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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 2021 (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 2021*

	<b>Six months ended</b>	
	<b>30.6.2021</b>	<b>30.6.2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total revenue	<b>293,097</b>	221,389
Gross proceeds from sale of held-for-trading investments	<b>1,250</b>	9,883
	<b>294,347</b>	231,272

\* For identification purpose only

		<b>Six months ended</b>	
		<b>30.6.2021</b>	30.6.2020
<i>Notes</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue			
Revenue from goods and services	3	<b>289,347</b>	215,492
Rental income		<b>2,735</b>	2,442
Interest income from lending business		<b>1,015</b>	3,455
		<hr/>	<hr/>
Total revenue		<b>293,097</b>	221,389
Cost of sales		<b>(239,574)</b>	(165,269)
		<hr/>	<hr/>
Gross profit		<b>53,523</b>	56,120
Interest income		<b>468</b>	654
Other income		<b>2,642</b>	4,833
Selling and distribution expenses		<b>(13,929)</b>	(12,951)
Administrative expenses		<b>(62,932)</b>	(58,921)
Other gains and losses	7	<b>30,604</b>	(32,607)
Net reversal of impairment losses (impairment losses) on financial assets and contract assets		<b>2,493</b>	(4,793)
Finance costs	5	<b>(1,977)</b>	(2,791)
		<hr/>	<hr/>
Profit (loss) before taxation		<b>10,892</b>	(50,456)
Taxation charge	6	<b>(2,790)</b>	(189)
		<hr/>	<hr/>
Profit (loss) for the period	7	<b>8,102</b>	(50,645)
		<hr/>	<hr/>

		<b>Six months ended</b>	
		<b>30.6.2021</b>	30.6.2020
<i>Note</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	(Unaudited)
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>7,412</u>	<u>(13,913)</u>
Total comprehensive income (expense) for the period		<u><b>15,514</b></u>	<u><b>(64,558)</b></u>
Profit (loss) for the period attributable to:			
Owners of the Company		8,149	(50,580)
Non-controlling interests		<u>(47)</u>	<u>(65)</u>
		<u><b>8,102</b></u>	<u><b>(50,645)</b></u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		15,361	(64,323)
Non-controlling interests		<u>153</u>	<u>(235)</u>
		<u><b>15,514</b></u>	<u><b>(64,558)</b></u>
Earning (loss) per share			
	9		
Basic ( <i>HK cents</i> )		<u><b>3.2</b></u>	<u><b>(19.9)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	<i>Notes</i>	<b>30.6.2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2020 <i>HK\$'000</i> <b>(Audited)</b>
Non-current assets			
Property, plant and equipment	10	233,827	249,660
Investment properties	10	248,127	212,020
Equity instruments at fair value through other comprehensive income (“FVTOCI”)	11	17,855	17,855
Club membership		3,404	3,404
Prepayments and deposits	12	3,896	3,896
Interests in joint ventures		400	400
Deposit paid for acquisition of property, plant and equipment		10,576	6,031
Deferred tax assets		159	333
		<b>518,244</b>	<b>493,599</b>
Current assets			
Inventories		38,610	35,537
Properties under development for sale		157,334	124,759
Financial assets at fair value through profit or loss (“FVTPL”)	11	25,470	23,059
Trade and other receivables, prepayments and deposits	12	154,960	155,012
Contract assets		51,150	35,241
Loans receivable		14,679	29,600
Tax recoverable		1,482	1,054
Short-term bank deposits		25,827	25,394
Cash and cash equivalents		162,175	203,466
		<b>631,687</b>	<b>633,122</b>

	<i>Note</i>	<b>30.6.2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2020 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables and accruals	13	128,133	123,509
Lease liabilities		9,403	8,949
Contract liabilities		9,899	10,464
Tax liabilities		4,262	3,558
Amount due to a non-controlling shareholder of a subsidiary	13	18,009	16,810
Amount due to a related company		41	48
Bank borrowings		84,368	79,787
		<u>254,115</u>	<u>243,125</u>
Net current assets		<u>377,572</u>	<u>389,997</u>
Total assets less current liabilities		<u>895,816</u>	<u>883,596</u>
Non-current liabilities			
Lease liabilities		39,677	44,401
Amount due to a related company		202	223
Deferred taxation		10,495	9,044
		<u>50,374</u>	<u>53,668</u>
Net assets		<u><u>845,442</u></u>	<u><u>829,928</u></u>
Capital and reserves			
Share capital		2,536	2,536
Reserves		846,027	830,666
Total attributable to owners of the Company		848,563	833,202
Non-controlling interests		<u>(3,121)</u>	<u>(3,274)</u>
Total equity		<u><u>845,442</u></u>	<u><u>829,928</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company											
	Share capital	Share premium	Deemed contribution from a shareholder	Capital redemption reserve	Contributed surplus	Properties revaluation reserve	Investment revaluation reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	2,536	368,949	188,957	63	103,571	63,252	(25,838)	(1,748)	189,700	889,442	(3,224)	886,218
Loss for the period	-	-	-	-	-	-	-	-	(50,580)	(50,580)	(65)	(50,645)
Other comprehensive expense:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(13,743)	-	(13,743)	(170)	(13,913)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(13,743)	(50,580)	(64,323)	(235)	(64,558)
At 30 June 2020 (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>(25,838)</u>	<u>(15,491)</u>	<u>139,120</u>	<u>825,119</u>	<u>(3,459)</u>	<u>821,660</u>
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>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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 with 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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

### Application of amendments to 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 annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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:

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Types of goods or services:		
Manufacturing and Sales Business*		
– Income from manufacturing and sales of printing and other products	<u>271,331</u>	<u>198,646</u>
Music and Entertainment Business*		
– Artistes management fee income	–	57
– Concerts and shows income	–	1
– Income from the licensing of the musical works	1,450	1,132
– Promotion income	–	153
– Sales of albums	<u>895</u>	<u>211</u>
	<u>2,345</u>	<u>1,554</u>
Trading Business*		
– Sales of printing products	<u>15,671</u>	<u>15,292</u>
	<u><b>289,347</b></u>	<u><b>215,492</b></u>

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



	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Unaudited)
Geographical markets:		
Hong Kong	<b>114,900</b>	99,979
The People's Republic of China ("PRC")	<b>117,362</b>	80,243
Europe	<b>12,680</b>	14,351
United States	<b>30,127</b>	14,495
Others	<b>14,278</b>	6,424
	<b>289,347</b>	215,492

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

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Unaudited)
Timing of revenue recognition:		
Over time	<b>271,331</b>	198,646
A point in time	<b>18,016</b>	16,846
	<b>289,347</b>	215,492

#### 4. SEGMENT INFORMATION

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

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 and investment ("**Property Business**"), including properties development projects and properties leasing and investments in the PRC, mini storage business and properties leasing and investments in Hong Kong;
- (e) Securities trading ("**Securities Trading Business**"); and
- (f) 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 (loss) profit	
	Six months ended		Six months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Lending Business	1,015	3,455	(52)	1,015
Manufacturing and Sales Business	271,331	198,646	(6,415)	(3,657)
Music and Entertainment Business	2,345	1,554	(472)	(5,155)
Property Business	2,735	2,442	30,807	(1,648)
Securities Trading Business	–	–	(675)	(34,193)
Trading Business	15,671	15,292	(1,608)	2,009
	<u>293,097</u>	<u>221,389</u>	<u>21,585</u>	<u>(41,629)</u>
Total				
Bank interest income			4	615
Unallocated other income and other gains and losses			(630)	52
Unallocated corporate expenses			(10,067)	(9,494)
Profit (loss) before taxation			<u>10,892</u>	<u>(50,456)</u>

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:

	<b>30.6.2021</b>	31.12.2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Segment assets</b>		
Lending Business	<b>16,866</b>	31,662
Manufacturing and Sales Business	<b>432,375</b>	433,255
Music and Entertainment Business	<b>6,881</b>	6,174
Property Business	<b>427,216</b>	351,130
Securities Trading Business	<b>32,706</b>	33,377
Trading Business	<b>16,642</b>	14,565
	<hr/>	<hr/>
Total segment assets	<b>932,686</b>	870,163
Other assets	<b>217,245</b>	256,558
	<hr/>	<hr/>
Consolidated assets	<b>1,149,931</b>	1,126,721
	<hr/> <hr/>	<hr/> <hr/>
	<b>30.6.2021</b>	31.12.2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Segment liabilities</b>		
Lending Business	<b>2,422</b>	2,079
Manufacturing and Sales Business	<b>205,090</b>	224,057
Music and Entertainment Business	<b>1,915</b>	2,184
Property Business	<b>35,069</b>	38,802
Securities Trading Business	<b>103</b>	187
Trading Business	<b>14,726</b>	11,984
	<hr/>	<hr/>
Total segment liabilities	<b>259,325</b>	279,293
Other liabilities	<b>45,164</b>	17,500
	<hr/>	<hr/>
Consolidated liabilities	<b>304,489</b>	296,793
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating and reportable segments other than deferred tax assets, interest in a joint venture, equity instruments at FVTOCI, club membership, 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	
	30.6.2021	30.6.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Lease liabilities	1,153	1,183
Bank borrowings	806	1,560
Amount due to a related company	18	48
	<u>1,977</u>	<u>2,791</u>

## 6. TAXATION CHARGE

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The taxation (charge) credit comprises:		
Current tax charge for the period:		
Hong Kong	(225)	(289)
The PRC	(924)	(766)
	(1,149)	(1,055)
Deferred tax (charge) credit	(1,641)	866
Taxation charge	(2,790)	(189)

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 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%.

## 7. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	5,100	4,162
Depreciation of other property, plant and equipment	15,460	11,304
Depreciation of property, plant and equipment	20,560	15,466
Impairment losses on inventories (included in cost of sales)	1,141	–
Included in other gains and losses:		
Net foreign exchange loss (gain)	2,629	(247)
Decrease in fair value in financial assets at FVTPL	770	33,805
Increase in fair value in investment properties	(35,937)	(541)
Gain on disposal of property, plant and equipment	–	(410)
Impairment losses on property, plant and equipment	1,934	–
	<b>(30,604)</b>	<b>32,607</b>

## 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. EARNING (LOSS) PER SHARE

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

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of calculating basic earning (loss) per share	<b><u>8,149</u></b>	<u>(50,580)</u>
	<b>30.6.2021</b>	30.6.2020
Number of shares in issue for the purpose of basic earning (loss) per share	<b><u>253,639,456</u></b>	<u>253,639,456</u>

No diluted earning (loss) 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 current interim period, the Group's addition to property, plant and equipment was approximately HK\$3,388,000 (six months ended 30 June 2020: approximately HK\$34,351,000).

During the current interim period, the Group considered to suspend the mask production due to poor performance of the operation. Accordingly, an impairment loss of property, plant and equipment of approximately HK\$1,934,000 (six months ended 30 June 2020: nil) was recognised.

As at 30 June 2021, property, plant and equipment with an aggregate carrying value of approximately HK\$9,697,000 (31 December 2020: approximately HK\$9,908,000) have been pledged to bank to secure banking facilities granted to the Group.

### **Investment properties**

The increase in fair value of investment properties of approximately HK\$35,937,000 has been recognised directly in profit or loss for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$541,000). During the current interim period, one of the investment properties recorded a fair value increase of HK\$30,496,000. The increase is resulted from the increase in the market observable transactions of comparable properties.

The fair value of investment properties as at 30 June 2021 and 31 December 2020 have been arrived at on the basis of valuations carried out by Peak Vision Appraisals Limited, independent qualified professional valuers not related to the Group, for investment properties.

The fair values were determined based on the direct comparison approach assuming sale of each of these properties in existing state and by making reference to comparable sales transactions as available in the relevant market and adjusted for differences in the nature and location or where appropriate by income capitalisation approach deriving from the market rentals of all lettable units of the properties and discounting at the market yield expected by investors.

As at 30 June 2021, investment properties with aggregate carrying value of HK\$230,296,000 (31 December 2020: HK\$195,500,000) have been 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

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
Unlisted equity securities established in Hong Kong, the PRC and overseas ( <i>note</i> )	<u>17,855</u>	<u>17,855</u>

*Note:* As at 30 June 2021 and 2020, the Group has investments in one 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

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
Listed equity investments in Hong Kong	<u>25,470</u>	<u>23,059</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. Certain 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 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.

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
Manufacturing and Sales Business and Trading Business:		
0 – 30 days	64,283	58,405
31 – 60 days	28,137	33,882
61 – 90 days	11,080	11,184
Over 90 days	6,890	5,570
	<u>110,390</u>	<u>109,041</u>
Music and Entertainment Business:		
0 – 30 days	821	778
31 – 60 days	1	129
61 – 90 days	632	90
Over 90 days	219	210
	<u>1,673</u>	<u>1,207</u>
Total trade receivables	112,063	110,248
Receivables with brokers' houses	7,148	10,192
Deposits and other receivables	19,916	22,312
Other tax recoverable	6,704	4,296
Prepayments	13,025	11,860
	<u>158,856</u>	<u>158,908</u>
Analysed for reporting purposes as:		
Current assets	154,960	155,012
Non-current assets	3,896	3,896
	<u>158,856</u>	<u>158,908</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:

	<b>30.6.2021</b>	31.12.2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 30 days	<b>49,880</b>	46,307
31 – 60 days	<b>16,726</b>	17,422
61 – 90 days	<b>4,599</b>	11,044
Over 90 days	<b>1,961</b>	9,681
	<hr/>	<hr/>
	<b>73,166</b>	84,454
Accrued expenses and other payables ( <i>note</i> )	<b>54,967</b>	39,055
	<hr/>	<hr/>
	<b>128,133</b>	123,509
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Amount includes construction payable for properties under development for sale of approximately HK\$23,172,000 (31 December 2020: HK\$4,490,000) as at 30 June 2021.

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 2020: Nil).

## **REVIEW OF OVERALL FINANCIAL RESULTS**

For the Period, revenue of the Group amounted to approximately HK\$293.1 million (six months ended 30 June 2020: approximately HK\$221.4 million), representing an increase of approximately 32.4% as compared with the six months ended 30 June 2020.

Gross profit for the Period amounted to approximately HK\$53.5 million (six months ended 30 June 2020: approximately HK\$56.1 million), representing a decrease of approximately 7.0 percentage points to approximately 18.3% for the Period (six months ended 30 June 2020: approximately 25.3%).

Profit for the Period amounted to approximately HK\$8.1 million (six months ended 30 June 2020: loss approximately HK\$50.6 million). The profit recorded for the Period was mainly attributable to the fair value gain from investment properties in the Properties Business of approximately HK\$35.9 million (six months ended 30 June 2020: fair value gain of approximately HK\$0.5 million) which was partially offset by the loss incurred by the Group's other business segments. Financial performance of the Group's various business segments will be 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\$3.4 million and the average loan interest income of the portfolio as a whole was approximately 12.0%. Customers of this segment included both individuals and corporate entities and most of the loans were either secured by 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 decreased by approximately 70.6% to approximately HK\$1.0 million (six months ended 30 June 2020: approximately HK\$3.5 million). The decrease in loan interest income was mainly attributable to the decrease in loan portfolio during the Period. The segment loss was approximately HK\$52,000 (six months ended 30 June 2020: segment profit approximately HK\$1.0 million), mainly due to: (i) the significant decrease in interest income from loans, making it unable to cover the expenses incurred in the Lending Business; and (ii) the increase in operating expenses for further enhancement of the online money lending platform.

Given the deteriorating economic environment caused by the coronavirus disease 2019 (“COVID-19”) pandemic and the keen market competition, the Group will take calculated risk when expanding the loan portfolio. The Group will continue to use the online money lending platform to identify more 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 increased by approximately 36.6% to HK\$271.3 million (six months ended 30 June 2020: approximately HK\$198.6 million) and the segment loss margin was approximately 2.4% (six months ended 30 June 2020: segment profit margin of approximately 1.9%). The operations and financial performance of each sub-segment are detailed below.

**(i) Manufacturing and sales of printing products**

The revenue increased by approximately 38.1% to HK\$270.7 million (six months ended 30 June 2020: approximately HK\$196.0 million), mainly attributable to the increase in sales orders of all types of printing products from overseas clients.

A loss of approximately HK\$2.6 million was recorded for the Period (six months ended 30 June 2020: loss of approximately HK\$2.9 million), mainly attributable to the following factors:

- (i) the decrease of gross profit margin by 7.1 percentage points to approximately 16.4% for the Period (six months ended 30 June 2020: approximately 23.5%), mainly due to the increase in material prices and the increase of average material consumption rate to approximately 11.1% during the Period;
- (ii) the increase in exchange loss of approximately HK\$1.9 million, mainly due to the appreciation of Renminbi (“**RMB**”) (six months ended 30 June 2020: exchange gain of approximately HK\$79,000);
- (iii) the net reversal of expected credit loss on trade receivables and other contract assets of approximately HK\$2.3 million (six months ended 30 June 2020: an impairment loss of approximately HK\$1.9 million); and
- (iv) the decrease of ratio of total staff costs and other related expenses to sales for the Period by approximately 7.7% as compared with the same period of last year which was mainly due to the improvement in production efficiency through the provision of on-the-job training programs, the automation of certain manufacturing procedures and the use of new auxiliary equipment.

**(ii) *Manufacturing and sales of surgical masks***

The Group established this sub-segment in 2020 operating in the Fanling Building (as defined below). The revenue was approximately HK\$654,000 (six months ended 30 June 2020: approximately HK\$2.7 million). The loss for the Period was approximately HK\$3.8 million (six months ended 30 June 2020: approximately HK\$926,000). The increase in loss for the Period was mainly attributable to: (i) the impairment of finished goods of approximately HK\$1.1 million due to the lowered market price of surgical masks; and (ii) the impairment loss of approximately HK\$1.9 million on the office equipment for mask production. After a thorough review of the financial performance of this sub-segment, the management ceased the manufacturing of surgical masks during the Period.

We anticipate the Manufacturing and Sales Business of printing products will continue to experience an extremely difficult and challenging environment in the months to come. The continuous outbreak of COVID-19 in different countries of the world slowed down the recovery of global economy and the governments were unable to ease the restrictions on international travel and economic activities. Besides, the outbreak of COVID-19 in certain container terminals in the PRC temporarily suspended international cargo freight during the Period, which delayed the products shipping to overseas and pushed up the transportation cost significantly. The possibility of a further outbreak of COVID-19 in container terminals in the PRC or other places of the world will increase the risk of shipment delay, further push up the transportation costs because of the shortage of containers and will increase the operating costs of the Group and delay the collection of receivables from overseas clients. The persistent political and economic tensions between the PRC, the U.S. and other European countries further intensified the economic uncertainty and increased the business risk of entities engaged in the manufacturing of products in the PRC. Last but not least, more stringent environmental requirements launched by the PRC government increased the operating costs of factories.



All of these factors may hamper the general business environment of the Group. As a result, the Group will carefully revise its sales strategy in the expansion of this segment and spare sufficient cash flow to cope with any sudden or prolonged adverse situation beyond its expectation. The Group will continue to acquire new printing machines and ancillary equipment to enhance the overall efficiency of its factories, and will also consider to set up a new handcraft factory outside Shenzhen, the PRC for the expanded production line to increase production efficiency and to meet the increasing sales orders for the coming periods. Furthermore, to ensure proper credit control on receivables, the Group will closely monitor the collection of receivables and be cautious of any risk of bad debts from our customers.

### **Music and Entertainment Business**

The segment revenue for the Period increased by 50.9% to approximately HK\$2.3 million (six months ended 30 June 2020: approximately HK\$1.6 million) and the loss for the Period was approximately HK\$472,000 (six months ended 30 June 2020: approximately HK\$5.2 million).

During the Period, the increase in revenue was mainly due to the increase in sales of physical albums and over 60% of the segment revenue was derived from licensing income from online music platforms. The decrease in segment loss was mainly attributable to: (i) the decrease in rental expenses due to the maturity of tenancy agreements entered for the overseas talent show in 2019; and (ii) the capitalized costs of song production were fully amortized in 2020.

During the Period, the business activities of this segment were continuously affected by COVID-19 as the number of shows and concerts, as well as outdoor activities in Hong Kong, were quite limited. The first show to be launched and produced for the contracted famous overseas talent show will be further delayed to 2022. The persistence of COVID-19 will continue to post a negative impact to this segment throughout 2021. Therefore, the Group will continue to explore investment opportunities and adopt cost tightening policies to improve the financial results of this segment.

## Property Business

### *Property Development Business*

The Group had two property development projects as at 30 June 2021 (30 June 2020: two).

For the periods ended 30 June 2021 and 2020, 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, pursuant 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. In May 2019, Zhongxing Guosheng submitted another application to the Court of Baoan for a further extension of the Freeze Order and the application was accepted also. The further extended term of the Freeze Order was from 13 May 2019 until 12 May 2022.

During the Period, no further action was taken by the Group. The Group will closely monitor the property market and the development plan of Qingyuan, the PRC, and will take further action if necessary. Currently, the Group is identifying the opportunity to dispose of the land parcels.

The Group, through Zhongda Qingyuan, owned a land parcel in Qingyuan, the PRC, with a total area of approximately 208,000 sqm, and planned to build 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 construction work of the first industrial building commenced in July 2020 and its gross floor area was approximately 22,000 sqm, representing around 5.0% of the planned gross floor area of the land parcel. As at 30 June 2021, approximately 79.0% of the aforementioned construction work was completed according to the supervision report prepared by the independent construction supervision company engaged by Zhongda Qingyuan. The completion date of the first industrial building was revised to the end of 2021. The Group submitted the second phase development plan of the land parcel with an expected gross floor area of approximately 117,000 sqm to the relevant governmental authority in July 2021, and the detailed construction plan is being reviewed by the local government. Meanwhile, the Group is actively seeking cooperation opportunities with third parties to co-develop or invest in the industrial park.

## ***Property Investment Business***

During the Period, the Property Investment Business included: (i) the Mini Storage Business operated by a wholly-owned subsidiary of the Company; and (ii) the leasing of several commercial units in Hong Kong and the PRC.

### **Mini Storage Business**

The ground floor, 1st floor, 2nd floor and half of the floor area of the 4th floor of a self-owned industrial building in Fanling, Hong Kong (the “**Fanling Building**”) were used for the operation of the Mini Storage Business. As at 30 June 2021, the occupancy rate of storage units increased to approximately 64% (31 December 2020: approximately 57%). Approximately 31.9% of revenue of the Property Business was derived from the Mini Storage Business. As explained in the Group’s annual report 2020, the renovation was still pending a final inspection by the relevant government authorities, and the Group will continue to follow up in this regard.

### **Properties Leasing and Investment**

The Properties Leasing Business involved two properties of the Group. 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 2021. Approximately 64.9% of revenue of the Property Business 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\$88,000 (six months ended 30 June 2020: approximately HK\$407,000).

According to the Group's accounting policies, the Fanling Building, the Yuen Long Property and the Beijing Property were classified as investment properties and were carried at fair value as at 30 June 2021. A fair value gain of approximately HK\$35.9 million was recorded in "other gains and losses" during the Period (six months ended 30 June 2020: approximately HK\$541,000). The fair value gain of the Fanling Building, the Yuen Long Property and the Beijing Property were HK\$30.4 million, HK\$4.3 million and HK\$1.2 million respectively. The increase in fair value of the Fanling Building was mainly due to the increase in the market observable transactions of comparable properties in the Fanling district. The increase in fair value of the Yuen Long Property and the Beijing Property was mainly due to the higher rental yield of adjacent locations. As disclosed in the Company's announcement dated 8 January 2021, with a view to reallocating the resources of the Group more efficiently and enhancing the Group's operations and financial prospects in the long term, the Group is considering to sell or lease out the Fanling Building. In this regard, the Group has appointed a professional property agent to identify potential buyers or tenants in the market. If the proposed transaction materializes, the Company will comply with the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

### **Securities Trading and Equity Investments 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 30 June 2021 amounted to approximately HK\$43.3 million (31 December 2020: approximately HK\$40.9 million) in total. During the Period, the Group recorded a fair value loss of securities trading investments listed in Hong Kong of approximately HK\$770,000 (six months ended 30 June 2020: fair value loss of approximately HK\$33.8 million), representing a realized loss of approximately HK\$164,000 (six months ended 30 June 2020: realized loss of approximately HK\$5.5 million).

The Group's investments as at 30 June 2021 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 2021. The largest investment is our 1.33% interest in the total share capital of Zhong Wei Capita L.P. ("**Zhong Wei**"), an offshore investment fund. Its fair value as at 30 June 2021 amounted to approximately HK\$17.5 million, accounting for approximately 1.5% of the Group's unaudited total assets as at 30 June 2021.

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 slightly increased to approximately HK\$15.7 million (six months ended 30 June 2020: approximately HK\$15.3 million) while a segment loss of approximately HK\$1.6 million was recorded during the Period (six months ended 30 June 2020: segment profit approximately HK\$2.0 million). The segment loss was mainly attributable to: (i) the decrease in gross profit margin of the Trading Business in Hong Kong, attributable to the increased sales with lower profit margin; (ii) the business reorganization for RFID business during the Period and the higher operating costs caused by the outsourcing of all service supports of existing projects; (iii) the higher technical and operating costs incurred in the development of the new online trading platform which aimed at providing one-stop sourcing and logistic services to overseas customers during the Period; and (iv) the increase in operating costs in setting up a new trading business of food and beverage products in Hong Kong for which the revenue had yet to be reflected during the Period.

The Group will continue to increase its financial resources to recruit more talents to expand the existing and new trading business in Hong Kong. Meanwhile, more resources will be allocated to the development of the online trading platform and our target of the online trading platform is to cooperate with more business partners across the world to provide a full range of value-added services to target customers.

## **LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2021, the Group had cash and cash equivalents and short-term bank deposits of approximately HK\$188.0 million (31 December 2020: approximately HK\$228.9 million). The current ratio stood at 2.5 (31 December 2020: 2.6) and the quick ratio was 1.7 as at 30 June 2021 (31 December 2020: 1.9).

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.

As at 30 June 2021, total borrowings of the Group amounted to approximately HK\$151.7 million (31 December 2020: approximately HK\$150.2 million). The gearing ratio was 17.9% as at 30 June 2021 (31 December 2020: 18.1%), which was calculated by dividing the Group's total borrowings by the Group's total equity of approximately HK\$845.4 million as at 30 June 2021 (31 December 2020: approximately HK\$829.9 million) then multiplying the value by 100%. The 0.2% decrease in gearing ratio was mainly due to the increase in net assets value of the Group, and the reasons are stated below.

The current ratio and the quick ratio as at 30 June 2021 were lower as compared with the respective figures as at 31 December 2020, which was mainly attributable to: (i) the increase in borrowing of approximately HK\$4.6 million, mainly due to the fact that more import loans were made to finance the increase in trade payables; and (ii) the increase in trade and other payables and accruals of approximately HK\$4.6 million, mainly due to the fact that more materials were purchased to meet the increase in sales for the Period.

The Group's total borrowings included: (i) an amount of approximately HK\$202,000 due to a related company (31 December 2020: approximately HK\$223,000); (ii) an amount of approximately HK\$18.0 million due to a non-controlling shareholder of a subsidiary (31 December 2020: approximately HK\$16.8 million); (iii) secured bank borrowings of approximately HK\$84.4 million (31 December 2020: approximately HK\$79.8 million); and (iv) lease liabilities of approximately HK\$49.1 million (31 December 2020: approximately HK\$53.3 million). Secured bank borrowings were payable within three years and carried interests at the Hong Kong Inter-bank Offered Rate plus 1.85% to 2.25% per annum. The amount due to a related company was unsecured, payable within one year 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 and banking facilities obtained in Hong Kong. Taking into account the anticipated amount of the funds 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 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 impact (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 purpose during the Period and it did not have any outstanding hedging instrument as at 30 June 2021.

## **CAPITAL EXPENDITURE**

During the Period, capital expenditure of the Group for property, plant and equipment and properties under development for sale amounted to approximately HK\$34.7 million (six months ended 30 June 2020: approximately HK\$34.4 million). The capital expenditure was mainly attributable to the acquisitions of machineries 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 2021, the Group had capital commitments of approximately HK\$1.8 million (31 December 2020: approximately HK\$2.5 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 by internal resources.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

## **PLEDGE OF ASSETS**

As at 30 June 2021, the Group pledged leasehold buildings and investment properties with an aggregate carrying value of approximately HK\$240.0 million (31 December 2020: approximately HK\$205.4 million) to secure the mortgage loan for certain investment properties and the general banking facilities granted to the Group. As at 30 June 2021, the Group had minimum lease payments under lease liabilities of approximately HK\$71.2 million, of which approximately HK\$13.8 million were secured by rental deposits of approximately HK\$2.6 million. Save as aforesaid, no other asset was pledged by the Group as at 30 June 2021.

## **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 2021, the Group had approximately 1,350 full-time employees (31 December 2020: approximately 1,400). Total staff costs (including Directors' remuneration) for the Period were approximately HK\$89.1 million (six months ended 30 June 2020: approximately HK\$72.0 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 are generally reviewed on an annual basis depending on the staff's and the Group's performance. 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, save for the deviation disclosed below, the Company has met the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the Period:

### **Provisions A.5.1 to A.5.5 of the CG Code**

The Board has not established a nomination committee which is in deviation from Provisions A.5.1 to A.5.5 of the CG Code. The Board is responsible for reviewing the structure, size and composition of the Board from time to time and the appointment and removal of Directors are subject to the Board’s collective decision. The Board will identify suitably qualified individuals to be appointed to the Board when necessary. The Board considers potential candidates based on their qualifications, expertise, experience and knowledge as well as the nomination policy of the Company and other requirements under the Listing Rules.

## **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](http://www.hkexnews.hk) and on the website of the Company at [www.newwaygroup.com.hk](http://www.newwaygroup.com.hk) in September 2021.

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

Hong Kong, 27 August 2021

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