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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)

DISCLOSEABLE TRANSACTION – FORMATION OF A JOINT VENTURE

THE JOINT VENTURE AGREEMENT

On 8 March 2024, Luxury Field, a wholly-owned subsidiary of the Company, entered into the JV Agreement with WEKA, Orientouch, Mr. Chow, Moral Step and the JV Company in relation to the formation, operation and management of the JV Company.

As at the date of the JV Agreement, the JV Company has an issued share capital consisting of one (1) JV Share which is owned by Luxury Field. Each of the Investors agreed to subscribe in cash for additional JV Shares at the subscription price of HK\$1 per JV Share in accordance with the terms of the JV Agreement. Immediately upon the Completion, Luxury Field, WEKA and Moral Step will hold 400 JV Shares, 400 JV Shares and 200 JV Shares, representing 40%, 40% and 20% of the enlarged issued share capital of the JV Company respectively, all of which shall be allotted and issued as fully paid.

Luxury Field, WEKA and Moral Step respectively agreed that subsequent to Completion, it shall, if resolved and demanded by the JV Board, contribute additional amount to the share capital of the JV Company in cash, subject to a maximum amount of £340,000, £100,000 and £170,000 respectively.

The principal activity of the JV Company is to engage in concerts and shows promotor business and other entertainment business.

* *For identification purpose only*

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the total maximum commitment of Luxury Field under the JV Agreement exceeds 5% but is less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 March 2024, Luxury Field, a wholly-owned subsidiary of the Company, entered into the JV Agreement with WEKA, Orientouch, Mr. Chow, Moral Step and the JV Company in relation to the formation, operation and management of the JV Company.

The principal terms of the JV Agreement are set out below.

THE JV AGREEMENT

Date: 8 March 2024

Parties

- (1) Luxury Field, a wholly-owned subsidiary of the Company;
- (2) WEKA;
- (3) Orientouch;
- (4) Mr. Chow;
- (5) Moral Step; and
- (6) the JV Company.

Formation of a joint venture

The Investors agreed to form a joint venture through the JV Company in accordance with the terms and conditions of the JV Agreement.

As at the date of the JV Agreement, the JV Company has an issued share capital consisting of one (1) JV Share which is owned by Luxury Field. Each of the Investors agreed to subscribe in cash for additional JV Shares at the subscription price of HK\$1 per JV Share in accordance with the terms of the JV Agreement. Immediately upon the Completion, Luxury Field, WEKA and Moral Step will hold 400 JV Shares, 400 JV Shares and 200 JV Shares, representing 40%, 40% and 20% of the enlarged issued share capital of the JV Company respectively, all of which shall be allotted and issued as fully paid.

Further capital contribution

Luxury Field, WEKA and Moral Step respectively agreed that subsequent to Completion, it shall, if resolved and demanded by the JV Board, contribute additional amount to the share capital of the JV Company (“**Further Capital Contribution**”) in cash, subject to the maximum amount as set opposite to their respective name below, at such time and in such instalments to be determined by the JV Board according to the cashflow requirement of the JV Company provided that the amount to be contributed by each of the Investors in each instalment shall be pro rata to their respective maximum amount stated below:

Investors	Maximum amount of additional share capital to be contributed
Luxury Field	£340,000
WEKA	£100,000
Moral Step	£170,000

The Investors agreed that there shall be no change to the Investors’ shareholding percentage in the JV Company immediately following or otherwise as a result of any instalment of the Further Capital Contribution.

The maximum amount of the Further Capital Contribution to be made by the Investors to the JV Company was determined after arm’s length negotiations among the Investors, with reference to the business prospects as well as the development potential of the JV Company, the business opportunities brought by WEKA, Orientouch and Mr. Chow to the JV Company and the capital requirement of the business development of the JV Company. It is expected that any Further Capital Contribution to be made by Luxury Field will be funded by the Group out of its internal resources.

It was further agreed that in the event that any one Investor (“**Defaulting Investor**”) shall fail to make the Further Capital Contribution in accordance with the JV Agreement, the other Investors (“**Non-defaulting Investors**”) shall have the right to introduce any external investor(s) as they may deem fit and agreed between them to take up the JV Shares held by the Defaulting Investor, and the Defaulting Investor shall be obliged to transfer all the JV Shares held by it to such external investor(s) at a nominal consideration of HK\$1 per JV Share. If the Non-defaulting Investors have not introduced any external investor(s) to the JV Company within sixty (60) days from the date of default by the Defaulting Investor (being the payment due date of the relevant capital contribution as designated and approved by the JV Board), the Defaulting Investor shall be obliged to transfer all the JV Shares held by it to the Non-defaulting Investors on a pro rata basis (based on each of their respective shareholding percentage as a fraction of their aggregate shareholding percentage) at a nominal consideration of HK\$1 per JV Share.

Principal activity of the JV Company

Unless otherwise resolved by the JV Board, the principal activity of the JV Company is, whether by itself or through any of its invested entities and in any form as the JV Board considers appropriate, to engage in concerts and shows promotor business and other entertainment business.

The Parties agreed that the Agreed Concerts shall be contracted and operated by the JV Company. In this connection, Orientouch has undertaken to Luxury Field, Moral Step and the JV Company that it shall, at no costs to the JV Company, assign absolutely to the JV Company, within seven (7) Business Days after the date of Completion, all of its rights, entitlements, liabilities and obligations under, and the full benefit of, each of the Relevant Contracts and all rights and benefits in respect of amounts receivable or accruing to Orientouch under each of the Relevant Contracts.

Main responsibilities of the Investors

Luxury Field shall primarily be responsible for (i) the JV Company’s concert and event promotor and organizer business in Asia; (ii) arranging external fund-raising activities; (iii) advising on the appropriate financing platform and structure; (iv) development of online and offline business relating to entertainment business; and (v) development and operation of second-hand ticketing system.

WEKA shall primarily be responsible for the JV Company's concert and event promotor and organizer business in Europe.

Moral Step shall primarily be responsible for (i) building up the customer loyalty platform; and (ii) marketing and promotion activities.

Business opportunities

Each of WEKA, Orientouch and Mr. Chow undertakes that, during the term of the JV Agreement and so long as WEKA remains as a JV Shareholder, in the event that any opportunity in relation to concert and event promotor and organizer business is made available to it/him or any other entity(ies) which is directly or indirectly controlled by it/him, then it/he shall first offer such business opportunity to the JV Company (or its subsidiary(ies)), and the JV Company (or its subsidiary(ies)) shall have a right of first refusal to take up such opportunity.

Management of the JV Company

The business and affairs of the JV Company shall be managed by the JV Board.

Unless otherwise agreed by the Parties in writing, the number of directors of the JV Company shall not be more than five (5). A JV Shareholder shall have right to nominate one director to the JV Company for every 20% shareholding in the JV Company.

Restrictions on transfer of JV Shares

Unless with the prior written consent of the other JV Shareholders or in accordance with the provisions of the JV Agreement, none of the JV Shareholders shall have any right to mortgage, pledge, charge, transfer or otherwise dispose of all or any of their JV Shares or encumber the whole or any part of its shareholding or assign or otherwise purport to deal with the beneficial interest therein or any right in relation thereto separate from the legal interest.

If any JV Shareholder proposes to sell, transfer or otherwise dispose of all or any part of its JV Share(s), the other JV Shareholders shall have a right of first refusal to acquire such JV Share(s), i.e., the JV Share(s) which a JV Shareholder proposes to transfer shall first be offered to other JV Shareholders at the same price and on the same terms upon which the first-mentioned JV Shareholder is offering or will offer to the proposed purchaser.

The JV Agreement also contains provisions regarding tag-along rights and buy-out mechanism in the event of deadlock which applies to all JV Shareholders. The Company will comply with the applicable Listing Rules if any of such rights is exercised.

INFORMATION OF THE PARTIES

Luxury Field is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. Luxury Field is principally engaged in investment holding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) WEKA is a company incorporated in the Netherlands with limited liability and is principally engaged in investment holding; (ii) WEKA is wholly-owned by Mr. Chow, who is also its sole director; and (iii) each of WEKA and Mr. Chow is an Independent Third Party.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) Orientouch is a company incorporated in the Netherlands with limited liability and is principally engaged in the business of event and concert management, marketing consultancy and performing arts services; (ii) Orientouch is ultimately beneficially owned as to 50% by Mr. Chow Yee Hong and 50% by Mrs. Chow Mo Kwai Hong, who are the parents of Mr. Chow; and (iii) each of Orientouch and its ultimate beneficial owners is an Independent Third Party.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Chow is (i) the sole shareholder and sole director of WEKA; (ii) the son of the ultimate beneficial owners of Orientouch; and (iii) the managing director of Orientouch.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) Moral Step is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding; (ii) Moral Step is owned as to 66% by Ms. Zhao Yan and 34% by Mr. Law Man Hin; and (iii) each of Moral Step and its ultimate beneficial owners is an Independent Third Party.

The JV Company is a company incorporated in Hong Kong with limited liability. The JV Company has remained inactive and has no business operation since its incorporation in 2019. Set out below is a summary of certain financial information of the JV Company (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the two financial years ended 31 December 2022 and 31 December 2023:

	For the financial year ended 31 December 2022 (audited) <i>Approximately</i> <i>HK\$</i>	For the financial year ended 31 December 2023 (unaudited) <i>Approximately</i> <i>HK\$</i>
Revenue	–	–
Loss before taxation	58,000	53,000
Loss after taxation	58,000	53,000

The unaudited total asset value and net liabilities of the JV Company were approximately HK\$81,000 and HK\$337,000 respectively as at 31 December 2023.

FINANCIAL EFFECT OF THE TRANSACTION

Since immediately upon the Completion, the shareholding of Luxury Field in the JV Company will decrease from 100% to 40%, the JV Company shall cease to be a subsidiary of the Company. Hence, the financial results, assets and liabilities of the JV Company shall cease to be consolidated into the accounts of the Company upon Completion.

It is expected that an unaudited net gain before tax of approximately HK\$5,000 will be recorded by the Group as a result of the formation of the joint venture pursuant to the JV Agreement which will mainly represent the amount of the net liabilities of the JV Company to be written off upon Completion.

The above expected gain is for illustrative purpose only. The actual gain in connection with the formation of the joint venture pursuant to the JV Agreement will be subject to the review and final audit by the auditors of the Company.

“Business Day”	any day (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Neway Group Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the subscription for an aggregate of 999 JV Shares by the Investors which shall take place within three (3) Business Days after the signing of the JV Agreement
“control”	shall mean, with respect to a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation or the power to secure that the affairs of the controlled corporation are conducted in accordance with its wishes whether by the holding of shares, the holding of voting power, the right to appoint the majority of the board of directors or otherwise and, with respect to any person other than a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	third party independent of the Company and its connected persons (having the meaning ascribed thereto under the Listing Rules)
“Investors”	Luxury Field, WEKA and Moral Step collectively
“JV Agreement”	the joint venture agreement entered into among Luxury Field, WEKA, Orientouch, Mr. Chow, Moral Step and the JV Company on 8 March 2024 in relation to the formation, operation and management of the JV Company
“JV Board”	the board of directors of the JV Company
“JV Company”	the company currently known as Orientouch Showtimes (International) Limited, being a company incorporated in Hong Kong with limited liability and the joint venture company as contemplated under the JV Agreement
“JV Share(s)”	the ordinary share(s) in the share capital of the JV Company
“JV Shareholders”	Luxury Field, WEKA and Moral Step and include such other persons who become the registered holders of the JV Shares and a “JV Shareholder” shall mean any of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luxury Field”	Luxury Field Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Moral Step”	Moral Step Corporation Limited, a company incorporated in Hong Kong with limited liability
“Mr. Chow”	Mr. Chow Wah Kong

“Orientouch”	Orientouch B.V., a company incorporated in the Netherlands with limited liability
“Parties”	the parties to the JV Agreement, namely Luxury Field, WEKA, Orientouch, Mr. Chow, Moral Step and the JV Company
“Relevant Contracts”	certain contracts entered into in the name of Orientouch in relation to the Agreed Concerts prior to the signing of the JV Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WEKA”	WEKA Holding B.V., a company incorporated in the Netherlands with limited liability
“£”	pound, the lawful currency of the United Kingdom
“%”	per cent.

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

Hong Kong, 8 March 2024

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. Chu Gun Pui and Ms. Sin Chui Pik, Christine being the independent non-executive Directors.