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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "Board") of directors (the "Directors") of Neway Group Holdings Limited ("Neway" or the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group", "our Group", "we" or "us") for the year ended 31 December 2022 (the "Year"), together with the comparative figures for the year ended 31 December 2021 ("Year 2021") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	HK$	*HK$*
Total revenue	**449,403,342**	623,576,722
Gross proceeds from sale of listed equity instruments	**4,614,820**	1,249,500
	454,018,162	624,826,222

* *For identification purpose only*

	NOTES	2022 HK$	2021 HK$
Revenue			
Revenue from goods and services		**443,424,752**	617,179,208
Rental income		**2,194,059**	4,477,272
Interest income from lending business		**3,784,531**	1,920,242
Total revenue	*4*	**449,403,342**	623,576,722
Cost of sales and services		**(355,117,682)**	(514,997,428)
Gross profit		**94,285,660**	108,579,294
Other interest income	*6*	**1,097,425**	834,716
Other income	*6*	**11,140,500**	7,905,461
Selling and distribution expenses		**(33,677,921)**	(31,713,579)
Administrative and other expenses		**(142,000,770)**	(132,190,083)
Other gains and losses, net		**68,716,756**	35,225,838
(Impairment loss) reversal of impairment losses under expected credit loss ("ECL") model on financial assets and contract assets, net	*6*	**(574,833)**	3,189,253
Finance costs		**(4,034,427)**	(3,579,410)
Share of results of joint ventures		**(3,750)**	(3,750)
Loss before taxation		**(5,051,360)**	(11,752,260)
Taxation credit	*5*	**2,650,146**	617,663
Loss for the year	*6*	**(2,401,214)**	(11,134,597)

	NOTE	2022 HK$	2021 HK$
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(41,415,715)**	13,265,330
Total comprehensive (expense) income for the year		**(43,816,929)**	2,130,733
Loss for the year attributable to:			
Owners of the Company		**(1,942,228)**	(10,706,159)
Non-controlling interests		**(458,986)**	(428,438)
		(2,401,214)	(11,134,597)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(43,639,256)**	2,512,214
Non-controlling interests		**(177,673)**	(381,481)
		(43,816,929)	2,130,733
Loss per share	*8*		
Basic *(HK cents)*		**(0.77)**	(4.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTES	2022 HK$	2021 HK$
Non-current assets			
Property, plant and equipment		**206,577,809**	234,914,722
Investment properties		**111,151,556**	259,294,789
Equity instruments at fair value through other comprehensive income ("FVTOCI")		**22,285,289**	22,550,619
Club membership		**3,403,700**	3,403,700
Prepayments and deposits	*9*	**5,969,564**	4,156,576
Interests in joint ventures		**392,982**	396,732
Loans receivable		**15,938,198**	–
Deposit paid for acquisition of property, plant and equipment		**2,297,517**	12,677,483
Deferred tax assets		**13,971,096**	10,764,811
		381,987,711	548,159,432
Current assets			
Inventories		**37,117,846**	20,533,613
Properties under development for sale		**326,097,115**	198,365,480
Financial assets at fair value through profit or loss ("FVTPL")		**17,375,128**	24,716,500
Trade and other receivables, prepayments and deposits	*9*	**116,131,495**	159,596,715
Contract assets		**30,264,935**	46,446,817
Loans receivable		**33,414,687**	9,137,831
Tax recoverable		**477,682**	362,668
Pledged bank deposits		**60,000,000**	–
Short-term bank deposits		**15,597,000**	3,304,774
Cash and cash equivalents		**125,297,011**	145,679,792
		761,772,899	608,144,190

	NOTE	2022	2021
		HK$	HK$
Current liabilities			
Trade and other payables and accruals	10	**138,417,524**	153,493,421
Lease liabilities		**12,996,178**	13,922,336
Contract liabilities		**8,798,267**	8,576,969
Tax liabilities		**5,268,629**	10,060,668
Amount due to a non-controlling shareholder of a subsidiary		**16,977,929**	18,359,853
Amount due to a related company		**–**	61,800
Bank borrowings		**72,730,973**	62,609,035
		255,189,500	267,084,082
Net current assets		**506,583,399**	341,060,108
Total assets less current liabilities		**888,571,110**	889,219,540
Non-current liabilities			
Lease liabilities		**54,701,933**	47,115,912
Amount due to a related company		**–**	178,945
Bank borrowings		**38,483,305**	–
Deferred tax liabilities		**7,245,075**	9,866,407
		100,430,313	57,161,264
Net assets		**788,140,797**	832,058,276
Capital and reserves			
Share capital		**2,533,595**	2,536,395
Reserves		**789,440,652**	833,177,658
Total attributable to owners of the Company		**791,974,247**	835,714,053
Non-controlling interests		**(3,833,450)**	(3,655,777)
Total equity		**788,140,797**	832,058,276

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company											
	Share capital	Share premium	Deemed contribution from a shareholder	Capital redemption reserve	Contributed surplus	Properties valuation reserve	Investment revaluation reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2021	2,536,395	368,949,127	188,956,957	62,400	103,571,033	63,252,165	(22,985,932)	26,683,613	102,176,081	833,201,839	(3,274,296)	829,927,543
Loss for the year	–	–	–	–	–	–	–	–	(10,706,159)	(10,706,159)	(428,438)	(11,134,597)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	13,218,373	–	13,218,373	46,957	13,265,330
Other comprehensive income for the year	–	–	–	–	–	–	–	13,218,373	–	13,218,373	46,957	13,265,330
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	13,218,373	(10,706,159)	2,512,214	(381,481)	2,130,733
At 31 December 2021	2,536,395	368,949,127	188,956,957	62,400	103,571,033	63,252,165	(22,985,932)	39,901,986	91,469,922	835,714,053	(3,655,777)	832,058,276
Loss for the year	–	–	–	–	–	–	–	–	(1,942,228)	(1,942,228)	(458,986)	(2,401,214)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(41,697,028)	–	(41,697,028)	281,313	(41,415,715)
Other comprehensive (expense) income for the year	–	–	–	–	–	–	–	(41,697,028)	–	(41,697,028)	281,313	(41,415,715)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	(41,697,028)	(1,942,228)	(43,639,256)	(177,673)	(43,816,929)
Shares repurchased	(2,800)	(97,750)	–	–	–	–	–	–	–	(100,550)	–	(100,550)
At 31 December 2022	2,533,595	368,851,377	188,956,957	62,400	103,571,033	63,252,165	(22,985,932)	(1,795,042)	89,527,694	791,974,247	(3,833,450)	788,140,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Neway Group Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AGENDA DECISIONS OF THE IFRS INTERPRETATIONS COMMITTEE (THE "COMMITTEE")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the 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

In addition, the Group applied the agenda decisions of the Committee of the International Accounting Standards Board, which are relevant to the Group.

The application of the amendments to HKFRSs and the Committee's agenda decisions in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.

[2] Effective for annual periods beginning on or after a date to be determined.

[3] Effective for annual periods beginning on or 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$65,751,387 and HK$67,698,111 respectively, in which the Group will recognise the related deferred tax assets and deferred tax liabilities of HK$12,016,945 and HK$12,304,740 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold and services provided by the Group, less discounts and sales related taxes during the year.

4. SEGMENT INFORMATION

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker ("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 year ended 31 December 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 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 and shows investment ("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)	
	2022	2021	**2022**	2021
	HK$	*HK$*	***HK$***	*HK$*
		(represented)		(represented)
Lending Business	**3,784,531**	1,920,242	**864,299**	47,017
Manufacturing and Sales Business *(note)*	**411,781,643**	579,682,944	**(6,613,348)**	(16,485,631)
Music and Entertainment Business	**3,806,067**	4,387,349	**(3,448,885)**	(4,501,611)
Property Development Business	**–**	–	**(11,870,601)**	(4,147,536)
Property Investment Business	**2,194,059**	4,477,272	**53,618,253**	39,772,950
Securities Trading Business	**–**	–	**(7,568,380)**	(2,003,642)
Trading Business	**27,837,042**	33,108,915	**(4,886,272)**	(3,054,649)
Total	**449,403,342**	623,576,722	**20,095,066**	9,626,898
Bank interest income			**993,991**	754,500
Unallocated corporate expenses			**(26,122,231)**	(22,129,908)
Share of results of joint ventures			**(3,750)**	(3,750)
Certain finance costs			**(14,436)**	–
Loss before taxation			**(5,051,360)**	(11,752,260)

Note: Included in the segment loss for the year ended 31 December 2021 from Manufacturing and Sales Business of HK$5,852,689 represented the segment loss resulting from the mask production business, which has suspended its operation during the year ended 31 December 2021.

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of bank interest income, unallocated corporate expenses, share of results of joint ventures and certain finance costs on lease liabilities. This is the measure reported to the Group's management for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

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

As at 31 December 2022

	Lending Business HK$	Manufacturing and Sales Business HK$	Music and Entertainment Business HK$	Property Investment Business HK$	Property Development Business HK$	Securities Trading Business HK$	Trading Business HK$	Segment total HK$	Elimination HK$	Consolidated HK$
Segment assets	**49,579,534**	**363,679,995**	**3,512,862**	**111,850,125**	**331,024,651**	**18,979,493**	**17,072,175**	**895,698,835**	**–**	**895,698,835**
Other assets										**248,061,775**
Consolidated assets										**1,143,760,610**
Segment liabilities	**514,290**	**190,155,196**	**4,580,783**	**18,888,186**	**113,804,745**	**169,003**	**13,434,144**	**341,546,347**	**–**	**341,546,347**
Inter-group liabilities	**119,439,041**	**–**	**–**	**–**	**–**	**98,513,130**	**–**	**217,952,171**	**(217,952,171)**	**–**
Total	**119,953,331**	**190,155,196**	**4,580,783**	**18,888,186**	**113,804,745**	**98,682,133**	**13,434,144**	**559,498,518**	**(217,952,171)**	**341,546,347**
Other liabilities										**14,073,466**
Consolidated liabilities										**355,619,813**

As at 31 December 2021 (re-presented)

	Lending Business HK$	Manufacturing and Sales Business HK$	Music and Entertainment Business HK$	Property Investment Business HK$	Property Development Business HK$	Securities Trading Business HK$	Trading Business HK$	Segment total HK$	Elimination HK$	Consolidated HK$
Segment assets	10,248,051	430,925,617	3,832,136	274,460,953	201,899,436	26,034,283	11,830,635	959,231,111	–	959,231,111
Other assets										197,072,511
Consolidated assets										1,156,303,622
Segment liabilities	1,204,401	207,557,471	2,561,557	19,834,556	58,616,341	92,651	13,951,017	303,817,994	–	303,817,994
Inter-group liabilities	65,981,607	–	–	–	–	94,946,212	–	160,927,819	(160,927,819)	–
Total	67,186,008	207,557,471	2,561,557	19,834,556	58,616,341	95,038,863	13,951,017	464,745,813	(160,927,819)	303,817,994
Other liabilities										20,427,352
Consolidated liabilities										324,245,346

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, 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.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2022	2021
	HK$	*HK$*
Sales of printing products	**439,618,685**	612,791,859
Artistes management fee income	**–**	391,498
Income from the licensing of the musical works	**2,017,280**	2,391,187
Loan interest income from Lending Business	**3,784,531**	1,920,242
Promotion income	**98,000**	10,000
Rental income	**2,194,059**	4,477,272
Sales of albums	**1,690,787**	1,594,664
	449,403,342	623,576,722

Geographical information

The Group's operation of Manufacturing and Sales Business and Property Development and Investment Business are located in Hong Kong and the PRC. The Group's operation of Lending Business, Trading Business, Music and Entertainment Business and Securities Trading Business are located in Hong Kong.

The Group's revenue from external customers and information about non-current assets by geographical location of the customers and assets respectively are set out below:

	Revenue from external customers		Non-current assets	
	2022	2021	**2022**	2021
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**129,157,218**	234,018,508	**102,396,638**	269,502,371
The PRC	**231,688,354**	256,221,762	**224,547,862**	243,369,670
Europe	**18,678,521**	35,472,242	**–**	–
United States	**57,628,959**	73,495,815	**–**	–
Others	**12,250,290**	24,368,395	**–**	–
	449,403,342	623,576,722	**326,944,500**	512,872,041

Note: Non-current assets exclude financial assets and deferred tax assets.

Information about major customers

There was no customer contributing over 10% of total sales of the Group for the years ended 31 December 2022 and 2021.

5. TAXATION CREDIT

	2022	2021
	HK$	*HK$*
The taxation comprises:		
Hong Kong Profits Tax		
Charge for the year	**(126,892)**	(773,864)
(Under) over provision in prior years	**(1,724,551)**	15,359
	(1,851,443)	(758,505)
PRC Enterprise Income Tax		
Charge for the year	**(1,410,813)**	(4,354,565)
Over (under) provision in prior years	**1,878,362**	(4,053,184)
	467,549	(8,407,749)
Deferred tax credit for the year	**4,034,040**	9,783,917
	2,650,146	617,663

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%.

For the years ended 31 December 2022 and 2021, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK$2 million. The profits of corporation not qualified for the two-tier profit tax regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

During the year ended 31 December 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 year ended 31 December 2022 and included in "Administrative and other expenses" and the additional tax payables of approximately HK$2,094,000 was provided during the year ended 31 December 2022 and included in "Taxation charge". Tax reserve certificates of approximately HK$5,794,000 purchased by the Group have been utilised to settle the aforesaid payables.

6. LOSS FOR THE YEAR

	2022	2021
	HK$	*HK$*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
– Audit services	**1,915,000**	1,850,000
– Non-audit services	**606,000**	1,000,000
	2,521,000	2,850,000
Cost of inventories recognised as an expense (including write-down of inventories of HK$240,984 (2021: HK$1,738,392))	**200,817,058**	284,536,781
Depreciation of right-of-use assets	**14,378,993**	10,141,861
Depreciation of other property, plant and equipment	**21,820,623**	28,105,742
Depreciation of property, plant and equipment	**36,199,616**	38,247,603
Less: included in cost of sales and services	**(19,758,629)**	(26,832,006)
	16,440,987	11,415,597
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	**176,764,704**	176,449,142
– Contributions to retirement benefits schemes	**12,857,395**	11,785,706
Less: included in cost of sales and services	**(101,673,107)**	(106,696,491)
	87,948,992	81,538,357
Legal and professional fees	**10,922,258**	9,701,796
Gross rental income from investment properties	**(2,194,059)**	(4,477,272)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**392,878**	340,479
	(1,801,181)	(4,136,793)
The following items are included in (reversal of impairment losses) impairment losses under ECL model on financial assets and contract assets, net:		
– Reversal of impairment losses on trade receivables, net	**(85,753)**	(2,291,599)
– Reversal of impairment losses on contract assets, net	**(269,264)**	(714,591)
– Impairment losses (reversal of impairment losses) on loans receivable, net	**929,850**	(183,063)
	574,833	(3,189,253)
The following items are included in other interest income:		
– Bank interest income	**(993,992)**	(754,500)
– Interest income on rental deposits	**(103,433)**	(80,216)
	(1,097,425)	(834,716)
The following items are included in other income:		
– Dividend income	**(1,115,144)**	(1,214,590)
– Government grants *(Note)*	**(7,196,142)**	(4,239,371)
– Others	**(2,829,214)**	(2,451,500)
	(11,140,500)	(7,905,461)

Note:

For the year ended 31 December 2022, government grants represented one-off government grants in the PRC of HK$11,590 (2021: HK$100,000) related to grants under Covid-19 pandemic, the government grants that are receivable as a compensation for expenses incurred of HK$5,450,892 (2021: HK$2,500,442) during the year ended 31 December 2022. There were also government grants received for Employment Support Scheme launched by the Hong Kong Government of HK$1,733,660 (2021: nil). For the year ended 31 December 2021, there were also assets related government grant of HK$1,638,929.

7. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2022	2021
	HK$	*HK$*
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(1,942,228)**	(10,706,159)

	2022	2021
Weighted average number of ordinary shares in issue for the purpose of calculating basic loss per share	**253,581,100**	253,639,456

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share repurchase on 14 October 2022 and 17 October 2022.

No separate diluted loss per share information has been presented as there were no potential ordinary shares outstanding issue for both years.

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022	2021
	HK$	*HK$*
Trade receivables	**93,003,027**	121,178,354
Less: allowance for credit losses	**(722,114)**	(828,427)
	92,280,913	120,349,927
Receivables with brokers' houses	**2,279,423**	1,263,981
Deposits and other receivables *(note)*	**10,017,055**	25,411,878
Other tax recoverable	**3,947,629**	5,370,516
Prepayments	**13,576,039**	11,356,989
	122,101,059	163,753,291
Analysed for reporting purposes as:		
Current assets	**116,131,495**	159,596,715
Non-current assets	**5,969,564**	4,156,576
	122,101,059	163,753,291

As at 1 January 2021, trade receivables from contracts with customers amounted to HK$110,247,609.

Note: Included in deposits and other receivables of approximately HK$9,275,000 as at 31 December 2021 have been utilised to setoff the tax penalty and tax payables of approximately HK$5,794,000 as disclosed in note 5. The remaining amount of approximately HK$3,481,000 have been refunded by Inland Revenue Department accordingly.

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

	2022	2021
	HK$	*HK$*
Manufacturing and Sales Business and Trading Business:		
0 – 30 days	**50,200,857**	80,719,503
31 – 60 days	**21,552,763**	22,572,999
61 – 90 days	**10,240,281**	8,666,407
Over 90 days	**9,919,140**	7,232,846
	91,913,041	119,191,755
Music and Entertainment Business:		
0 – 30 days	**286,382**	517,851
31 – 60 days	**–**	8,116
61 – 90 days	**300**	151,276
Over 90 days	**81,190**	480,929
	367,872	1,158,172
Total trade receivables	**92,280,913**	120,349,927

10. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2022	2021
	HK$	*HK$*
0 – 30 days	**41,536,006**	62,337,708
31 – 60 days	**10,502,193**	12,212,615
61 – 90 days	**2,774,078**	5,806,321
Over 90 days	**1,294,405**	2,334,873
	56,106,682	82,691,517
Accrued expenses and other payables	**31,958,861**	31,364,139
Construction costs payables for properties under development for sale	**50,351,981**	39,437,765
	138,417,524	153,493,421

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the Year, although more and more countries have relaxed the anti-pandemic precaution measures and the restrictions on cross-border travel among countries, high level of inventories were accumulated by our customers in different business segments due to the rapid increase in the number of orders they placed in the Year 2021. Therefore, reducing their respective inventory levels became a major target for most of our customers and less orders were therefore placed during the Year. Furthermore, the tightening of the anti-pandemic precaution measures adopted by the Government of the People's Republic of China (the "PRC") since the end of the first quarter of the Year has further suppressed the economic activities in the PRC and the export and domestic sales of the Manufacturing and Sales Business, and the sales activities of the Property Development Business have also been negatively affected in different extent. Although the said precaution measures have been relaxed in the fourth quarter of the Year, the business results of the Group for the Year have already been seriously affected. Under the undesired economic and business environment, the Group has put more efforts to set its sales strategies and improve the overall efficiency of the operations of different business segments and is prepared to take up the opportunities and challenges in 2023.

The business and financial review of each business segment is detailed below.

BUSINESS AND FINANCIAL REVIEW

Total Revenue and Gross Profit Margin

During the Year, total revenue of the Group was approximately HK$449.4 million (2021: approximately HK$623.6 million) and the gross profit margin was approximately 21.0% (2021: 17.4%). The contribution of each business segment to the total revenue of the Group is as follows:

	2022	**Approximate % to total revenue**	2021	Approximate % to total revenue
	HK$		*HK$*	
Lending Business	**3,784,531**	**0.8%**	1,920,242	0.3%
Manufacturing and Sales Business	**411,781,643**	**91.6%**	579,682,944	93.0%
Music and Entertainment Business	**3,806,067**	**0.9%**	4,387,349	0.7%
Property Development Business	**–**	**–**	–	–
Property Investment Business	**2,194,059**	**0.5%**	4,477,272	0.7%
Trading Business	**27,837,042**	**6.2%**	33,108,915	5.3%
Total revenue	**449,403,342**	**100%**	623,576,722	100.0%

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, no transaction was conducted during the Year, and the Group is still identifying deals with promising potential.

Money lending business in Hong Kong is carried out by Grand Prospects Finance International Limited (華泰財務國際有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Customers of this segment included both 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.

The Group has adopted a set of internal guidelines for its money lending business. The guidelines provide references or specific requirements for the setting of interest rates of the loan, the tenure of the loan and the credit assessment and approval process of each loan. The guidelines also set out the procedures to be observed by the Group for its money lending business. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The total amount of new loans granted during the Year was approximately HK$41.3 million and the average loan interest rate of the Group's loan portfolio was approximately 13%. During the Year, the interest income from loans increased by approximately 97.1% to approximately HK$3.8 million (2021: HK$1.9 million) and the segment gain was approximately HK$864,000 (2021: HK$47,000). The increase in revenue and the improvement in the segment results were mainly due to the increase in the number of new loans granted during the Year.

The Group has concentration of credit risk as 61% (2021: 80%) of the total loans receivable was due from three (2021: three) independent third parties totalling of approximately HK$29,917,000 (2021: HK$7,320,000).

The estimated loss rates of loans receivable were based on historical credit loss experience of the relevant debtors as well as the fair value of the collateral they pledged to the loans receivable. For those loans receivable secured by charge over properties located in Hong Kong with an aggregate amount of HK$31,601,901 (2021: HK$9,115,671), the Directors considered the loss given default is low, given that the fair value of the collaterals are higher than the carrying amounts of the respective loans receivable. The Group has not recognised a loss allowance for the loans receivable as a result of these collaterals. For the remaining loan receivables with an aggregate amount of HK$17,750,984 (2021: HK$22,612), the Group has recognised net impairment allowance of approximately HK$930,000 on these loans receivable during the Year.

Manufacturing and Sales Business

This segment represented: (a) the manufacturing and sales of printing products, such as packaging boxes, labels, paper products and paper shopping bags, with a worldwide customer base; and (b) the manufacturing and sales of surgical masks, with a Hong Kong customer base. The segment revenue decreased by approximately 29.0% to HK$411.8 million (2021: approximately HK$579.7 million) and the segment loss was approximately HK$6.6 million (2021: approximately HK$16.5 million). The operations and financial performance of each sub-segment are detailed below.

(a) Manufacturing and sales of printing products

The segment revenue of the business decreased significantly by approximately 28.8% to HK$411.8 million for the Year (2021: approximately HK$578.4 million), mainly attributable to the decrease in sales orders of all types of printing products from overseas and domestic clients. The decrease in sales orders was mainly due to (i) the high level of inventories purchased but accumulated by customers over previous years; and (ii) the tightening of anti-pandemic precaution measures imposed by the PRC Government since the first quarter of the Year which further suppressed the economic activities of all industries and, thus, our export and domestic customers have further deferred their order placement to 2023.

Segment loss of approximately HK$6.6 million was recorded for the Year (2021: approximately HK$10.6 million), mainly attributable to the following factors:

(i) The revenue decreased significantly by 28.8% or approximately HK$166.6 million as compared with that of Year 2021.

(ii) The ratio of total staff costs and other related expenses to sales increased for the Year by approximately 6.1% as compared with that of Year 2021. Although the total amounts of staff cost of this segment decreased by approximately 3.6% as compared with that of Year 2021, the significant drop in revenue has pushed up the ratio of total staff costs to sales for the Year as a whole.

The negative impact arising from (i) and (ii) was partially offset by the following factors:

(iii) The increase in gross profit margin by 2.9 percentage points to approximately 19.3% for the Year (2021: approximately 16.4%), mainly due to (a) the change in product mix of which the percentage of sales of products with lower material consumption was higher in the Year; and (b) the decrease in material prices and average material consumption rate. Both factors contributed to the overall decrease in average material consumption to approximately 12.8% during the Year.

(iv) Since certain machineries were no longer suitable for the production of our factories, a gain of approximately HK$1.6 million arising from the disposal of the same was recorded.

(v) The exchange gain of approximately HK$12.8 million. The average exchange rate of Renminbi ("RMB") against Hong Kong dollars depreciated in the Year by approximately 4.1% as compared with 2021. The fluctuation brought about a positive impact on the segment result as most of the production and operating expenses were denominated in RMB while approximately 54.6% of the sales of this segment was dominated in Hong Kong dollars or currencies other than RMB.

(b) Manufacturing and sales of surgical masks

As mentioned in the Group's consolidated financial statements for the Year 2021, the Group ceased the manufacturing of surgical masks in 2021 after a thorough review of the financial performance of this sub-segment. Accordingly, the financial results of the sales of surgical masks were recorded in the Trading Business during the Year for better presentation as stated below.

The revenue and loss of this sub-segment for the Year 2021 were approximately HK$1.3 million and HK$5.9 million respectively, both of which were included in the Manufacturing and Sales Business.

Music and Entertainment Business

Revenue from this segment mainly consisted of income from concerts and shows, artist management fee income, album distribution income, promotion income and musical work licensing income.

The revenue of the segment decreased by approximately 13.2% to HK$3.8 million (2021: approximately HK$4.4 million) and the segment loss for the Year was approximately HK$3.4 million (2021: approximately HK$4.5 million). The decrease in revenue was mainly attributable to the decrease in licensing income. Over 50% of the segment revenue was derived from licensing income from online music platforms. The decrease in segment loss was mainly attributable to the decrease in the overall operating expenses of this segment.

Property Development Business

The Group had two property development projects as at 31 December 2022 (31 December 2021: two). During the Year, one project involved 清遠市中清房地產開發有限公司 (unofficial English name: Qingyuan Zhongqing Property Development Company Limited) ("Zhongqing"), a non-wholly owned subsidiary of the Company, and 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

Zhongqing held the land use right of two commercial land parcels in Qingyuan, the PRC ("Qingyuan Land"). 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 Company Limited) ("Zhongxing Guosheng"), a wholly-owned subsidiary of the Company, initiated civil proceedings against Zhongqing in the People's Court of Baoan District (the "Court") for, among other matters, the repayment of the shareholder's loan contributed by Zhongxing Guosheng in an amount of RMB23,479,330 (the "Litigation"). On 19 June 2014, pursuant to an application made by Zhongxing Guosheng for freezing and preserving the assets of Zhongqing with a total value of RMB23,400,000, an order was granted by the Court to freeze and preserve the Qingyuan Land from 24 June 2014 to 23 June 2016 (the "Freeze Order"), aiming to ensure that Zhongqing would have sufficient assets for the repayment of 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 (the "Document") from the Court, 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 Zhongxing Guosheng a sum of RMB23,479,330, together with interests accrued from 18 June 2014 to the date of repayment which was supposed to be within 15 days of the effective date of the Document; and (iii) where Zhongqing failed to repay the agreed amount, Zhongxing Guosheng was 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 Document was 15 October 2014 and the deadline for repayment by Zhongqing was 30 October 2014 accordingly. As at 30 October 2014, Zhongqing did not repay the outstanding shareholder's loan and accrued interests to Zhongxing Guosheng.

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

During the Year, after assessing the market condition of Qingyuan City, the government policies and recent development projects, as well as the professional experts 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"). Further details of the Compulsory Enforcement were disclosed in the circular of the Company dated 24 June 2022. The shareholders of the Company (the "Shareholders") passed the resolution to approve the Compulsory Enforcement at the special general meeting of the Company held on 15 July 2022 and the Group submitted the application to the Court to commence the Compulsory Enforcement in July 2022. As at the date of this announcement, the Court is still verifying the land information with the relevant departments in Qingyuan and the progress is not yet completed. The Company will provide further update to the Shareholders as and when appropriate.

Zhongda Qingyuan

The Group, through Zhongda Qingyuan, owns a land parcel in Qingyuan City, the PRC, with a total area of approximately 208,000 square metres ("sq. m.") and has been building an industrial park (the "Zhongxing Industrial Park") with an array of industrial buildings, commercial buildings, apartments and dormitories. The buildings thereon are intended for lease or sales. The plan was approved by the Guangdong Qingyuan High-Tech Industrial Development Zone Management Office in March 2020 and has been highly supported by the Qingyuan Government.

Construction status:

The whole first stage of development of the Zhongxing Industrial Park comprises 19 industrial buildings, with a total gross floor area of approximately 133,000 sq. m.. As at 31 December 2022, approximately 65% of the aforementioned construction work was completed according to the supervision reports prepared by the independent construction company engaged by Zhongda Qingyuan. Up to the date of this announcement, the construction work of 14 industrial buildings is completed and subject to the final inspection by the independent supervisory company, which will be commenced in the first half of 2023. The Group will closely monitor the sales of the industrial buildings and adjust the construction progress of the remaining buildings as needed.

Sales status:

As at 31 December 2022, Zhongda Qingyuan has signed one sale and purchase agreement and four provisional sale and purchase agreements with several customers in respect of approximately 15% of the total gross floor area of the first stage of development of the Zhongxing Industrial Park (i.e. 19,948.60 sq. m.). The Group expects to deliver the relevant industrial buildings to these customers gradually in 2023 and the revenue therefrom will be recognized accordingly.

During the Year and up to the date of this announcement, Zhongda Qingyuan has signed several cooperation agreements with several banks in the PRC, pursuant to which Zhongda Qingyuan has agreed to provide transitional guarantees for the mortgage loans to be granted by these banks to the purchasers for the acquisition of the industrial buildings in the Zhongxing Industrial Park and the transitional guarantees shall be released upon the completion of the relevant mortgage registrations over the properties. It is the usual commercial practice in the real estate industry in the PRC that property developers shall provide a transitional guarantee in favor of the mortgage banks for the purchasers of properties which are still under development if the purchasers will settle the purchase price of the property partly by mortgage loans. Further details were disclosed in the announcements of the Company dated 31 October 2022, 1 November 2022, 25 November 2022, 2 December 2022, 9 December 2022, 5 January 2023, 6 January 2023, 24 February 2023 and 20 March 2023 and the circular of the Company dated 28 February 2023.

As at 31 December 2022, no mortgage loan was granted to any purchaser and no contingent liabilities in respect of the provision of the transitional guarantees by the Group were noted.

Property Investment Business

During the Year, 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 31 December 2022 (31 December 2021: three). The first one was a commercial property in Yuen Long, Hong Kong (the "Yuen Long Property") which was leased to an independent third party as at 31 December 2022. During the Year, due to the adverse economic impact arising from the persistent spread of COVID-19, the Group provided the tenant with a rental concession totaling HK$2.1 million. Approximately 82.2% of the revenue of the Property Investment Business was derived from the Yuen Long Property.

The second one was a commercial property in Beijing, the PRC (the "Beijing Property") which was leased to an independent third party during the Year, and the annual rental income was approximately HK$390,000.

According to the Group's accounting standards, the Yuen Long Property and the Beijing Property were classified as investment properties of the Group and were carried at market value. A fair value loss of approximately HK$14.5 million was recorded in "other gains and losses" of the Group during the Year (2021: fair value gain of HK$46.8 million). The fair value loss of the Yuen Long Property and the Beijing Property were approximately HK$14.4 million and HK$116,000 respectively. The decrease in fair value of the Yuen Long Property and the Beijing Property was mainly due to the lower market value and rental value of adjacent locations.

As at 31 December 2021, this business also included a mini storage business operated in a self-owned industrial building in Fanling, Hong Kong (the "Fanling Property"), which was disposed of in January 2022. The revenue of the mini storage business for the Year 2021 was approximately HK$1.6 million, which represented approximately 35.4% of revenue of the Property Investment Business.

On 21 October 2021, Chung Tai Printing Holdings Limited ("Chung Tai Printing"), a wholly-owned subsidiary of the Company, SP (BVI) 1 Limited (the "Purchaser") and Supreme Cycle Inc. (the "Guarantor"), a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement (the "Provisional Agreement"), pursuant to which Chung Tai Printing conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire issued share capital of Profit Link Investment Limited ("Profit Link"), a wholly-owned subsidiary of the Group, at the initial purchase price of HK$231.0 million, subject to adjustments (the "Disposal"). The principal asset of Profit Link was the Fanling Property. Further details of the Disposal were disclosed in the announcements of the Company dated 21 October 2021 and 28 January 2022 and the circular of the Company dated 17 December 2021. The resolution was passed at the special general meeting of the Company held on 7 January 2022 and the Disposal was completed on 28 January 2022. The final consideration was approximately HK$231.0 million and the gain on the Disposal was approximately HK$76.4 million which was recorded in "other gains and losses" of the Group during the Year.

Trading Business

Revenue from the Trading Business decreased to approximately HK$27.8 million (2021: approximately HK$33.1 million) while a segment loss of approximately HK$4.9 million was recorded during the Year (2021: approximately HK$3.1 million). The segment loss was mainly attributable to the increase in operating costs as more sales agents and employees were employed to develop the Trading Business both overseas and in Hong Kong which was partially offset by the increase in gross profit margin by approximately 4.6%.

As mentioned above, the revenue of the sales of surgical masks of approximately HK$560,000 (2021: approximately HK$1.3 million which was included in the Manufacturing and Sales Business) was included in the Trading Business for the Year.

Securities Trading Business

The Group's equity instruments at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit and loss ("FVTPL") as at 31 December 2022 amounted to approximately HK$39.7 million (31 December 2021: approximately HK$47.3 million). During the Year, the Group recorded a fair value loss in investments of securities listed in Hong Kong of approximately HK$7.8 million (2021: approximately HK$2.7 million), a realized gain of approximately HK$442,000 (2021: realized loss of approximately HK$27,000) and a dividend income of approximately HK$1,115,000 (2021: approximately HK$1,215,000).

The Group's investments as at 31 December 2022 included securities of 10 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, two Hong Kong private companies and a PRC private company. The carrying amount of each of the Group's investments accounted for less than 5% of the Group's audited total assets as at 31 December 2022. The top five largest investments amounted to approximately HK$36.0 million, representing approximately 3.1% of the Group's audited total assets as at 31 December 2022.

The largest investment was the investment in an offshore investment fund named Zhong Wei Capital L.P. ("Zhong Wei"), which represented 1.33% of the total share capital of Zhong Wei. Zhong Wei has invested in more than 30 entities including public and private entities incorporated in Hong Kong and overseas. These entities principally engaged in, including but not limited to, educational sector, entertainment and recreational sector, financial technological sector, healthcare sector and telecommunication sector. Its fair value as at 31 December 2022 amounted to approximately HK$17.5 million, representing approximately 1.5% of the Group's audited total assets as at 31 December 2022.

The second to fifth largest investments were the investment in Wang On Group Limited (a company listed on the Main Board of the Stock Exchange with stock code 01222), Wang On Properties Limited (a company listed on the Main Board of the Stock Exchange with stock code 01243), China Agri-Products Exchange Limited (a company listed on the Main Board of the Stock Exchange with stock code 00149) and a private company incorporated in the PRC principally engaged in entertainment business in the PRC.

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 investments after the acquisition as well as revise the investment strategy in a cautious manner when necessary to minimize the impact of market volatility.

OTHER GAINS AND LOSSES

Other gains and losses for the Year mainly comprised the following items:

	2022	2021
	HK$	*HK$*
Change in fair value of financial assets at FVTPL *(Note a)*	**(7,820,160)**	(2,722,561)
Change in fair value of investment properties *(Note b)*	**(14,498,870)**	46,763,317
Net foreign exchange gain (loss)	**12,968,171**	(4,697,543)
Net gain (loss) on disposal of property, plant and equipment	**1,625,999**	(2,183,026)
Impairment loss on property, plant and equipment *(Note c)*	**–**	(1,934,349)
Gain on disposal of a subsidiary *(Note d)*	**76,441,616**	–
Total	**68,716,756**	35,225,838

Notes:

(a) The change in fair value of financial assets at FVTPL consisted of the fair value loss of securities traded in the Stock Exchange of approximately HK$7.8 million (2021: approximately HK$2.7 million).

(b) The fair value loss of investment properties was mainly related to the Yuen Long Property. For the reason of such loss, please refer to the business and financial review of the Property Investment Business above.

(c) The impairment loss on property, plant and equipment was made for the manufacturing and sales of the surgical mask business which was ceased during the Year 2021.

(d) The gain on disposal of a subsidiary was related to the Disposal of Profit Link. For details of such gain, please refer to the business and financial review of the Property Investment Business above.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The following table sets out the Group's current ratio, quick ratio and gearing ratio as at 31 December 2022 and 31 December 2021:

	Notes	**As at 31 December 2022**	As at 31 December 2021
Current ratio	*(a)*	**3.0 times**	2.3 times
Quick ratio	*(b)*	**1.6 times**	1.5 times
Gearing ratio	*(c)*	**24.9%**	17.1%

Notes:

(a) Current ratio is calculated by dividing total current assets by total current liabilities as at the end of respective year.

(b) Quick ratio is calculated by dividing total current assets less inventories and properties under development for sale by total current liabilities as at the end of respective year.

(c) Gearing ratio is calculated by dividing total borrowings by total equity as at the end of respective year and then multiplying it by 100%. Total borrowings as at 31 December 2022 include: (i) the amount due to a non-controlling shareholder of a subsidiary; (ii) bank borrowings; and (iii) lease liabilities.

As at 31 December 2022, the Group had short-term bank deposits, pledged bank deposits and cash and cash equivalents of approximately HK$200.9 million (31 December 2021: approximately HK$149.0 million) and total borrowings of approximately HK$195.9 million (31 December 2021: approximately HK$142.2 million).

The current ratio and quick ratio indicated an ample cash flow and a stable liquidity position as at 31 December 2022. The gearing ratio of the Group increased from 17.1% to 24.9% as at 31 December 2022, mainly due to the increase in total borrowings of the Group and the reasons for which are stated below.

The Group's total borrowings as at 31 December 2022 included: (i) an amount of approximately HK$17.0 million due to a non-controlling shareholder of a subsidiary (31 December 2021: approximately HK$18.4 million); (ii) secured bank borrowings of approximately HK$111.2 million (31 December 2021: approximately HK$62.6 million); and (iii) lease liabilities of approximately HK$67.7 million (31 December 2021: approximately HK$61.0 million).

Secured bank borrowings included (i) an amount of approximately HK$18.1 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$50.1 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 2.25% (2021: 1.25% to 2.5%) per annum; and (iii) an amount of approximately HK$43.0 million (31 December 2021: Nil) was payable within three years and carried interest at 5.98%. The amount due to the 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 and RMB and the majority of cash and cash equivalents were denominated in RMB, Hong Kong dollars and U.S. dollars.

The Group generally finances its operation with cash flows generated internally and bank facilities obtained in Hong Kong and the PRC. Taking into account the amount of funds expected to be generated internally and the available 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 cash balances, thereby maintaining a strong and healthy liquidity level to capitalize any potential business opportunity.

FUTURE OUTLOOK

Looking forward to 2023, it is expected that the Group will be challenged by all sorts of adversities as the global market continues to be shadowed by economic and political uncertainties, including 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. However, as nearly all epidemic prevention measures and restrictions among countries have been relaxed during the Year, the faster recovery of global economy is reasonably expected. Furthermore, as more policies are expected to be introduced by the PRC Government to stimulate the local consumption and economic activities, it is reasonably expected that more opportunities may be seen for the domestic sales of the Manufacturing and Sales Business and the Property Development Business of the Group. In order to cope with the complicated and ever-changing situations, the Group will carefully revise the strategy for all its business segments, as well as diversify and expand its businesses in a cautious way.

Lending Business

Due to the keen market competition, the Group will take calculated risks when expanding the loan portfolio of the Lending Business. The Group will continue to cooperate with other money lending companies and use online money lending platforms to attract more new customers and allocate more financial resources to expand the business scale by enlarging the loan portfolio in a prudent way.

Manufacturing and Sales Business and Trading Business

In 2023, the business of the Company will see all sorts of challenges and opportunities, especially the manufacturing and sales business of printing products. As nearly all epidemic prevention measures and restrictions among countries have been relaxed, the restrictions on international travel among countries were also eased during the Year. However, the intensified political and economic tensions between the PRC and other countries may further shift the production of China-made products to other countries. These impacts may negatively affect the export sales of the printing products. On the other hand, more policies are expected to be introduced by the PRC Government to stimulate the economic activities in the PRC, resulting in more business opportunities for the domestic sales of the printing products.

All the above factors will affect both the export and domestic sales of the business to varying extents. As a result, the Group will carefully revise its sales strategy for the expansion of these market segments and spare sufficient cash flows to cope with any sudden or prolonged adverse situation beyond its expectation. As the restrictions on international travel were eased, the Group will engage more overseas sales agents and participate in more overseas and domestic trade fairs so as to reach more new customers in 2023. Furthermore, the Group will actively participate in the new products development of the existing and new customers and provide more professional advice to enhance the products design and decrease the overall production costs during the new product development. On the other hand, the Group will also continue to acquire new printing machines and ancillary equipment for the expanded production line to enhance production efficiency and lower the defect rate and manpower costs in production activities.

Quality management and enhancement and credit control on receivables will remain the top priority of the Manufacturing and Sales Business in 2023. Meanwhile, the Group will keep sparing dedicated resources to expand the luxury packaging and paper product segment which enjoys a higher profit margin. Although the uncertainty of the global economy is expected to persist in 2023, the Group will take this opportunity to diversify into the target market sectors with tightened control on operating costs.

In addition, to cope with the challenges experienced by the printing industry and to improve the profitability of the business, the Group will continue to step up its efforts on the following aspects: (i) efficiency and effectiveness enhancement by streamlining the production process of its factories to reduce operation and production wastage; (ii) talent recruitment, provision of value-added services and continuous upgrade of its technology infrastructure; (iii) procurement of alternative materials, verification of their quality and negotiation with suppliers for more favourable terms; (iv) market expansion to cover high-value products and identification of long-term cooperation or joint venture opportunities with other industry players to expand the production capacity of factories; and (v) allocation of more resources to upgrade of facilities and recruitment of skilled labours to meet varied requirements of clients. All the strategies adopted by the Group will further equip it with strength and core competence to tackle unknown challenges in the coming years.

For the Trading Business, the Group will continue to allocate more resources to expand and develop the sales team in Hong Kong, overseas and the PRC, so as to broaden the clientele, optimize the product mix and provide more value-added services to the existing and target customers.

Music and Entertainment Business

As stated above, as nearly all the epidemic prevention measures and restrictions among countries have been relaxed during the Year, all outdoor activities have been gradually resumed. As mentioned in the annual reports of the Company in previous years, the overseas talent show invested by the Group has been postponed due to the tightened epidemic prevention measures. The Group and its partners expect to launch the first talent show in Hong Kong in 2023 after all restrictions have been relaxed. Meanwhile, the Group will continue to explore more show investments in Hong Kong and overseas and expand the music licensing business by acquisition or via licensing of existing catalogues from other song master owners to expand the revenue streams of the Music and Entertainment Business.

Property Development Business

For Zhongqing, as mentioned in the business and financial review section of the Property Development Business above, the Group is waiting for the completion of internal procedures of the Court and will provide further update to the Shareholders as and when appropriate.

Zhongda Qingyuan has signed one more provisional sale and purchase agreement since the end of the Year, involving a gross floor area of approximately 22,000 sq. m.. As at the date of this announcement, the total gross floor areas sold were approximately 42,000 sq. m. which represented approximately 32% of the total gross floor area of the first stage of development of the Zhongxing Industrial Park. The Group will deliver the relevant industrial buildings to the purchasers gradually in 2023.

For 2023, the Group will continue to devote more resources in the sales and marketing activities of the Zhongxing Industrial Park, such as engaging more property agents to reach more potential customers and organizing more group and individual tours for potential customers to visit the Zhongxing Industrial Park. Furthermore, the Group will continue to work with more local banks to offer different mortgage plans to the potential customers. Subject to the current sales progress of the first stage of development of the Zhongxing Industrial Park, the Group may commence the construction plan of its second stage of development in 2023, if appropriate.

Property Investment Business

No material fluctuation is expected for the Property Investment Business and the Group will continue to monitor the rental market condition in Hong Kong and the PRC and adjust the strategies, if necessary.

Securities Trading Business

The Group expects that the fair value of equity securities listed in Hong Kong may keep fluctuating in the foreseeable future due to the volatile global economy. In light of this, the Group will closely monitor the general market and market data related to prospective investees before committing to any securities investment, and will pay attention to the performance of the investments after purchasing as well as make necessary adjustment to the investment strategy in a cautious manner so as to alleviate the impact of extreme market swings.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were mainly denominated in Renminbi, Hong Kong dollars and U.S. dollars. Except for RMB, there was no significant fluctuation in the exchange rate of Hong Kong dollars and U.S. dollars during the Year. The management will closely monitor the foreign exchange rate risk of RMB and identify the significant adverse impact (if any) on the Group's operations in the PRC. The Group did not use any financial instrument for hedging purpose during the Year and it did not have any outstanding hedging instrument as at 31 December 2022. The Group will consider using appropriate hedging solutions when necessary.

CAPITAL EXPENDITURE

During the Year, capital expenditure of the Group for property, plant and equipment, investment properties and properties under development for sales amounted to approximately HK$15.6 million (Year 2021: approximately HK$24.7 million), approximately HK$5.1 million (Year 2021: Nil) and approximately HK$146.9 million (Year 2021: HK$68.5 million) respectively. The capital expenditure for the Year was mainly attributable to the acquisition of machineries for production in the PRC, the addition of right of use assets from the leased offices and warehouses and the construction work conducted on the Zhongxing Industrial Park.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had capital commitments of approximately HK$177.2 million (31 December 2021: approximately HK$269.1 million) which had been contracted for but had not been provided for in the financial statements for the acquisition of property, plant and equipment and construction work on the Zhongxing Industrial Park. 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 reporting periods. The Group expects to finance the capital commitments by internal resources and bank borrowings.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2022 and 2021.

PLEDGE OF ASSETS

As at 31 December 2022, the Group had pledged bank deposits, investment properties and properties under development for sales with an aggregate carrying value of approximately HK$442.3 million (31 December 2021: approximately HK$252.1 million) to secure the construction loan of the Zhongxing Industrial Park, the mortgage loan of certain investment properties and general banking facilities granted to the Group. Save as aforesaid, no other assets were pledged by the Group as at 31 December 2022.

SHARE CAPITAL AND CAPITAL STRUCTURE

There was no change in the share capital and capital structure of the Company during the Year.

HUMAN RESOURCES

As at 31 December 2022, the Group had approximately 1,190 full-time employees (31 December 2021: approximately 1,320). Total staff costs (including Directors' remuneration) for the Year were approximately HK$176.8 million (Year 2021: approximately HK$176.4 million).

The remuneration schemes of the Group are generally structured with reference to market conditions and the qualifications of the employees, and the 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.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES DURING THE YEAR

Save as disclosed below, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

Disposal of Profit Link

On 21 October 2021, Chung Tai Printing, the Purchaser and the Guarantor entered into the Provisional Agreement, pursuant to which Chung Tai Printing conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire issued share capital of Profit Link at the initial purchase price of HK$231.0 million, subject to adjustments. The principal asset of Profit Link was the Fanling Property.

As at 31 December 2021, the Disposal was not completed, pending the fulfilment of the conditions precedent set out in the Provisional Agreement.

At a special general meeting of the Company held on 7 January 2022, the Shareholders approved the Disposal and completion of the Disposal took place in accordance with the terms of the Provisional Agreement on 28 January 2022. Upon completion, the Company has ceased to have any interest in Profit Link and Profit Link has ceased to be a subsidiary of the Company.

The Disposal constituted a very substantial disposal of the Company under Chapter 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. Please refer to the announcements of the Company dated 21 October 2021 and 28 January 2022 and the circular of the Company dated 17 December 2021 for further details of the Disposal.

EVENTS AFTER REPORTING PERIOD

Save as disclosed below, there have been no significant events since the end of the Year and up to the date of this announcement.

Provision of transitional guarantee(s)

On 9 December 2022, Zhongda Qingyuan entered into two cooperation agreements (the "Cooperation Agreements") with the Dongcheng Branch of Guangdong Qingyuan Rural Commercial Bank Company Limited ("Qingyuan Bank") and the Guangzhou Dongshan Branch of Bank of China Limited ("Bank of China", together with the Qingyuan Bank, the "Lending Banks"), pursuant to which Zhongda Qingyuan agreed to provide transitional guarantee(s) in respect of the repayment obligations of the purchaser(s) who/which will apply for mortgage loan(s) from one of the Lending Banks to fund the acquisition of the industrial buildings in the Zhongxing Industrial Park.

The provision of the transitional guarantee(s) under each of the Cooperation Agreements constitutes a major transaction for the Company. At a special general meeting of the Company held on 17 March 2023, the Cooperation Agreements were approved by the Shareholders. Please refer to the announcements of the Company dated 9 December 2022 and 17 March 2023 and the circular of the Company dated 28 February 2023 for further details of the Cooperation Agreements.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (Year 2021: nil).

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

During the Year, the Company had repurchased 280,000 shares of the Company on the Stock Exchange. The shares repurchased were subsequently cancelled in January 2023. Details of the repurchase were as follows:

Date of repurchase	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate consideration (before expenses)
		HK$	*HK$*	*HK$*
14 October 2022	100,000	0.365	0.325	35,750
17 October 2022	180,000	0.360	0.360	64,800
	280,000			**100,550**

Other than the shares repurchased by the Company as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

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 contained in Part 2 of Appendix 14 to the Listing Rules throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to 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 Year.

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.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board comprises two independent non-executive Directors and one non-executive Director. The audit committee of the Board has reviewed with the management of the Group the accounting policies, discussed with the Board the auditing, internal control, risk management and financial reporting matters and reviewed the final results and the consolidated financial statements of the Group for the Year. In addition, the consolidated financial statements of the Group for the Year have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report is issued.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or conclusion assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.newaygroup.com.hk. The annual report for the Year will be despatched to the Shareholders and be available on the above websites in April 2023.

APPRECIATION

The Board would like to express its gratitude to all employees of the Group for their diligence and contribution. At the same time, the Board is also thankful for the support it has from all the Shareholders and the customers and suppliers of the Group.

On behalf of the Board
NEWAY GROUP HOLDINGS LIMITED
SUEK Ka Lun, Ernie
Chairman

Hong Kong, 27 March 2023

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.