below.

REVIEW OF OPERATIONS AND PROSPECTS

Lending Business

The Lending Business included the financial leasing business in Shanghai, the PRC and the money lending business in Hong Kong. For the financial leasing business in Shanghai, the PRC, no transaction was conducted during the Period, and the Group is still identifying deals with promising potential.

The total amount of new loans granted during the Period was approximately HK\$23.6 million, and the average loan interest income of the portfolio as a whole was approximately 14.1%. Customers of this segment included individuals and corporate entities and most of the loans were either secured by charge over properties located in Hong Kong, pledges of shares, or personal guarantees. Most of the interest income was received on time during the Period.

During the Period, the interest income from loans increased by approximately 42.7% to approximately HK\$1.4 million (six months ended 30 June 2021: approximately HK\$1.0 million). The increase in loan interest income was mainly attributable to the increase in loan portfolio during the Period. The segment profit was approximately HK\$878,000 (six months ended 30 June 2021: segment loss of approximately HK\$52,000), mainly due to the increase in new loans entered during the Period.

Given the deteriorating economic environment caused by the coronavirus disease 2019 (“COVID-19”) pandemic and the keen market competition, the Group will take a calculated risk when expanding the loan portfolio. The Group will continue to use the online money lending platform to identify new customers and allocate more financial resources to expand the business scale by enlarging the loan portfolio in a cautious manner.

Manufacturing and Sales Business

This segment represented: (i) the business of manufacturing and sales of printing products, such as packaging boxes, labels, paper products and paper shopping bags, with a worldwide customer base; and (ii) the manufacturing and sales of surgical masks, with a Hong Kong customer base. The segment revenue decreased by approximately 21.8% to HK\$212.1 million (six months ended 30 June 2021: approximately HK\$271.3 million) and the segment loss margin was approximately 0.5% (six months ended 30 June 2021: segment loss margin of approximately 2.4%). The operations and financial performance of each sub-segment are detailed below.

(i) Manufacturing and sales of printing products

The revenue decreased by approximately 21.7% to HK\$212.1 million (six months ended 30 June 2021: approximately HK\$270.7 million), mainly attributable to the decrease in sales orders of all types of printing products from overseas and domestic sales clients.

A loss of approximately HK\$1.2 million was recorded for the Period (six months ended 30 June 2021: loss of approximately HK\$2.6 million). The decrease in loss was mainly attributable to the combined effect of the following factors:

- (i) the improvement in gross profit margin by 4.8% to approximately 21.2% for the Period (six months ended 30 June 2021: approximately 16.4%), mainly due to the decrease in material prices and the decrease of average material consumption rate to approximately 10% during the Period;
- (ii) the exchange gain of approximately HK\$6.9 million, mainly due to the depreciation of the Renminbi (“**RMB**”) (six months ended 30 June 2021: exchange loss of approximately HK\$1.9 million);
- (iii) the net reversal of expected credit loss on trade receivables and other contract assets of approximately HK\$98,000 (six months ended 30 June 2021: net reversal of expected credit loss of approximately HK\$2.3 million); and
- (iv) the increase of the ratio of total staff costs and other related expenses to sales for the Period by approximately 6.7% as compared with the same period of last year. Although the total amounts of staff cost of this segment decreased by approximately 3.7% as compared with the same period of last year, the significant drop in revenue has pushed up the ratio of total staff costs to sales for the Period as a whole.

(ii) *Manufacturing and sales of surgical masks*

As mentioned in the financial statement as at 31 December 2021, the Group has ceased the manufacturing of surgical masks during the year of 2021 after a thorough review of the financial performance of this sub-segment. The financial results of the trading of surgical masks was recorded in the Trading Business during the Period for better presentation as stated below.

The revenue and loss of this sub-segment for the six months ended 30 June 2021 were approximately HK\$654,000 and HK\$3.8 million, respectively, which were included in the Manufacturing and Sales Business.

The recovery of the global economy is much slower than expected and some countries have even experienced a negative economy growth rate this year. The poor economy has further suppressed the desire and the purchasing power of customers for all types of products in different extent. Although the ease of restrictions by most of the countries over the world has increased the mobility of people travelling, it still takes some time to return to normal. The prolonged political and economic tensions between the PRC and other countries and the war between Russia and Ukraine may further intensify the uncertainty of global economy. To cope with these issues, most of our customers adopted a more conservative approach this year, such as reducing inventories level and slowing down new product development progress, etc. The number of purchase orders received from both overseas and domestic customers decreased. Due to the outbreak of another wave of COVID-19 in different regions in the PRC in the first quarter of 2022, the PRC government has further tightened the epidemic prevention measures and most of the economic activities in certain major cities have been suspended. All these factors have a negative impact on both overseas and domestic sales of printing products.

To tackle these uncertainties and difficulties, the Group will carefully revise its sales strategy for expanding this segment and spare sufficient cash flow to cope with any sudden or prolonged adverse situation beyond its expectation. The Group will continue to streamline the operation flow to enhance production efficiency and reduce the operating costs. In addition, the Group will allocate more resources to the sourcing of materials to lower the overall material costs. Furthermore, to ensure proper credit control on receivables, the Group will closely monitor the collection of receivables and be cautious of any risks of bad debts from our customers.

Music and Entertainment Business

The segment revenue for the Period decreased by 34.7% to approximately HK\$1.5 million (six months ended 30 June 2021: approximately HK\$2.3 million) and the loss for the Period was approximately HK\$728,000 (six months ended 30 June 2021: loss of approximately HK\$472,000).

During the Period, the decrease in revenue was mainly due to the (i) decrease in sales of physical albums and licensing income from online music platforms. Furthermore, the first show to be launched and produced for the contracted famous overseas talent show will be further delayed to 2023 due to the tightening epidemic prevention measures adopted by the PRC government and numerous shows and events were postponed or cancelled in the Greater Bay Areas of the PRC.

Looking forward, the Group will continue to allocate more resources to enhance the online sales platform to strengthen the sales of physical albums and enlarge the membership subscription. In addition, the Group will cooperate with various artistes, provide distribution services for their musical contents, and explore more opportunities to invest in potential projects in the PRC and overseas to further expand the music licensing business by acquiring or licensing existing music labels from other song master owners.

Property Development Business

The Group had two property development projects as at 30 June 2022 (30 June 2021: two).

For the periods ended 30 June 2022 and 2021, one project involved 清遠市中清房地產開發有限公司 (unofficial English name: Qingyuan Zhongqing Property Development Co., Ltd.) (“**Zhongqing**”), a non-wholly owned subsidiary of the Company. The other involved 中大印刷(清遠)有限公司 (unofficial English name: Zhongda Printing (Qingyuan) Company Limited) (“**Zhongda Qingyuan**”), a wholly-owned subsidiary of the Company.

Zhongqing held the land use rights of two commercial land parcels in Qingyuan, the PRC. On 18 June 2014, 深圳市中星國盛投資發展有限公司 (unofficial English name: Shenzhen Zhongxing Guosheng Investment Development Co. Ltd.) (“**Zhongxing Guosheng**”), a wholly-owned subsidiary of the Company, initiated civil proceedings against Zhongqing in the People’s Court of Baoan District (the “**Court of Baoan**”) for, among other matters, the repayment of a shareholder’s loan contributed by Zhongxing Guosheng in an amount of RMB23,479,330 (the “**Litigation**”). On 19 June 2014, according to an application made by Zhongxing Guosheng to freeze and preserve the assets of Zhongqing in a total value of RMB23,400,000, an order was granted by the Court of Baoan to freeze and preserve the two land parcels owned by Zhongqing for a period from 24 June 2014 to 23 June 2016 (the “**Freeze Order**”). The Freeze Order aimed to ensure that Zhongqing would have sufficient assets to repay the shareholder’s loan to the Group.

Two hearing sessions of the Litigation were held on 18 August 2014 and 25 September 2014, respectively. On 15 October 2014, the Group received a civil mediation document dated 30 September 2014 and issued by the Court of Baoan (the “**Mediation Document**”), acknowledging that: (i) the Group and Zhongqing confirmed that Zhongqing was indebted to Zhongxing Guosheng in a sum of RMB23,479,330; (ii) Zhongqing agreed to repay to Zhongxing Guosheng a sum of RMB23,479,330, together with the interests accrued from 18 June 2014 until the repayment date which was supposed to be within 15 days of the effective date of the Mediation Document; and (iii) where Zhongqing failed to repay the agreed amount, Zhongxing Guosheng would be entitled to request Zhongqing to pay default interests calculated at two times of the lending rate of the People’s Bank of China over the same period.

As advised by the Group’s legal advisers in the PRC, the effective date of the Mediation Document was 15 October 2014 and thus, the deadline for the repayment by Zhongqing was 30 October 2014. As at the date of this announcement, Zhongqing had not repaid the outstanding shareholder’s loan and accrued interest to Zhongxing Guosheng.

On 27 May 2016, Zhongxing Guosheng submitted an application to the Court of Baoan for the extension of the term of the Freeze Order and the application was accepted. The extended term of the Freeze Order was from 13 June 2016 until 12 June 2019. The period covered by the Freeze Order was further extended to 12 May 2022 by the Court of Baoan in 15 May 2019 and was further extended to 12 May 2025 in 14 April 2022.

During the Period, after assessing the market condition of Qingyuan City, the government policies and recent development projects, as well as the professional expertise and financial resources of the Group, the Board considered that it was time to commence the compulsory enforcement proceedings against Zhongqing to put the Qingyuan Land for sales in the auction (the “**Compulsory Enforcement**”). More details of the Compulsory Enforcement were disclosed in the circular of the Company dated 24 June 2022. The shareholders of the Company has passed the resolution to approve the Compulsory Enforcement at the special general meeting held on 15 July 2022 and the Group has submitted the application to the court of the PRC to commence the Compulsory Enforcement in July 2022 and is waiting for further instructions from the court.

Zhongda Qingyuan

The Group, through Zhongda Qingyuan, owned a land parcel in Qingyuan, the PRC, with a total area of approximately 208,000 square metres (“**sqm**”), and is developing an industrial park with an array of industrial buildings, commercial buildings, apartments and dormitories. The buildings thereon were intended for lease or sales. The plan was approved by the Guangdong Qingyuan High-tech Industrial Development Zone Management Committee Office in March 2020 and was highly supported by the Qingyuan government.

The total expected gross floor areas of the construction work of the first and second phases of the industrial park were approximately 140,000 sqm. The development plan for these 2 phases comprised 20 industrial buildings and certain ancillary structures. As at 30 June 2022, approximately 49% of the aforementioned construction work was completed according to the supervision report prepared by the independent construction supervision company engaged by Zhongda Qingyuan. The Group will closely monitor the sales of the industrial buildings and adjust the construction progress as needed.

As at 30 June 2022, Zhongda Qingyuan has signed a provisional sales and purchase agreement with a customer for one industrial building with a gross floor area of approximately 6,300 sqm. Zhongda Qingyuan is in negotiation with other potential customers and it is expected that more provisional sales and purchase agreements will be entered into in the second half of this year.

The tightening epidemic prevention measures adopted by the PRC government during the Period have severely affected all business activities in different aspects. Our sales and marketing activities of the industrial park were also adversely affected as the customers were not able to visit the industrial park as planned. The tightening measures and the slowdown of the economic activities in the PRC have further reduced the desire of the potential buyers for the expansion of their existing operations. The Group will continue to devote more resources to push up the sales, which is the top priority of this business in 2022.

The Group is actively identifying the potential property development project in Hong Kong during the Period.

Property Investment Business

During the Period, the Property Investment Business included the leasing of several commercial units in Hong Kong and the PRC.

This business involved two properties of the Group as at 30 June 2022 (31 December 2021: Three). The first one was a commercial property situated in Yuen Long, Hong Kong (the “**Yuen Long Property**”). It was leased to an independent third party as at 30 June 2022. The rental income was approximately HK\$1.2 million (six months ended 30 June 2021: approximately HK\$2.6 million) was derived from the Yuen Long Property.

The second one was a commercial property situated in Beijing, the PRC (the “**Beijing Property**”). It was leased to an independent third party and the rental income was approximately HK\$221,000 (six months ended 30 June 2021: approximately HK\$88,000).

As at 30 June 2021, this business also included the mini storage business. The revenue of the mini storage business for the period ended 30 June 2021 was approximately HK\$872,000, and this business was terminated as at 31 December 2021.

According to the Group’s accounting policies, the Yuen Long Property and the Beijing Property were classified as investment properties and were carried at fair value as at 30 June 2022. A fair value loss of approximately HK\$4.5 million was recorded in “other gains and losses” during the Period (six months ended 30 June 2021: fair value gain of approximately HK\$35.9 million). The fair value loss of the Yuen Long Property was approximately HK\$4.7 million and the fair value gain of the Beijing Property was approximately HK\$241,000. The decrease in fair value of the Yuen Long Property was mainly due to the lower market rental transactions of comparable properties in adjacent locations.

The fair value gain for the six months ended 30 June 2021 included the fair value gain of approximately HK\$30.4 million arising from the industrial building situated in Hong Kong which was disposed of during the Period as stated below.

The Group entered into a sales and purchase agreement with an independent third party on 21 October 2021 to sell the entire issued share capital of a wholly owned subsidiary of the Group which owned an industrial building in Fanling, Hong Kong. More details of the transaction were disclosed in the circular of the Company dated 17 December 2021. The resolution was passed in the special general meeting held on 7 January 2022 and the transaction was completed on 28 January 2022. The final consideration was approximately HK\$231 million and the gain on disposal was approximately HK\$76.4 million recorded in “other gains and losses” of the Group during the Period.

Securities Trading and Equity Investments Business

The Group’s equity instruments at FVTOCI and financial assets at FVTPL as at 30 June 2022 amounted to approximately HK\$45.0 million (31 December 2021: approximately HK\$47.3 million) in total. During the Period, the Group recorded a fair value loss of securities trading investments listed in Hong Kong of approximately HK\$2.2 million (six months ended 30 June 2021: fair value loss of approximately HK\$770,000). No realized loss was recorded during the Period (six months ended 30 June 2021: realized loss of approximately HK\$164,000).

The Group’s investments as at 30 June 2022 included securities of 11 listed companies on the Main Board or GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and investment in an offshore investment fund and a Hong Kong private company. Each of the Group’s investments has a carrying amount that accounts for less than 5% of the Group’s total assets as at 30 June 2022. The largest investment is our 1.33% interest in the total share capital of Zhong Wei Capital L.P. (“**Zhong Wei**”), an offshore investment fund. Zhong Wei has invested in more than 30 entities, including public and private entities incorporated in Hong Kong and overseas. These entities are principally engaged in, including but not limited to educational, entertainment, recreational, financial technological, healthcare and telecommunication sectors. Its fair value as at 30 June 2022 amounted to approximately HK\$17.5 million, accounting for approximately 1.5% of the Group’s unaudited total assets as at 30 June 2022.

The Group will carefully study the market and the information related to prospective investees before purchasing any securities, and will closely monitor the performance of the investments after every purchase as well as revise the investment strategy in a cautious manner as and when necessary to minimize the impact of market volatility.

Trading Business

Revenue from the Trading Business decreased to approximately HK\$13.5 million (six months ended 30 June 2021: approximately HK\$15.7 million) while a segment loss of approximately HK\$3.0 million was recorded during the Period (six months ended 30 June 2021: segment loss of approximately HK\$1.6 million). The segment loss was mainly attributable to: (i) the decrease in revenue and gross profit margin of the Trading Business in Hong Kong; and (ii) the increase in operating costs as more sales agents and employees were engaged in developing the trading business overseas and Hong Kong.

As mentioned in the Manufacturing and Sales Business above, the revenue of the sales of surgical masks of approximately HK\$352,000 (six months ended 30 June 2021: approximately HK\$654,000 included in the Manufacturing and Sales Business) was included in the Trading Business for the six months ended 30 June 2022.

The Group will continue to increase its financial resources to recruit more talents to expand the trading business in Hong Kong and overseas and provide more value-added services to the existing and target customers.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, the Group had cash and cash equivalents, pledged bank deposits and short-term bank deposits of approximately HK\$296.3 million (31 December 2021: approximately HK\$149.0 million). The current ratio stood at 3.2 (31 December 2021: 2.3) and the quick ratio was 2.0 as at 30 June 2022 (31 December 2021: 1.5).

The current ratio is calculated by dividing total assets by total current liabilities as at the end of the Period.

The quick ratio is calculated by dividing total current assets less inventories and properties under development for sales by total current liabilities as at the end of the Period.

The current ratio and the quick ratio as at 30 June 2022 were higher as compared with the respective figures as at 31 December 2021, which was mainly attributable to the increase in bank balances of approximately HK\$147.3 million, mainly due to the net cash inflow of approximately HK\$226.3 million arising from the disposal of a subsidiary during the Period.

As at 30 June 2022, total borrowings of the Group amounted to approximately HK\$174.1 million (31 December 2021: approximately HK\$142.2 million). The gearing ratio was 20.6% as at 30 June 2022 (31 December 2021: 17.1%), which was calculated by dividing the Group's total borrowings by the Group's total equity of approximately HK\$846.5 million as at 30 June 2022 (31 December 2021: approximately HK\$832.1 million) then multiplying the value by 100%. The increase in gearing ratio was mainly due to the increase in bank borrowings of the Group, and the reasons are stated below.

The Group's total borrowings included: (i) an amount of approximately HK\$148,000 due to a related company (31 December 2021: approximately HK\$241,000); (ii) an amount of approximately HK\$17.6 million due to a non-controlling shareholder of a subsidiary (31 December 2021: approximately HK\$18.4 million); (iii) secured bank borrowings of approximately HK\$102.4 million (31 December 2021: approximately HK\$62.6 million); and (iv) lease liabilities of approximately HK\$54.0 million (31 December 2021: approximately HK\$61.0 million). Secured bank borrowings included (i) an amount of approximately HK\$18.7 million (31 December 2021: approximately HK\$19.1 million) payable within seven years and carried interests at the Hong Kong Inter-bank Offered Rate plus 1.85% per annum, (ii) an amount of approximately HK\$36.9 million (31 December 2021: approximately HK\$43.5 million) payable within one year and carried interest at the Hong Kong Inter-bank Offered Rate plus 1.25% to 2.5% per annum and (iii) an amount of approximately HK\$46.8 million (31 December 2021: Nil) was payable within three years and carried interests at 5.98%. The amount due to a related company was unsecured, payable within five years and carried interest at rates ranging from 18% to 20% per annum. The amount due to a non-controlling shareholder of a subsidiary was unsecured, interest-free and repayable on demand. The weighted average lessee's incremental borrowing rate applied in lease liabilities was 4.59%.

All borrowings were denominated in Hong Kong dollars (“**HK dollars**”) and Renminbi (“**RMB**”) and the majority of the cash and cash equivalents was denominated in RMB, HK dollars and United States dollars (“**US dollars**”) respectively.

The Group generally finances its operation with cash flows generated internally, bank borrowing and banking facilities obtained in Hong Kong and the PRC. Taking into account the anticipated amount of the funds generated internally and the available bank borrowing and banking facilities, the Group will have adequate resources to meet its future capital expenditure and working capital requirements. The Group will continue to implement a prudent policy in managing its cash balance, thereby maintaining a strong and healthy liquidity level and ensuring that any business opportunity will be promptly seized.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in RMB, HK dollars and US dollars, respectively. Except for RMB, there was no significant fluctuation in the exchange rate between HK dollars and US dollars throughout the Period. The management will closely monitor the foreign exchange risk of RMB and identify potential and significant adverse impacts (if any) that may affect the PRC operations of the Group. If necessary, the Group will consider using appropriate hedging solutions. The Group did not use any financial instrument for hedging purposes during the Period and did not have any outstanding hedging instrument as at 30 June 2022.

CAPITAL EXPENDITURE

During the Period, the Group's capital expenditure for property, plant and equipment and properties under development for sale amounted to approximately HK\$84.4 million (six months ended 30 June 2021: approximately HK\$34.7 million). The capital expenditure was mainly attributable to the acquisitions of machinery for production in the PRC, the renovation work of two factories in Shenzhen, the PRC and the construction work for the industrial park in Qingyuan, the PRC.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments of approximately HK\$205.5 million (31 December 2021: approximately HK\$269.1 million) which had been contracted for but had not been provided in the financial statements for the acquisition of property, plant and equipment. The Group did not have any capital commitment for the acquisition of property, plant and equipment that had been authorised but not contracted for in both periods. The Group expects to finance its capital commitments with internal resources and external bank borrowing.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

PLEDGE OF ASSETS

As at 30 June 2022, the Group pledged leasehold buildings and investment properties with an aggregate carrying value of approximately HK\$99.0 million (31 December 2021: approximately HK\$252.1 million) to secure the mortgage loan for certain investment properties and the general banking facilities and bank loan granted to the Group. As at 30 June 2022, the Group had minimum lease payments under lease liabilities of approximately HK\$75.1 million, of which approximately HK\$16.6 million were secured by rental deposits of approximately HK\$4.9 million. Save as aforesaid, no other asset was pledged by the Group as at 30 June 2022.

SHARE CAPITAL AND CAPITAL STRUCTURE

There was no change in the share capital or capital structure of the Company during the Period.

HUMAN RESOURCES

As at 30 June 2022, the Group had approximately 1,310 full-time employees (31 December 2021: approximately 1,320). Total amounts of staff costs (including Directors' remuneration) for the Period were approximately HK\$90.0 million (six months ended 30 June 2021: approximately HK\$89.1 million).

The remuneration schemes of the Group are generally structured with reference to market conditions and the qualifications of the employees, and reward packages including discretionary bonus for staff members are generally reviewed on an annual basis according to the performance of the Group and respective staff members. Apart from salary payments and contributions to retirement benefit schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programmes are also provided as and when required.

EVENTS AFTER REPORTING PERIOD

There have been no significant events since the end of the Period and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry with of all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the Period.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions by employees who are likely to be in possession of unpublished inside information of the Group.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises one non-executive Director and two independent non-executive Directors. The Audit Committee has reviewed with the management the accounting policies, discussed with the Board the auditing, internal controls, risk management and financial reporting matters of the Group and reviewed the interim results and the unaudited condensed consolidated financial statements of the Group for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

CORPORATE GOVERNANCE

The Board is collectively responsible for performing the corporate governance duties. The Board recognises that good corporate governance practices are vital to the maintenance and promotion of shareholder value and investor confidence. In the opinion of the Board, the Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix 14 to the Listing Rules throughout the Period.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee and the Group’s auditors, Messrs. Deloitte Touche Tohmatsu, Registered Public Interest Entity Auditors.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE’S WEBSITE AND THE COMPANY’S WEBSITE

A detailed interim report of the Group for the Period will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.newaygroup.com.hk in September 2022.

On behalf of the Board

NEWAY GROUP HOLDINGS LIMITED

Suek Ka Lun, Ernie

Chairman

Hong Kong, 29 August 2022

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; and Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui being the independent non-executive Directors.