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 2023

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 2023 (the "**Year**"), together with the comparative figures for the year ended 31 December 2022 ("**Year 2022**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	**2023** *HK$*	2022 *HK$*
Revenue			
Revenue from goods and services		**540,232,497**	443,424,752
Rental income		**2,783,890**	2,194,059
Interest income from lending business		**5,672,580**	3,784,531
Total revenue	*4*	**548,688,967**	449,403,342
Cost of sales and services		**(460,341,448)**	(355,117,682)

* *For identification purpose only*

	NOTES	**2023**	2022
		HK$	*HK$*
Gross profit		**88,347,519**	94,285,660
Other interest income	*6*	**6,000,913**	1,097,425
Other income	*6*	**3,412,917**	11,140,500
Selling and distribution expenses		**(36,795,432)**	(33,677,921)
Administrative and other expenses		**(121,691,637)**	(142,000,770)
Other gains and losses		**(7,116,401)**	68,716,756
Impairment losses under expected credit loss ("**ECL**") model on financial assets and contract assets, net	*6*	**(345,629)**	(574,833)
Finance costs		**(6,525,347)**	(4,034,427)
Share of results of joint ventures		**(3,750)**	(3,750)
Loss before taxation		**(74,716,847)**	(5,051,360)
Taxation (charge) credit	*5*	**(7,355,103)**	2,650,146
Loss for the year	*6*	**(82,071,950)**	(2,401,214)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(12,150,897)**	(41,415,715)
Items that will not be reclassified to profit or loss:			
Surplus on transfer from property, plant and equipment to investment properties		**38,512,183**	–
Deferred tax arising from transfer of property, plant and equipment to investment properties		**(9,628,046)**	–
		16,733,240	(41,415,715)
Total comprehensive expense for the year		**(65,338,710)**	(43,816,929)

	NOTE	2023 HK$	2022 HK$
Loss for the year attributable to:			
Owners of the Company		**(81,961,487)**	(1,942,228)
Non-controlling interests		**(110,463)**	(458,986)
		(82,071,950)	(2,401,214)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(65,334,885)**	(43,639,256)
Non-controlling interests		**(3,825)**	(177,673)
		(65,338,710)	(43,816,929)
Loss per share	*8*		
Basic *(HK cents)*		**(32.35)**	(0.77)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	NOTES	2023 HK$	2022 HK$
Non-current assets			
Property, plant and equipment		**154,585,377**	206,577,809
Investment properties		**162,019,272**	111,151,556
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**22,193,495**	22,285,289
Club membership		**3,403,700**	3,403,700
Prepayments and deposits	*9*	**4,395,817**	5,969,564
Interests in joint ventures		**389,232**	392,982
Loans receivable		**17,933,940**	15,938,198
Deposit paid for acquisition of property, plant and equipment		**148,829**	2,297,517
Deferred tax assets		**12,661,692**	13,971,096
		377,731,354	381,987,711
Current assets			
Inventories		**25,134,618**	37,117,846
Properties under development for sale/properties for sales		**258,459,215**	326,097,115
Financial assets at fair value through profit or loss ("**FVTPL**")		**15,770,920**	17,375,128
Trade and other receivables, prepayments and deposits	*9*	**138,847,263**	116,131,495
Contract assets		**26,334,377**	30,264,935
Loans receivable		**29,810,691**	33,414,687
Tax recoverable		**–**	477,682
Pledged bank deposits		**76,274,798**	60,000,000
Short-term bank deposits		**20,297,256**	15,597,000
Cash and cash equivalents		**99,493,689**	125,297,011
		690,422,827	761,772,899

	NOTE	2023 HK$	2022 HK$
Current liabilities			
Trade and other payables and accruals	*10*	**124,685,719**	138,417,524
Lease liabilities		**12,532,717**	12,996,178
Contract liabilities		**35,937,801**	8,798,267
Tax liabilities		**6,701,088**	5,268,629
Amount due to a non-controlling shareholder of a subsidiary		**16,499,835**	16,977,929
Bank borrowings		**70,338,782**	72,730,973
		266,695,942	255,189,500
Net current assets		**423,726,885**	506,583,399
Total assets less current liabilities		**801,458,239**	888,571,110
Non-current liabilities			
Lease liabilities		**40,840,321**	54,701,933
Bank borrowings		**23,209,768**	38,483,305
Deferred tax liabilities		**14,606,063**	7,245,075
		78,656,152	100,430,313
Net assets		**722,802,087**	788,140,797
Capital and reserves			
Share capital		**2,533,595**	2,533,595
Reserves		**724,105,767**	789,440,652
Total attributable to owners of the Company		**726,639,362**	791,974,247
Non-controlling interests		**(3,837,275)**	(3,833,450)
Total equity		**722,802,087**	788,140,797

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company											
	Share capital *HK$*	**Share premium** *HK$*	**Deemed contribution from a shareholder** *HK$*	**Capital redemption reserve** *HK$*	**Contributed surplus** *HK$*	**Properties valuation reserve** *HK$*	**Investment revaluation reserve** *HK$*	**Translation reserve** *HK$*	**Retained profits** *HK$*	**Sub-total** *HK$*	**Non-controlling interests** *HK$*	**Total** *HK$*
At 1 January 2022	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 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
Loss for the year	–	–	–	–	–	–	–	–	(81,961,487)	(81,961,487)	(110,463)	(82,071,950)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(12,257,535)	–	(12,257,535)	106,638	(12,150,897)
Surplus on transfer from property, plant and equipment to investment properties	–	–	–	–	–	38,512,183	–	–	–	38,512,183	–	38,512,183
Deferred tax arising from transfer of property, plant and equipment to investment properties	–	–	–	–	–	(9,628,046)	–	–	–	(9,628,046)	–	(9,628,046)
Other comprehensive income (expense) for the year	–	–	–	–	–	28,884,137	–	(12,257,535)	–	16,626,602	106,638	16,733,240
Total comprehensive income (expense) for the year	–	–	–	–	–	28,884,137	–	(12,257,535)	(81,961,487)	(65,334,885)	(3,825)	(65,338,710)
At 31 December 2023	2,533,595	368,851,377	188,956,957	62,400	103,571,033	92,136,302	(22,985,932)	(14,052,577)	7,566,207	726,639,362	(3,837,275)	722,802,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs 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.

2.1 Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. 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.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised 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 difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized the related deferred tax assets and deferred tax liabilities with same amount of HK$10,375,010 as at 1 January 2022 on a gross basis but it has no impact on the retained earnings at the earliest period.

2.2 Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar two model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidation financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expenses/income related to Pillar Two income taxes when it is in effect.

2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements 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 in current year has no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set in the Group's consolidated financial statements for the year ended 31 December 2023.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between the Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

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

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

[3] Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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, 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 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, licensing of musical works 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)	
	2023	2022	**2023**	2022
	HK$	*HK$*	***HK$***	*HK$*
Lending Business	**5,672,580**	3,784,531	**3,069,979**	864,299
Manufacturing and Sales Business	**346,642,843**	411,781,643	**(50,753,897)**	(6,613,348)
Music and Entertainment Business	**3,985,706**	3,806,067	**(3,447,739)**	(3,448,885)
Property Development Business	**160,429,227**	–	**11,569,298**	(11,870,601)
Property Investment Business	**2,783,890**	2,194,059	**(12,825,280)**	53,618,253
Securities Trading Business	**–**	–	**(1,635,221)**	(7,568,380)
Trading Business	**29,174,721**	27,837,042	**(2,306,067)**	(4,886,272)
Total	**548,688,967**	449,403,342	**(56,328,927)**	20,095,066
Bank interest income			**5,979,534**	993,991
Unallocated corporate expenses			**(24,363,704)**	(26,122,231)
Share of results of joint ventures			**(3,750)**	(3,750)
Certain finance costs			**–**	(14,436)
Loss before taxation			**(74,716,847)**	(5,051,360)

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 2023

	Lending Business	Manufacturing and Sales Business	Music and Entertainment Business	Property Investment Business	Property Development Business	Securities Trading Business	Trading Business	Segment total	Elimination	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment assets	**47,821,990**	**305,030,240**	**5,748,977**	**162,400,126**	**280,054,004**	**16,459,278**	**16,441,965**	**833,956,580**	**–**	**833,956,580**
Other assets										**234,197,601**
Consolidated assets										**1,068,154,181**
Segment liabilities	**486,913**	**180,619,885**	**5,463,033**	**17,703,680**	**108,142,553**	**56,200**	**10,320,926**	**322,793,190**	**–**	**322,793,190**
Inter-group liabilities	**117,375,854**	**–**	**–**	**–**	**–**	**103,458,835**	**–**	**220,834,689**	**(220,834,689)**	**–**
Total	**117,862,767**	**180,619,885**	**5,463,033**	**17,703,680**	**108,142,553**	**103,515,035**	**10,320,926**	**543,627,879**	**(220,834,689)**	**322,793,190**
Other liabilities										**22,558,904**
Consolidated liabilities										**345,352,094**

As at 31 December 2022

	Lending Business	Manufacturing and Sales Business	Music and Entertainment Business	Property Investment Business	Property Development Business	Securities Trading Business	Trading Business	Segment total	Elimination	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*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

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, 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:

	2023	2022
	HK$	*HK$*
Sales of printing products	**375,817,564**	439,618,685
Sales of properties	**160,429,227**	–
Income from the use of the musical works	**2,469,281**	2,017,280
Loan interest income from Lending Business	**5,672,580**	3,784,531
Promotion income	**12,000**	98,000
Rental income	**2,783,890**	2,194,059
Sales of albums	**1,504,425**	1,690,787
	548,688,967	449,403,342

Geographical information

The Group's operation of Manufacturing and Sales Business and Property Development Business and Property Investment Business are located in Hong Kong and the PRC, while 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	
	2023	2022	**2023**	2022
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**129,812,990**	129,157,218	**96,645,941**	102,396,638
The PRC	**353,542,293**	231,688,354	**227,021,403**	224,547,862
Europe	**13,481,744**	18,678,521	**–**	–
United States	**45,121,554**	57,628,959	**–**	–
Others	**6,730,386**	12,250,290	**–**	–
	548,688,967	449,403,342	**323,667,344**	326,944,500

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

Information about major customers

There was no customer contributing over 10% of total revenue of the Group for the years ended 31 December 2023 and 2022.

5. TAXATION (CHARGE) CREDIT

	2023	2022
	HK$	*HK$*
The taxation comprises:		
Hong Kong Profits Tax		
Charge for the year	**(117,201)**	(126,892)
Under provision in prior years	**–**	(1,724,551)
	(117,201)	(1,851,443)
PRC Land Appreciation Tax ("**LAT**")		
Charge for the year	**(4,474,177)**	–
PRC Enterprise Income Tax		
Charge for the year	**(4,248,984)**	(1,410,813)
Overprovision in prior years	**494,862**	1,878,362
	(3,754,122)	467,549
Deferred tax credit for the year	**990,397**	4,034,040
	(7,355,103)	2,650,146

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 2023 and 2022, 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.

Under the Provisional Regulations of LAT（《中華人民共和國土地增值稅暫行條例》）effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT（《中華人民共和國土地增值稅暫行條例實施細則》）effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs, land costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004.

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

	2023	2022
	HK$	*HK$*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
– Audit services	**2,395,000**	2,165,000
– Non-audit services	**839,300**	606,000
	3,234,300	2,771,000
Cost of inventories recognised as an expense (including write-down of inventories of HK$240,984 for the year ended 31 December 2022)	**167,249,165**	200,817,058
Depreciation of right-of-use assets	**13,215,482**	14,378,993
Depreciation of other property, plant and equipment	**20,868,796**	21,820,623
Depreciation of property, plant and equipment	**34,084,278**	36,199,616
Less: included in cost of sales and services	**(18,324,012)**	(19,758,629)
	15,760,266	16,440,987
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	**162,026,334**	176,764,704
– Contributions to retirement benefits schemes	**12,143,621**	12,857,395
Less: included in cost of sales and services	**(95,122,975)**	(101,673,107)
	79,046,980	87,948,992
Legal and professional fees	**6,252,000**	10,922,258
Gross rental income from investment properties	**(2,783,890)**	(2,194,059)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**217,988**	392,878
	(2,565,902)	(1,801,181)
Staff redundancy cost included in		
Cost of sales	**4,887,400**	1,720,054
Selling and distribution expenses	**937,866**	367,061
Administrative and other expenses	**536,991**	923,856
	6,362,257	3,010,971
The following items are included in (reversal of impairment losses) impairment losses under ECL model on financial assets and contract assets, net:		
– Impairment losses (reversal of impairment losses) on trade receivables, net	**380,190**	(85,753)
– Impairment losses (reversal of impairment losses) on contract assets, net	**354,813**	(269,264)
– (Reversal of impairment losses) impairment losses on loans receivable, net	**(389,374)**	929,850
	345,629	574,833
The following items are included in other interest income:		
– Bank interest income	**(5,979,534)**	(993,991)
– Interest income on rental deposits	**(21,379)**	(103,434)
	(6,000,913)	(1,097,425)
The following items are included in other income:		
– Dividend income	**(641,519)**	(1,115,144)
– Government grants *(Note)*	**(485,455)**	(7,196,142)
– Others	**(2,285,943)**	(2,829,214)
	(3,412,917)	(11,140,500)

Note:

For the year ended 31 December 2023, the government grants represented the compensation for expenses of HK$485,455 (2022: HK$5,450,892).

For the year ended 31 December 2022, the government grants represented one-off government grants in the PRC of HK$11,590 related to grants under Covid-19 pandemic. There were also government grants received for Employment Support Scheme launched by the Hong Kong Government of HK$1,733,660.

7. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2023 and 2022, 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:

	2023	2022
	HK$	*HK$*
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(81,961,487)**	(1,942,228)

	2023	2022
Weighted average number of ordinary shares in issue for the purpose of calculating basic loss per share	**253,359,456**	253,581,100

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

	2023 *HK$*	2022 *HK$*
Trade receivables	**106,716,136**	93,003,027
Less: allowance for credit losses	**(1,089,825)**	(722,114)
	105,626,311	92,280,913
Receivables with brokers' houses	**667,524**	2,279,423
Deposits and other receivables	**8,405,959**	10,017,055
Other tax recoverable	**18,571,261**	3,947,629
Prepayments	**9,972,025**	13,576,039
	143,243,080	122,101,059
Analysed for reporting purposes as:		
Current assets	**138,847,263**	116,131,495
Non-current assets	**4,395,817**	5,969,564
	143,243,080	122,101,059

As at 1 January 2022, trade receivables from contracts with customers amounted to HK$120,349,927.

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.

	2023	2022
	HK$	*HK$*
Manufacturing and Sales Business and Trading Business:		
0 – 30 days	**50,287,241**	50,200,857
31 – 60 days	**19,316,180**	21,552,763
61 – 90 days	**11,166,391**	10,240,281
Over 90 days	**6,589,418**	9,919,140
	87,359,230	91,913,041
Music and Entertainment Business:		
0 – 30 days	**404,674**	286,382
31 – 60 days	**1,921**	–
61 – 90 days	**–**	300
Over 90 days	**7,665**	81,190
	414,260	367,872
Property Development Business:		
0 – 30 days	**17,852,821**	–
Total trade receivables	**105,626,311**	92,280,913

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.

	2023	2022
	HK$	*HK$*
0 – 30 days	**45,979,952**	41,536,006
31 – 60 days	**6,864,442**	10,502,193
61 – 90 days	**2,697,564**	2,774,078
Over 90 days	**1,989,695**	1,294,405
	57,531,653	56,106,682
Accrued construction costs for properties under development for sale	**34,463,294**	50,351,981
Accrued expenses and other payables	**32,690,772**	31,958,861
	124,685,719	138,417,524

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The recovery of the global economy and the purchasing power was much slower than expected this Year. Some of our customers, especially those of the Manufacturing and Sales Business segment, adopted a more conservative approach this Year, such as reducing inventory level and slowing down new product development progress, etc. The number of purchase orders of printing products received from both overseas and domestic customers decreased. Meanwhile, the Group has devoted more sales and marketing resources into the Property Development Business since Year 2022 and the first batch of industrial buildings of the Zhongxing Industrial Park (as defined below) were delivered to the purchasers during the Year, generating a revenue of approximately HK$160 million. Furthermore, the revenue of other business segments such as the Lending Business and the Trading Business has also increased as more efforts were placed to expand the customer base during the Year.

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$548.7 million (Year 2022: approximately HK$449.4 million) and the gross profit margin was approximately 16.1% (Year 2022: 21.0%). The contribution of each business segment to the total revenue of the Group is as follows:

	2023 *HK$*	**Approximate % to total revenue**	2022 *HK$*	Approximate % to total revenue
Lending Business	**5,672,580**	**1.0%**	3,784,531	0.8%
Manufacturing and Sales Business	**346,642,843**	**63.2%**	411,781,643	91.6%
Music and Entertainment Business	**3,985,706**	**0.7%**	3,806,067	0.9%
Property Development Business	**160,429,227**	**29.3%**	–	–
Property Investment Business	**2,783,890**	**0.5%**	2,194,059	0.5%
Trading Business	**29,174,721**	**5.3%**	27,837,042	6.2%
Total revenue	**548,688,967**	**100%**	449,403,342	100%

Lending Business

The Lending Business comprised the financial leasing business in Shanghai, the People's Republic of China (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.

The 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) ("**Grand Prospects**"), 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 include 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.

All loan applications from potential customers are reviewed and approved by the responsible officer in accordance with Grand Prospects' internal loan approval guidelines (the "**Internal Guidelines**"). In order to assess whether or not a loan application should be approved, the responsible officer will (i) collect and verify the required information and supporting documents from the potential customers; and (ii) assess the value and quality of the collaterals that the potential customers intend to provide, if any. Legal search on the borrowers and the collaterals will also be conducted if necessary.

If the responsible officer intends to grant a loan upon the completion of the entire credit approval process, he/she will determine the terms of the loan in accordance with the Internal Guidelines and with reference to various factors including but not limited to the background and creditworthiness of the customer, the nature and value of the collateral provided, if any, the prevailing market interest rate and other relevant factors as the responsible officer may deem appropriate. Thereafter, loan documents will be prepared accordingly and customers are required to provide signed and post-dated bank cheques in accordance with the repayment schedules set out in the loan documents.

In the event that the highest applicable percentage ratio (as defined under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) in respect of a grant of loan exceeds 5%, the loan application will be submitted to the Board and a meeting of the Board will be convened to consider and, if thought fit, approve the same.

Periodic assessments will be conducted on the recoverability of the loans granted based on the creditworthiness of the customers, taking into account their history of default, if any, ability to make timely payment of interest during the tenure of the loans and the loan-to-collateral ratios, to ensure if any follow-up action should be taken to avoid potential exposure to credit risks. Generally, a reminder letter will be issued to the customer in the event of default. Depending on the circumstances, if a loan is overdue for more than two months, Grand Prospects may consider taking legal actions.

The total amount of new loans granted during the Year was approximately HK$6.0 million and the average loan interest rate of the Group's loan portfolio was approximately 18%. During the Year, the interest income from loans increased by approximately 49.9% to approximately HK$5.7 million (Year 2022: approximately HK$3.8 million) and the segment gain were approximately HK$3.1 million (Year 2022: approximately HK$864,000). The increase in revenue and the improvement in segment results were mainly due to (i) the increase in loan portfolio in the second half of Year 2022; and (ii) the reversal of impairment loss on loan receivables of approximately HK$389,000 (Year 2022: impairment loss of approximately HK$930,000).

The Group has a concentration of credit risk as 53% (Year 2022: 61%) of the total loans receivable was due from three (Year 2022: four) independent third parties, totalling approximately HK$25,402,000 (Year 2022: HK$30,843,000).

The estimated loss rates of loans receivable were based on historical credit loss experience of the customers as well as the fair value of the collaterals they pledged in relation to the loans receivable. For those loans receivable secured by charge over properties located in Hong Kong with an aggregate amount of HK$29,171,479 (Year 2022: HK$31,601,901), the loss given default was considered low by the Directors, given that the fair value of the collaterals are higher than the carrying amounts of the respective loans receivable. The Group has not recognised any loss allowance for the loans receivable as a result of these collaterals. For the remaining loans receivable with an aggregate gross carrying amount of HK$19,114,080 (Year 2022: HK$18,682,096), the Group has recognised net reversal of impairment allowance of approximately HK$389,000 on these loans receivable during the Year.

Manufacturing and Sales Business

This segment represented the manufacturing and sales of printing products, such as packaging boxes, labels, paper products and paper shopping bags, with a worldwide customer base.

The segment revenue decreased significantly by approximately 15.8% to approximately HK$346.6 million for the Year (Year 2022: approximately HK$411.8 million), which was mainly attributable to the decrease in sales orders of all types of printing products from both overseas and domestic clients. The decrease in sales orders was mainly due to the fact that (i) the inventory level of some of our customers remained high and more time were needed for them to consume the excessive inventories; and (ii) the sales of some of our customers had decreased due to the slower-than-expected recovery of the global economy, resulting in a lower consumption rate in both overseas and domestic markets.

Segment loss of approximately HK$50.8 million was recorded for the Year (Year 2022: approximately HK$6.6 million), which was mainly attributable to the following factors:

(i) the gross profit margin decreased by approximately 7.9% as compared with that of Year 2022. The decrease in gross profit margin was mainly due to (i) the decrease in revenue of 15.8% as compared with that of Year 2022; (ii) the lowered selling price of some products in order to secure more purchase orders from customers, which in turn pushed up the average material consumption rate of this segment; and (iii) the increase in total manufacturing staff costs and other related expenses (including the one-off staff redundancy costs of approximately HK$4.9 million) of approximately 1.5% as compared with that of Year 2022;

(ii) the decrease in exchange gain of approximately HK$11.7 million, mainly due to the slow down of depreciation of Renminbi ("**RMB**") during the Year;

(iii) the net expected credit loss recognized during the Year of approximately HK$727,000 (Year 2022: reversal of expected credit loss of approximately HK$355,000);

(iv) the loss on disposal of fixed assets of approximately HK$397,000 (Year 2022: gain on disposal of fixed assets of approximately HK$1.6 million); and

(v) the decrease in government subsidies of approximately HK$6.2 million as compared with that of Year 2022.

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 increased by approximately 4.7% to approximately HK$4.0 million (Year 2022: approximately HK$3.8 million) and the segment loss for the Year was approximately HK$3.4 million (Year 2022: approximately HK$3.4 million). The increase in revenue was mainly attributable to the increase in the musical work licensing income. Over 60% of the segment revenue was derived from the musical work licensing income from online music platforms.

Property Development Business

The Group had two property development projects as at 31 December 2023 (31 December 2022: 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 before the People's Court of Baoan District, Shenzhen (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 the 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 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 Document was 15 October 2014 and the deadline for repayment by Zhongqing was 30 October 2014 accordingly. As at 30 October 2014, Zhongqing hadn't repaid 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 term of the Freeze Order was further extended to 12 May 2022 by the Court on 15 May 2019 and 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 has completed all internal verification procedures regarding the Qingyuan Land with various relevant government departments in Qingyuan, but the auction progress is not yet commenced. 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 is 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 development 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.

Construction status:

The whole first stage of development of the Zhongxing Industrial Park comprises 20 industrial buildings, with a total gross floor area of approximately 139,000 sq. m.. As at 31 December 2023, approximately 79% of the aforementioned construction work was completed according to the supervision reports prepared by an independent construction company engaged by Zhongda Qingyuan. The construction work of 14 industrial buildings was completed and inspected by an independent supervisory company. The Group expects the construction work of the remaining six industrial buildings to commence during 2024, if appropriate.

Furthermore, during the Year, Zhongda Qingyuan signed several construction agreements for one industrial building, one ancillary building and one dormitory with a total gross floor area of approximately 26,000 sq. m.. As at 31 December 2023, approximately 45% of the aforementioned construction work was completed and the rest is expected to be completed in 2024. As at 31 December 2023, the total construction area of the Zhongxing Industrial Park was approximately 165,000 sq. m..

Sales status:

During the Year, Zhongda Qingyuan delivered several industrial buildings to purchasers and revenue of approximately HK$160 million was recognized during the Year, which represented approximately 56% of the total gross floor area of the 14 industrial buildings completed. Furthermore, up to the date of this announcement, Zhongda Qingyuan has signed several binding agreements with purchasers regarding a total gross floor area of approximately 27,000 sq. m. which is expected to be delivered to the purchasers in 2024.

Zhongda Qinyuan has entered into several cooperation agreements with several banks in the PRC, pursuant to which Zhongda Qingyuan has agreed to provide transitional guarantees in respect of the repayment obligations of the purchasers under the mortgage loans which may be granted by these banks to the purchasers for the acquisition of the industrial buildings in the Zhongxing Industrial Park. Zhongda Qingyuan's guarantee obligation under the transitional guarantees shall be released upon the completion of the relevant mortgage registrations over the properties and/or the receipt of the relevant registration proofs by the banks. It is an usual commercial practice in the real estate industry in the PRC that property developers shall provide transitional guarantees in favour of the mortgage banks for the purchasers of properties which are still under development if the purchasers will settle the purchase price of the properties partly by mortgage loans. As at 31 December 2023, the Group had financial guarantee of approximately HK$134 million relating to the transitional guarantees given by Zhongda Qingyuan in favour of the mortgage banks while the related property ownership certificates have not yet been issued.

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 three properties of the Group as at 31 December 2023 (31 December 2022: two). The first one was a commercial property situated in Yuen Long, Hong Kong (the "**Yuen Long Property**") which has been leased to a connected person (having the meaning ascribed to it under the Listing Rules) since 1 August 2023 to operate a karaoke outlet. More details were disclosed in the announcement of the Company dated 1 August 2023. The rental income arising from the Yuen Long Property for the Year was approximately HK$2.4 million (Year 2022: approximately HK$1.8 million). The increase in revenue arising from the Yuen Long Property was mainly due to the accounting treatment for the rental concession granted to the former tenant in Year 2022.

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$420,000 (Year 2022: approximately HK$390,000).

Furthermore, during the Year, the Group entered into a rental agreement with an independent third party to lease one block of industrial building of its self-owned factory situated in Shenzhen, the PRC (the "**Shenzhen Property**") and the lease term was 4 years and 3 months with a rent-free period of 3 months. According to the Group's accounting standard, the Shenzhen Property has been reclassified to investment properties from property, plant and equipment under the non-current assets. Upon the date of the reclassification, the fair value of the Shenzhen Property was approximately HK$57.5 million and the difference of approximately HK$38.5 million between the carrying amount and the fair value of the Shenzhen Property was recognised in other comprehensive income and accumulated in "Properties valuation reserve".

According to the Group's accounting standards, the investment properties of the Group were carried at market value. A fair value loss of approximately HK$6.1 million was recorded in "Other gains and losses" of the Group during the Year (Year 2022: fair value loss of HK$14.5 million). The fair value loss of the Yuen Long Property and the Beijing Property were approximately HK$5.2 million and HK$1.7 million respectively, offset by the fair value gain of the Shenzhen Property of approximately HK$731,000. The decrease in fair value of the Yuen Long Property and the Beijing Property was mainly due to the lowered market value and rental value of adjacent locations.

The segment profit for Year 2022 consisted of a gain on disposal of a subsidiary of the Company of approximately HK$76.4 million which owned an industrial building in Fanling, Hong Kong completed during Year 2022.

Trading Business

Revenue from the Trading Business increased to approximately HK$29.2 million (Year 2022: approximately HK$27.8 million) while a segment loss of approximately HK$2.3 million was recorded during the Year (Year 2022: approximately HK$4.9 million). The decrease in segment loss was mainly attributable to: (i) the increase in revenue derived from overseas customers with higher profit margin; and (ii) the decrease in overall operating costs as a result of the adoption of cost saving plans.

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 2023 amounted to approximately HK$38.0 million (31 December 2022: approximately HK$39.7 million). During the Year, the Group recorded a fair value loss in investments of securities listed in Hong Kong of approximately HK$1.6 million (Year 2022: approximately HK$7.8 million) and a dividend income of approximately HK$642,000 (Year 2022: approximately HK$1,115,000). No realized gain/loss was recorded for the Year (Year 2022: a realized gain of approximately HK$442,000).

The Group's investments as at 31 December 2023 included investment in securities of 10 companies listed on the Main Board or GEM of the Stock Exchange, 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 2023. The top five largest investments amounted to approximately HK$34.3 million, representing approximately 3.2% of the Group's audited total assets as at 31 December 2023.

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 are principally engaged in, including but not limited to, educational sector, entertainment and recreational sector, financial technological sector, healthcare sector and telecommunication sector. The fair value of the investment in Zhong Wei as at 31 December 2023 amounted to approximately HK$17.5 million, representing approximately 1.6% of the Group's audited total assets as at 31 December 2023.

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 trading and 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 acquisitions and adjust its investment strategy in a cautious manner as and 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:

	2023	2022
	HK$	*HK$*
Change in fair value of financial assets at FVTPL *(Note a)*	**(1,604,208)**	(7,820,160)
Change in fair value of investment properties *(Note b)*	**(6,125,444)**	(14,498,870)
Net foreign exchange gain	**1,010,013**	12,968,171
Net (loss) gain on disposal of property, plant and equipment	**(396,762)**	1,625,999
Gain on disposal of a subsidiary *(Note c)*	**–**	76,441,616
Total	**(7,116,401)**	68,716,756

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$1.6 million (Year 2022: approximately HK$7.8 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 gain on disposal of a subsidiary was related to the disposal of a subsidiary of the Company. For more details, 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.

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 2023 and 31 December 2022:

	Notes	**As at 31 December 2023**	As at 31 December 2022
Current ratio	*(a)*	**2.6 times**	3.0 times
Quick ratio	*(b)*	**1.5 times**	1.6 times
Gearing ratio	*(c)*	**22.6%**	24.9%

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 2023 include: (i) the amount due to a non-controlling shareholder of a subsidiary; (ii) bank borrowings; and (iii) lease liabilities.

As at 31 December 2023, the Group had short-term bank deposits, pledged bank deposits and cash and cash equivalents of approximately HK$196.1 million (31 December 2022: approximately HK$200.9 million) and total borrowings of approximately HK$163.4 million (31 December 2022: approximately HK$195.9 million).

The current ratio and quick ratio as at 31 December 2023 were lower as compared with the respective figures as at 31 December 2022, which was mainly attributable to the increase in contract liabilities of approximately HK$27.1 million which included the deposit received from the customers of the Property Development Business of approximately HK$29.2 million. The gearing ratio of the Group decreased from 24.9% to 22.6% as at 31 December 2023, mainly due to the decrease in total borrowings of the Group and the reasons for which are stated below.

The Group's total borrowings as at 31 December 2023 included: (i) an amount of approximately HK$16.5 million due to a non-controlling shareholder of a subsidiary (31 December 2022: approximately HK$17.0 million); (ii) secured bank borrowings of approximately HK$93.5 million (31 December 2022: approximately HK$111.2 million); and (iii) lease liabilities of approximately HK$53.4 million (31 December 2022: approximately HK$67.7 million).

Secured bank borrowings included (i) an amount of approximately HK$14.1 million (31 December 2022: approximately HK$18.1 million) payable within six years and carrying interest at the Hong Kong Inter-bank Offered Rate plus 1.85% per annum; (ii) an amount of approximately HK$54.2 million (31 December 2022: approximately HK$50.1 million) payable within one year and carrying interest at the Hong Kong Inter-bank Offered Rate plus 1.25% to 2.5% (Year 2022: 1.25% to 2.25%) per annum; and (iii) an amount of approximately HK$25.2 million (31 December 2022: approximately HK$43.0 million) payable within three years and carrying 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 bank 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 2024, it is expected that the Group will be challenged by multiple 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. The recovery of the global economy is expected to be in a slower pace which may negatively affect the desire and purchasing power of customers of all types of products, especially those of the Manufacturing and Sales Business and the Trading Business. However, the awareness of sustainability is expected to be further enhanced in 2024 which may create more new business opportunities, especially for those environment-friendly products and printing solutions of the Manufacturing and Sales Business. In order to cope with the complex and ever-changing situation, the Group will carefully revise the strategies 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 to attract more new customers. Given the changing environment, the Group will 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 2024, the business of the Company will see multiple challenges and opportunities, especially the Manufacturing and Sales Business. The intensified political and economic tensions between the PRC and other countries may continue to shift the production of products from the PRC to other countries. These factors may negatively affect the export sales of the printing products. On the other hand, the competition among printing companies in the domestic market of the PRC is expected to be further intense, and the Group will put more efforts to further enhance its procurement ability and increase its production efficiency in order to reduce the overall production costs of this segment. The increasing awareness of sustainability shall create more business opportunities for this business and the Group will devotes more resources in procurement and provide environment-friendly printing solutions to our existing and potential customers.

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. The Group will continue to engage more overseas sales agents and participate in more overseas and domestic trade fairs so as to reach more new customers in 2024. On the other hand, the Group will also continue to acquire new ancillary equipment for the expanded production line to enhance production efficiency and lower the defect rate and manpower costs in its production activities.

In addition, to cope with the challenges faced 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 expand the customers base for reaching more customers in different industries and countries; and (v) allocation of more resources to upgrade of facilities and recruitment of skilled labours to meet the diverse demands of customers. 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 teams 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

The Group will continue to allocate more resources to expand the sales of physical albums and the musical works licensing business. Furthermore, the Group has entered into a joint venture agreement with two independent third parties subsequent to the end of the Year to form a joint venture to be principally engaged in overseas concert promotor business and related entertainment business. Through the formation of the joint venture, the Group expects to organize and invest more shows overseas, such as the United Kingdom and the Greater Bay Area of the PRC and also, expand other related entertainment businesses by pooling the experience of the other parties to the joint venture agreement.

Property Development Business

For Zhongqing, as mentioned in the business and financial review section of the Property Development Business above, the Court has completed all internal verification procedures regarding to the Qingyuan Land, but the auction progress is not yet commenced. In view of the recent undesirable situation of the property market in the PRC, the Group will reassess the risk and profitability of the development of the Qingyuan Land and accordingly, revise the bidding strategy carefully. The Group will provide further update to the Shareholders as and when appropriate.

For Zhongda Qingyuan, as at the date of this announcement, it has signed several provisional sales and purchase agreements for the industrial buildings and dormitories in the Zhongxing Industrial Park with a total gross floor area of approximately 27,000 sq. m. The Group expects to deliver the relevant properties to the purchasers in 2024. Furthermore, subject to the sales progress of the existing unsold industrial buildings, the Group may commence the construction work of the remaining industrial buildings of the first stage of development of Zhongxing Industrial Park in 2024, if appropriate.

For 2024, 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 also offer more sales options to attract more potential customers and cater for their purchase needs.

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 its 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 RMB, 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 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 2023. 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$5.4 million (Year 2022: approximately HK$15.6 million), nil (Year 2022: HK$5.1 million) and approximately HK$73.5 million (Year 2022: HK$146.9 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 at the leased offices and warehouses and the construction work conducted in the Zhongxing Industrial Park.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital commitments of approximately HK$150.4 million (31 December 2022: approximately HK$177.2 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 in 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 its capital commitments by internal resources and bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had contingent liabilities of approximately HK$133.9 million in respect of the transitional guarantees provided by Zhongda Qingyuan in favor of the mortgage banks for the purchasers of the industrial buildings of the Zhongxing Industrial Park (31 December 2022: Nil).

PLEDGE OF ASSETS

As at 31 December 2023, the Group had pledged bank deposits, investment properties and properties under development for sales/properties for sales with an aggregate carrying value of approximately HK$386.8 million (31 December 2022: approximately HK$442.3 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 2023.

SHARE CAPITAL AND CAPITAL STRUCTURE

On 16 January 2023, the Company cancelled 280,000 shares repurchased by it during Year 2022. Save as disclosed, there was no change in the share capital and capital structure of the Company during the Year.

HUMAN RESOURCES

As at 31 December 2023, the Group had approximately 1,000 full-time employees (31 December 2022: approximately 1,190). Total staff costs (including Directors' remuneration) for the Year were approximately HK$174.2 million (Year 2022: approximately HK$189.6 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, ASSOCIATES OR JOINT VENTURE DURING THE YEAR

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

EVENTS AFTER REPORTING PERIOD

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (Year 2022: Nil).

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

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 C1 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 C3 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 (the "**Audit Committee**") comprises two independent non-executive Directors and one non-executive Director. The Audit Committee 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 available on the above websites in April 2024.

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, 22 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.