

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**NEWAY GROUP HOLDINGS LIMITED**

**中星集團控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00055)**

## **DISCLOSEABLE TRANSACTION – PROVISION OF TRANSITIONAL GUARANTEE**

### **THE TRANSITIONAL GUARANTEE**

The Board announces that on 2 December 2022, Zhongda Qingyuan entered into the Cooperation Agreement with the Bank of China, pursuant to which Zhongda Qingyuan agreed to provide the Transitional Guarantee for the Mortgage Loans to be granted to the Purchasers by the Bank of China. The Transitional Guarantee shall become effective on the respective effective dates of the relevant loan agreements and shall remain in force until the completion of the relevant mortgage registrations over the Properties as security of the Mortgage Loans.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the provision of the Transitional Guarantee exceeds 5% but is less than 25%, the provision of the Transitional Guarantee constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

\* *For identification purpose only*

## **INTRODUCTION**

The Group, through its wholly-owned subsidiary, Zhongda Qingyuan, is principally engaged in property development in the PRC. At present, Zhongda Qingyuan is developing the Zhongxing Industrial Park, which comprises an array of industrial buildings, commercial buildings, apartments and dormitories for lease or sales. The Group has started the sales and marketing activities of the first stage of development of the Zhongxing Industrial Park.

It is the usual commercial practice in the real estate industry in the PRC that property developers shall provide a transitional guarantee in favour of the mortgage banks for the buyers of properties which are still under development if the buyers will settle the purchase price of the property partly by mortgage loan.

Given that the construction work of the first stage of development of the Zhongxing Industrial Park has not been completed at present, in line with the usual commercial practice in the PRC, Zhongda Qingyuan will also provide transitional guarantees in favour of the mortgage banks for its customers of the Zhongxing Industrial Park.

## **THE TRANSITIONAL GUARANTEE**

Zhongda Qingyuan has signed subscription agreement with Purchaser 1 and Purchaser 2 for the sale of Property 1 and Property 2 respectively. Given that both Purchasers intend to apply for the Mortgage Loans from the Bank of China, on 2 December 2022, Zhongda Qingyuan entered into the Cooperation Agreement with the Bank of China, pursuant to which Zhongda Qingyuan agreed to provide the Transitional Guarantee for the Mortgage Loans to be granted by the Bank of China for the acquisition of the Properties.

The principal terms of the Cooperation Agreement are summarised as follows:

Date : 2 December 2022

Parties : (1) The Bank of China, as lender; and  
(2) Zhongda Qingyuan, as guarantor.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Bank of China is a state-owned commercial bank established in the PRC principally engaged in the provision of a range of banking services and related financial services; and (ii) the Bank of China and its ultimate beneficial owners are Independent Third Parties.

Transitional Guarantee and Security Money : Zhongda Qingyuan agreed to provide the Transitional Guarantee up to an aggregate maximum principal amount of RMB18.4 million (equivalent to approximately HK\$20.06 million) in favour of the Bank of China in respect of the repayment obligations of the Purchasers under the Mortgage Loans.

The amount guaranteed by Zhongda Qingyuan under the Transitional Guarantee shall include the principal amount of the Mortgage Loans, accrued interest thereon (including penalty interest, default interest etc.), damages and all expenses arising from the enforcement of creditor's rights by the Bank of China in respect of the Mortgage Loans, including but not limited to litigation fees, legal fees, preservation fees etc.

Zhongda Qingyuan is required to open the Security Money Account at the Bank of China and deposit the Security Money therein, which represents approximately 10% of the loan amount guaranteed by Zhongda Qingyuan. If any of the Purchasers fails to repay the principal and interest on time as stipulated in the relevant loan agreements for the Mortgage Loans, Zhongda Qingyuan is liable to repay it on his/its behalf and the Bank of China has the right to deduct the amount payable by Zhongda Qingyuan from the Security Money Account directly.

Term : Zhongda Qingyuan's guarantee obligation under the Transitional Guarantee will commence from the respective effective dates of the relevant loan agreements and shall remain in force until the completion of the relevant mortgage registrations over the Properties as security of the Mortgage Loans.

The terms of the Cooperation Agreement, including the guarantee amount and the amount of the Security Money, were negotiated and entered into by Zhongda Qingyuan and the Bank of China on an arm's length basis and are on normal commercial terms. The guarantee amount was determined with reference to the aggregate maximum principal amount of the Mortgage Loans, which represents approximately 60% of the total purchase price of the Properties.

The purchase price of each of the Properties was determined by the Group after taking into account factors including, but not limited to, the market price of comparable properties situated in the vicinity of the Qingcheng Land based on market information publicly available. The purchase price of Property 1 is approximately RMB15.29 million (equivalent to approximately HK\$16.67 million). The purchase price of Property 2 is approximately RMB15.29 million (equivalent to approximately HK\$16.67 million).

The entirety of the Mortgage Loans to be granted by the Bank of China (after deducting the Security Money) will be paid to Zhongda Qingyuan for the partial settlement of the purchase price of the Properties. Such sale proceeds will form part of the general working capital of Zhongda Qingyuan. Any payment obligations of Zhongda Qingyuan arising from the Transitional Guarantee will be satisfied from its general working capital.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE TRANSITIONAL GUARANTEE**

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

As it will take a considerable amount of time for property purchasers to obtain the property certificates in the PRC which is a prerequisite for the completion of the mortgage registration, it is not uncommon for property developers in the PRC to provide a transitional guarantee in favour of the banks which offer mortgage loans to the purchasers in respect of the purchasers' repayment obligations thereunder in order to facilitate the sale of properties and realise the capital recovery.

Having considered the prevalence of the provision of a transitional guarantee by property developers in the PRC, the Directors consider that the provision of the Transitional Guarantee by Zhongda Qingyuan is in line with the relevant policy requirements and the usual commercial practice in the real estate industry in the PRC and is incidental to the ordinary and usual course of the Group's property development business.

The Directors (including the independent non-executive Directors) are also of the view that the terms of the Cooperation Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the provision of the Transitional Guarantee exceeds 5% but is less than 25%, the provision of the Transitional Guarantee constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms shall have the following meanings:

“Bank of China”	the Guangzhou Dongshan Branch of Bank of China Ltd., a joint stock company listed on the Main Board of the Stock Exchange with stock codes 3988 and 4619 (preference shares), and the Shanghai Stock Exchange with stock code 601988.
“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
“Cooperation Agreement”	the cooperation agreement dated 2 December 2022 entered into between Zhongda Qingyuan and the Bank of China in respect of the provision of the Transitional Guarantee
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Mortgage Loan(s)”	the proposed loan(s), the aggregate principal amount of which shall not exceed RMB18.4 million (equivalent to approximately HK\$20.06 million), which may be granted by the Bank of China to the Purchasers for the acquisition of the Properties
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Properties”	collectively, Property 1 and Property 2
“Property 1”	the industrial building No.14 in the Zhongxing Industrial Park

“Property 2”	the industrial building No. 17 in the Zhongxing Industrial Park
“Purchasers”	collectively, Purchaser 1 and Purchaser 2
“Purchaser 1”	Mr. Li Hongzhang (李洪長) or his nominee, being an Independent Third Party, who/which will apply for the Mortgage Loan from the Bank of China to fund his/its acquisition of Property 1
“Purchaser 2”	Mr. Ouyang Feng (歐陽鋒) or his nominee, being an Independent Third Party, who/which will apply for the Mortgage Loan from the Bank of China to fund his/its acquisition of Property 2
“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
“Security Money”	the amount of security money to be deposited by Zhongda Qingyuan into the Security Money Account in connection with the Transitional Guarantee
“Security Money Account”	a special designated account to be opened by Zhongda Qingyuan at the Bank of China for the purpose of maintaining the Security Money
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transitional Guarantee”	irrevocable transitional guarantee(s) up to an aggregate maximum principal amount of RMB18.4 million (equivalent to approximately HK\$20.06 million) to be provided by Zhongda Qingyuan in favour of the Bank of China in respect of the repayment obligations of the Purchasers as borrowers of the Mortgage Loans
“Zhongda Qingyuan”	中大印刷(清遠)有限公司 (unofficial English translation being Zhongda Printing (Qingyuan) Co., Ltd.), a wholly-owned subsidiary of the Company
“Zhongxing Industrial Park”	an industrial park named “中星工業園” (unofficial English translation being Zhongxing Industrial Park) located on the Qingcheng Land and under development by Zhongda Qingyuan
“%”	per cent.

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.09. Such exchange rate has been used, where applicable, for the purpose of illustration only and does 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, 2 December 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.*

\* *For identification purpose only*