NEWAY GROUP HOLDINGS LIMITED
中 星 集 團 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF SUBSIDIARIES

DISPOSAL OF SUBSIDIARIES

The Board wishes to announce that after trading hours on 16 March 2018, the Vendor, a wholly-owned subsidiary of the Company, the Purchaser and the Guarantor, entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share, representing the entire issued share capital of the Target, and the Sale Debt at the aggregate Consideration of HK$153 million which is subject to adjustments based on the Completion NAV and the face value of the Sale Debt as shown in the Pro Forma Completion Accounts.

After the completion of the Reorganisation and the Business Transfer and immediately prior to Completion, it is expected that the principal assets of the Disposal Group will be the Owned Properties, which is valued at RMB113.3 million (or equivalent to approximately HK$140.3 million) as at 28 February 2018 as shown in the Valuation, and the building costs, leasehold improvements and fixtures on the Leased Properties. The Properties will continue to be used and occupied by the Listco Remaining Group after Completion under the existing lease/license agreements signed with CTC.

* *For identification purpose only*

There will be no change to the principal business of the Listco Remaining Group as a result of the Disposal. After the Disposal, the Listco Remaining Group will continue to be principally engaged in (i) gaming business; (ii) money lending business; (iii) manufacturing and sale of printing products; (iv) music and entertainment business; (v) property development and investment; (vi) securities trading; and (vii) trading of printing products.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened for the purposes of considering, and if thought fit, approving the Sale and Purchase Agreement and the Disposal contemplated thereunder. A circular containing, among other things, (1) details of the Sale and Purchase Agreement and the Disposal; (2) other information as required to be disclosed under the Listing Rules; and (3) the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 31 May 2018 as more time is required to prepare the information for inclusion in the circular.

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The principal terms of the Sale and Purchase Agreement are set out below:

The Sale and Purchase Agreement

Date

16 March 2018

Parties

Vendor: Chung Tai Printing Holdings Limited（中大印刷集團有限公司）(formerly known as Chung Tai Printing (B.V.I.) Limited), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company.

Purchaser: Ritzy Success Enterprises Limited（華成企業有限公司）, a company incorporated in the BVI with limited liability, the principal business of which is investment holding.

Guarantor: Yuan Ji Zhong（元濟忠）, who is the sole shareholder of the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner (being the Guarantor) is an Independent Third Party and has not had any business or other relationship with the Company, the Directors, senior management and connected persons of the Company except for the Disposal. The Guarantor is engaged in arts and cultural education business. He was first introduced to the Company in late October 2017 through an acquaintance of a Director as a potential purchaser of the Disposal Group. The Purchaser is wholly-owned by the Guarantor as an investment vehicle.

Assets to be disposed of

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (i) the Sale Share with effect from the Completion free from all encumbrances together with all rights of any nature now or thereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date; and (ii) all the Vendor's title, right, benefit and interest to, of and in the Sale Debt absolutely free from all encumbrances with effect from the Completion.

The Sale Share represents 100% of the issued share capital of the Target.

The Sale Debt represents the entire sum owing by the Target to the Vendor arising from the Reorganisation immediately prior to Completion, further details of which are set out in the paragraph headed "Reorganisation and Business Transfer" below. The Target does not owe any sum to the Vendor as at the date of this announcement.

Consideration

The Consideration shall be HK$153 million, which shall be adjusted to the aggregate amount of the Completion NAV (for the transfer of the Sale Share) and the face value of the Sale Debt (for the transfer of the Sale Debt) as shown in the Pro Forma Completion Accounts, and be paid by the Purchaser to the Vendor in cash in the following manner:

(1) HK$15 million shall be payable within 15 Business Days after the date of signing of the Sale and Purchase Agreement as refundable deposit ("**Deposit**"), which shall represent part payment of the Consideration upon Completion; and

(2) the remaining balance of the Consideration shall be payable at Completion.

If Completion fails to take place for any reason and the Sale and Purchase Agreement is lapsed or terminated howsoever, the Deposit shall be refunded (without interest) by the Vendor to the Purchaser within five Business Days after the lapse or the termination of the Sale and Purchase Agreement.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms and based on the sum of the Estimated Completion NAV and the Estimated Sale Debt as defined in the section headed "Information of the Disposal Group" below. The Company will issue an announcement at Completion which will state the final amount of the Consideration based on the Pro Forma Completion Accounts.

The Vendor shall deliver to the Purchaser the Pro Forma Completion Accounts within 10 Business Days after the Agreed Reference Date and for the purpose of the Pro Forma Completion Accounts, the Owned Properties shall be valuated at HK$140,344,358, being the equivalent amount in Hong Kong dollars of the market value of the Owned Properties of RMB113.3 million as shown in the Valuation. The Pro Forma Completion Accounts will be prepared in accordance with the applicable requirements of the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Conditions Precedent

The obligations of the parties to the Sale and Purchase Agreement to effect Completion shall be conditional upon:

(1) the Sale and Purchase Agreement and the Disposal contemplated thereunder having been approved by the Shareholders (other than those who are required by the Listing Rules to abstain from voting on the relevant resolution(s)) in compliance with the Listing Rules;

(2) the completion of the Reorganisation such that, immediately before Completion, the structure of the Disposal Group as shown in Diagram 2 in the paragraph headed "Reorganisation and Business Transfer" in this announcement will be in place;

(3) the completion of the Business Transfer from CTC to the member(s) of the Listco Remaining Group;

(4) CTC having been released from all obligations of repayment and all liabilities in respect of the Existing Facilities and all securities provided by CTC in relation to the Existing Facilities having been released;

(5) save for the Sale Debt, each of the members of the Listco Remaining Group and each of the members of the Disposal Group having repaid or otherwise settled all outstanding amount due to each other before the Agreed Reference Date and there being no new outstanding amount due to/from between the members of the Listco Remaining Group and the members of the Disposal Group from the Agreed Reference Date and up to Completion;

(6) the delivery of the Pro Forma Completion Accounts to the Purchaser;

(7) the Purchaser being satisfied, from the date of the Sale and Purchase Agreement and at any time before the Completion, that the Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Warranties or other provisions of the Sale and Purchase Agreement by the Vendor;

(8) (if applicable) all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the Disposal, the Business Transfer and/or the Reorganisation having been obtained; and

(9) (if applicable) all such waivers, consents or other documents as the Vendor may require in relation to the completion of the Disposal having been obtained.

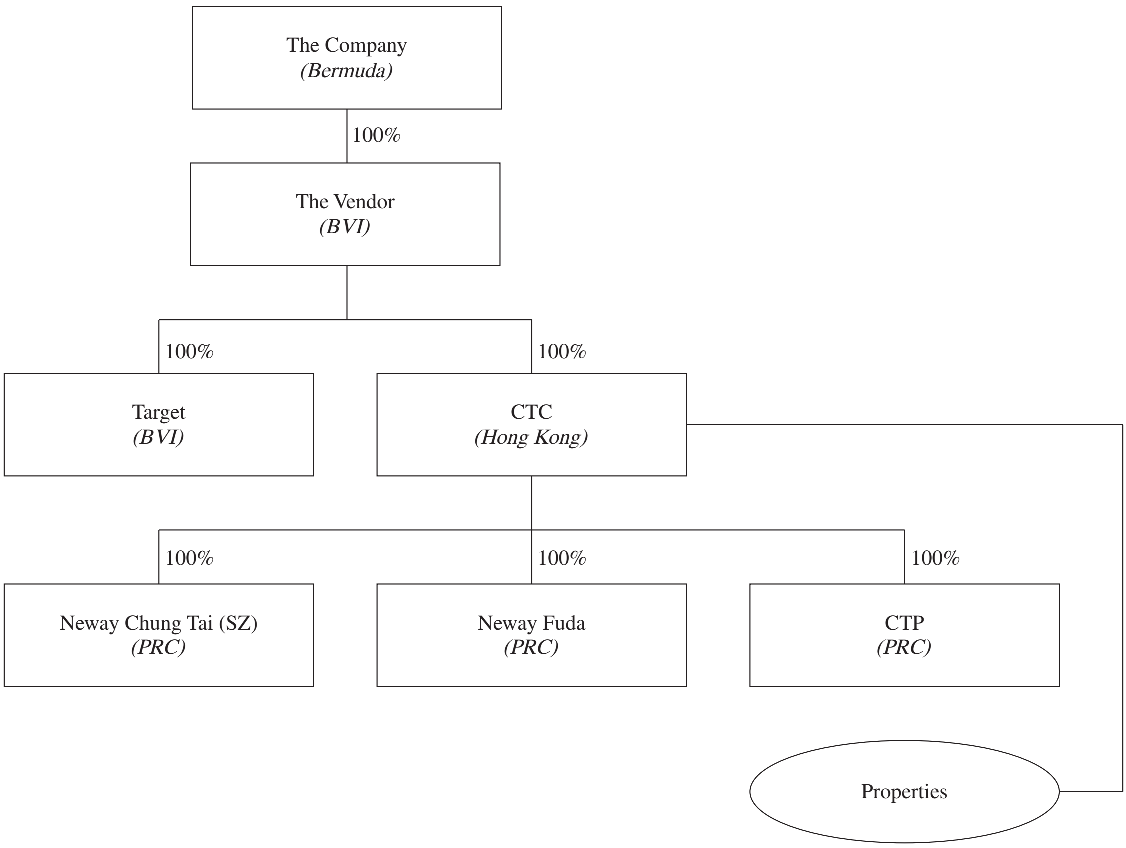
The Purchaser may waive the Condition Precedent referred to in item (7) above at any time before the Long Stop Date by notice in writing to the Vendor.

If any of the above Conditions Precedent have not been fulfilled or waived on or before 5:00 p.m. Hong Kong time on the Long Stop Date (or such later time or date as may be agreed between the Vendor and the Purchaser in writing), the Sale and Purchase Agreement (save and except clauses in relation to refund of the Deposit, announcements, confidentiality, entire agreement, notices, costs and expenses, general and governing law and jurisdiction) shall lapse immediately thereafter and be of no further effect and no party to the Sale and Purchase Agreement shall have any claim against or liability or obligation to any other parties under the Sale and Purchase Agreement save for any antecedent breach.

Reorganisation and Business Transfer

As at the date of the Sale and Purchase Agreement, the corporate structure of the relevant companies is as follows:

Diagram 1



As at the date of this announcement, Neway Fuda is engaged in the provision of finance lease services to the members of the Group, Neway Chung Tai (SZ) is carrying on the business of manufacturing of printing products and CTC is engaged in the sale of printing products. The principal production facilities used by the Group for the manufacturing of printing products are situated at the Properties.

For the purpose of the Disposal, the Group will effect the Reorganisation and the Business Transfer in the following steps before Completion:

(1) CTC shall transfer its entire equity interest in Neway Chung Tai (SZ) to the Listco Remaining Group;

(2) CTC shall transfer its entire equity interest in Neway Fuda to the Listco Remaining Group;

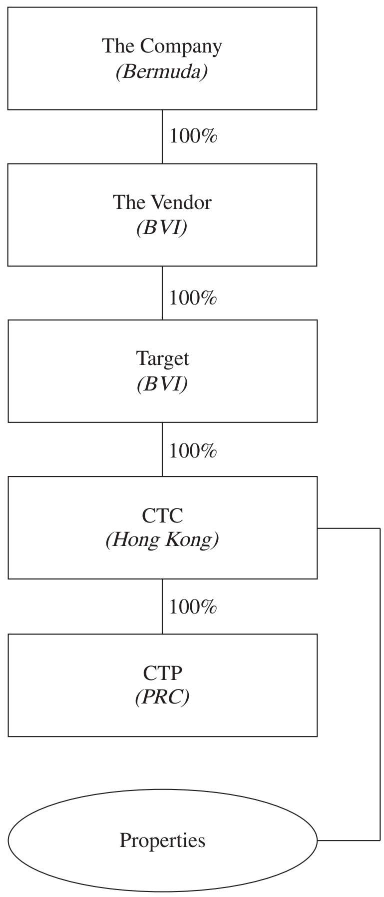
(3) the Group will carry out the Business Transfer so that all title, interests, benefits and rights of CTC in connection with the business of the sale of printing products together with the relevant assets (save for any excluded assets and contracts as may be stipulated in the Sale and Purchase Agreement) used by CTC in connection with the business of the sale of printing products will be transferred and taken up by the Listco Remaining Group; and

(4) the Vendor shall procure the transfer of the entire issued share capital of CTC (including both ordinary shares and deferred non-voting shares) to the Target, the consideration of which will be treated as amounts payable by the Target to the Vendor in the Pro Forma Completion Accounts and assigned to the Purchaser as part of the Sale Debt.

After the completion of the Reorganisation and the Business Transfer and immediately prior to Completion, it is expected that (i) the principal assets of the Disposal Group will be the Owned Properties and the building costs, leasehold improvements and fixtures on the Leased Properties; and (ii) the business of the manufacturing and sale of printing products will be taken up by the Listco Remaining Group.

Immediately after completion of the Reorganisation and prior to Completion, the corporate structure of the relevant companies will be as follows:

Diagram 2



In conclusion and as depicted in the above diagrams, as a result of the Reorganisation and the Business Transfer, the business of the manufacturing and sale of printing products originally carried on by the Disposal Group will be taken up by the Listco Remaining Group. There will be no change to the principal business of the Listco Remaining Group. After the Disposal, the Listco Remaining Group will continue to be principally engaged in (i) gaming business; (ii) money lending business; (iii) manufacturing and sale of printing products; (iv) music and entertainment business; (v) property development and investment; (vi) securities trading; and (vii) trading of printing products.

Completion

Subject to the fulfilment or waiver of all the Conditions Precedent (other than the Conditions Precedent which are only capable of being fulfilled upon Completion), Completion shall take place on the Completion Date.

Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company and the financial information of the Disposal Group will no longer be consolidated into the Group's consolidated financial statements.

Undertakings of the Vendor

The Vendor undertakes to the Purchaser that:

(1) it shall be responsible for all and any liabilities (including but not limited to any professional fee and related expenses incurred for engaging tax consultant) in relation to taxation falling on any member of the Disposal Group relating to periods up to and including the Completion Date; and

(2) it shall indemnify and keep indemnified the Purchaser (for itself and as trustee for each member of the Disposal Group) from and against all and any losses, damages, interest, costs or expenses whatsoever suffered or incurred by the Purchaser and/or any member of the Disposal Group as a result of a breach of the above obligation including any legal costs, expenses or other liabilities which the Purchaser may incur in instituting any legal proceedings or the enforcement of any settlement of, or judgment in respect of, such claim.

For the avoidance of doubt, the Vendor shall not be held liable for any fines, penalties and/or demolition costs and expenses which may arise or otherwise result from or in connection with the defects and/or irregularities in respect of the title, planning, development, construction and/or use of the Owned Properties and the Leased Properties and any such fines, penalties and/or demolition costs and expenses shall be borne by the Disposal Group after Completion.

Guarantee

In consideration of the Vendor entering into the Sale and Purchase Agreement, the Guarantor irrevocably and unconditionally:

(1) guarantees to the Vendor as principal obligor the due and punctual performance and observance by the Purchaser of all of its obligations under the Sale and Purchase Agreement; and

(2) undertakes to indemnify the Vendor against all losses, damages, costs and expenses incurred by the Vendor arising from any failure by the Purchaser to perform and/or observe any of its obligations under the Sale and Purchase Agreement.

INFORMATION OF THE DISPOSAL GROUP

The Disposal Group will comprise three companies at Completion, namely the Target, CTC and CTP.

The Target is a company incorporated in the BVI with limited liability on 10 January 2017. The principal business activity of the Target is investment holding. The principal asset of the Target immediately prior to Completion will be its equity interest in CTC, which is holding the Owned Properties, the building costs, leasehold improvements and fixtures on the Leased Properties, and the entire equity interest in CTP. As at the date of this announcement, (i) CTP has not carried on any business; and (ii) CTC is principally engaged in the business of the sale of printing products which will be transferred to the Listco Remaining Group pursuant to the Business Transfer.

The Owned Properties which are held by CTC comprise a piece of land located at Lot No.G08218-9 Longgang Boulevard (Henggang Section), Bao'an Village, Henggang Town, Longgang District, Shenzhen and an industrial complex with building and ancillary structures constructed thereon. The building comprises one block of 4-storey industrial building (known as No.2 industrial building) which is used as workshop with a gross floor area of approximately 24,746.43 square metres. The ancillary structures include various warehouses and dormitories, etc. While CTC has obtained the Real Estate Certificate for the land of the Owned Properties and the No.2 industrial building constructed thereon, no proper title certificate has been obtained for the ancillary structures constructed thereon.

The Leased Properties are leased by CTC as tenant and comprise a parcel of land located at Bao'an Village, Henggang Town, Longgang District, Shenzhen, and the buildings and ancillary structures constructed thereon. Such buildings and ancillary structures include No. 1 industrial building, No. 5 dormitory, utility rooms, warehouses etc. No proper title certificate has been provided by the landlord to CTC in respect of the Leased Properties and therefore, the building costs, leasehold improvements and fixtures on the Leased Properties will be valued at their book value in the Pro Forma Completion Accounts.

As at the date of this announcement, Neway Chung Tai (SZ) has been using the Properties for the manufacturing of printing products. The Listco Remaining Group will continue to use and occupy the Properties for the manufacturing of printing products after Completion under the existing lease/license agreements signed with CTC which are for a term of four years from 1 January 2018 to 31 December 2021.

The Target was only incorporated in January 2017 and it has not recorded any profit since then.

The audited financial information of CTC which is prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 December 2015 and 31 December 2016 is as follows:

	For the year ended 31 December 2015 *HK$'000* (Audited)	**For the year ended 31 December 2016** *HK$'000* (Audited)
(Loss)/Profit before taxation	(40,515)	55,808
(Loss)/Profit after taxation	(39,078)	56,429

The profit of CTC stated above was mainly derived from the business of the sale of printing products. Pursuant to the Business Transfer, such business will be transferred by CTC to the Listco Remaining Group.

CTP has not carried on any business and therefore has not recorded any profit for the two years ended 31 December 2015 and 31 December 2016.

As at 30 June 2017, (i) the unaudited total asset value and unaudited net asset value of CTC were approximately HK$664 million and HK$85 million respectively; and (ii) CTP did not record any asset or liability.

It is expected that after taking into account the adjustments to be made in relation to the Valuation, the Reorganisation, the Business Transfer, the release of all CTC's obligations and liabilities under the Existing Facilities and other transactions as required to be completed for the purposes of fulfilling the Conditions Precedent, immediately prior to Completion, (i) the unaudited total asset value of the Disposal Group will be approximately HK$153 million, which primarily comprises the Owned Properties of approximately HK$140.3 million pursuant to the Valuation, the building costs, leasehold improvements and fixtures on the Leased Properties, the unaudited book value of which was approximately HK$9.2 million as at 30 June 2017, and miscellaneous receivables and vehicles; (ii) the unaudited total liabilities of the Disposal Group (which will represent the amount of the Sale Debt) will be approximately HK$91 million ("**Estimated Sale Debt**"); and (iii) the unaudited net asset value of the Disposal Group will be approximately HK$62 million ("**Estimated Completion NAV**").

INFORMATION OF THE GROUP

The Group is principally engaged in (i) gaming business; (ii) money lending business; (iii) manufacturing and sale of printing products; (iv) music and entertainment business; (v) property development and investment; (vi) securities trading; and (vii) trading of printing products.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Group has two production plants for its business of manufacturing of printing products, further details of which are set out below:

	Production Plant A	**Production Plant B**
Location	Situated at the Owned Properties and the Leased Properties in Longgang District, Shenzhen	Situated at properties located in Longgang District, Shenzhen and leased from an Independent Third Party *(note)*
Major products	Printing products	Label products
Number of products produced during the six months ended 30 June 2017	Approximately 304,910,000 units	Approximately 168,381,000 units
Revenue generated for the six months ended 30 June 2017 (unaudited)	Approximately HK$155 million	Approximately HK$37 million
Contribution to the total revenue of the business of manufacturing and sale of printing products of the Group for the six months ended 30 June 2017	Approximately 80.7%	Approximately 19.3%

Note: The lease of Production Plant B is due to expire in the first quarter of 2018. The Group has identified another production site in Longgang District, Shenzhen and has entered into a new lease agreement with the lessor who is an Independent Third Party for a term of five years expiring on 9 January 2023. The new production site is currently under renovation and it is expected that the Production Plant B will be relocated to the new site in or around April 2018.

As shown above, the Properties have been one of the principal production and auxiliary facilities of the Group's business in respect of the manufacturing of printing products. The Board considers that it would be beneficial to relocate the principal operation of the Group's manufacturing of printing products to a new production plant in the long run in view of the following reasons:

(1) Most of the Properties were built in early 1990s and have been used for more than 20 years. The facilities and fixtures are obsolete and in an unsatisfactory condition.

(2) The Properties were designed and constructed based on the manufacturing requirements at the material time. However, the product mix, operational and production workflow, storage requirements and machinery specification have changed substantially over time. The Board considers that moving to another production plant will allow the Group to design the appropriate floor plan and layout according to the current requirements and hence will help to improve the production efficiency and reduce production costs.

(3) The Properties are located in Shenzhen where labour costs and operational costs are relatively high. Besides, as many suppliers of the Group have relocated to places outside the Shenzhen area, the Properties are now located far from the Group's stakeholders. Logistic costs are high and more time is consumed in transportation.

(4) Due to the economic uncertainty in the United States and Europe (where the major customers of the Group are located) in recent years, the quantities of orders are neither stable nor predictable when compared to the past decade. Accordingly, the Group had identified more suppliers and sub-contractors and streamlined its operations to keep the fixed costs at a competitive level while at the same time maintaining its production capacity. Relocation to another production plant poses a good opportunity for the Group to review the production requirements, the optimal production capacity, the floor area requirements, specification of auxiliary facilities and the overall cost structure and also to take advantage of the resources of labour force and the proximity to its suppliers and sub-contractors.

The Group has recently completed its feasibility study as to the possible future uses of the parcel of land in Qingcheng District, Qingyuan City, Guangdong Province, the PRC ("**Qingcheng Land**") acquired by the Group pursuant to the land swap agreement and compensation agreement both dated 17 March 2017 and entered into among the Group, 廣東清遠高新技術產業開發區管理委員會 (unofficial English translation being Guangdong Qingyuan New High Technology Industrial Development Zone Management Committee) and 清遠市清城區源潭鎮人民政府 (unofficial English translation being Qingyuan City Qingcheng District Yuantan Town People's Government). The Group intends to utilise part of the Qingcheng Land to construct a new production plant for the Group's manufacturing of printing products. It is expected that certain grading and leveling work of the Qingcheng Land will commence in or around April 2018 and the construction of the production plant is expected to commence in early 2019 and be completed by the end of 2021.

Prior to completion of the construction of the new production plant on the Qingcheng Land, the Group will continue to use and occupy the Properties for the manufacturing of printing products after Completion under the existing lease/license agreements signed with CTC which are for a term of four years from 1 January 2018 to 31 December 2021.

The Board considers the Disposal to be valuable opportunity to dispose of the Properties for additional cashflows to implement its relocation plan to the new production plant to be constructed and to further develop the Group's business of manufacturing and sale of printing products.

Further announcement will be made by the Company as and when appropriate in respect of the development of the Qingcheng Land and the relocation of the principal operation of the Group's manufacturing of printing products.

The Group has been taking steps to ensure a gradual and smooth transition of the business of the sale of printing products from CTC to the Listco Remaining Group. Since February 2018, the Group has been arranging for the notification to its customers in respect of the potential Business Transfer.

In addition, given that (i) the Group will continue to use and occupy the Properties for its manufacturing of printing products for a term of four years expiring on 31 December 2021; and (ii) all title, interests, benefits and rights of CTC in connection with the business of the sale of printing products (including but not limited to existing employment contracts) together with the assets used by CTC in connection therewith will be transferred to the Listco Remaining Group pursuant to the Business Transfer, it is expected that no relocation of facilities, equipments, furniture or employees in connection with the Group's business of manufacturing and sale of printing products is required upon Completion.

In case the Group fails to continue using the Properties after Completion due to unforeseen circumstances, as part of the contingency plan, the Group will (i) subcontract all or part of the customer orders to various subcontractors nearby the Properties; (ii) reallocate its resources and utilise its other production facilities (e.g. Production Plant B and its replacement) to complete part of the customer orders; and/or (iii) locate a temporary premise for storage and interim production purposes.

In view of the above, the Board considers that the Disposal will not have any material adverse impact on the Group's business of manufacturing and sale of printing products. The Group will continue and will be able to engage in the manufacturing and sale of printing products upon Completion.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the parties thereto and all Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Based on the preliminary assessment, it is expected that the Group will record a book gain of approximately HK$50 million as a result of the Disposal, being the difference between (i) the Consideration and (ii) the aggregate of the (a) face value of the Sale Debt; (b) the unaudited net asset value of the Disposal Group as at 30 June 2017 (assuming the Conditions Precedent (2), (3), (4) and (5) had been completed as at 30 June 2017); and (c) the estimated amount of tax and other expenses which may be payable by the Group as a result of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to the Completion NAV and the final audit to be performed by the auditors of the Company. It is expected that the net proceeds from the Disposal will be approximately HK$141 million, which will be used by the Group for the construction of a new manufacturing plant for the printing products of the Group and as general working capital.

FUTURE PLANS

Apart from the Disposal, the Group is also examining the potential opportunities and future development of its various business segments as follows:

The Group is negotiating with an Independent Third Party which is a private company engaging in printing business ("**Potential Business Partner**") for potential business cooperation in respect of the business of manufacturing of printing products ("**Potential Cooperation**") in order to maximise the economic return. Among other possibilities, the Potential Cooperation may take the form of a joint venture for the manufacturing of certain types of printing products ("**JV Business**"). It is contemplated that certain printing equipments may be transferred by the Group and the Potential Business Partner to the joint venture and the JV Business will be operated by the Group and the Potential Business Partner together.

In respect of the property development business, the Group has recently completed its feasibility study as to the future uses of the Qingcheng Land. Apart from the construction of new manufacturing plant for the Group's printing products, the Group is considering the development of a logistics centre on the remaining portion of the Qingcheng Land to service the new Chimelong Tourist Resort in Qingyuan City. In addition, depending on the market condition and further discussion with its business partner, the Group is also considering the possible disposal or development of the two parcels of commercial land in Qingyuan City which is owned by 清遠市中清房地產開發有限公司 (unofficial English translation being Qingyuan Zhongqing Property Development Co. Ltd.) ("**Zhongqing**"), a non-wholly owned subsidiary of the Company, and/or the possible disposal of the Group's equity interest in Zhongqing.

In respect of the property investment business, the Group is considering the disposal of the whole or part of the properties owned by the Group in Fanling, Hong Kong, which may result in the cessation or disposal of the Group's mini-storage business which is currently carried out at such properties.

In respect of the music and entertainment business, while continuing to pursue its existing business, the Group plans to source more artistes with development potentials and further invest in talent cultivation.

The Board would like to emphasize that the above proposals are in preliminary stage only and no timetable or any agreement or memorandum of understanding has been made or entered into by the Group in connection therewith. Save as disclosed above, as at the date of this announcement, the Company and the Board have no intention to enter and have not entered into any arrangement, agreement, understanding or negotiation (concluded or otherwise) on any other disposal, termination or scaling-down of the Group's existing businesses or any injection of new business to the Group.

While the Company does not rule out the possibility of carrying out fund raising activities should the need arise, as at the date of this announcement, the Company and the Board also have no intention to enter and have not entered into any arrangement, agreement, understanding or negotiation on any change in the Company's shareholding structure.

Taken into account of the following factors, the Board is in the opinion that a sufficient level of operations will be maintained by the Group in accordance with Rule 13.24 of the Listing Rules following the Completion:

(1) As mentioned above, (i) the Group has leased the Properties and a new production site in Longgang District, Shenzhen for a term of four years expiring on 31 December 2021 and a term of five years expiring on 9 January 2023 respectively; and (ii) a new production plant is to be constructed on the Qingcheng Land which is expected to be completed by the end of 2021. Therefore, it is considered that the Group has secured sufficient manufacturing facilities for its business of manufacturing of printing products after the Disposal.

(2) The Group has been engaging in the printing business for decades and has maintained a substantial business scale. The Group recorded revenue for its business of manufacturing and sale of printing products of approximately HK$493 million for the year ended 31 December 2016 and approximately HK$192 million for the six months ended 30 June 2017. The Group has maintained long history of close business relationship with its customers and has gained favorable brand reputation in the industry. As such, the Group expects that most of the customers will be retained by the Listco Remaining Group after the Business Transfer and relocation of production facilities. Steps will be taken by the Group to ensure a gradual and smooth transition of the transfer and relocation of the printing business and operation in this regard.

(3) Save as disclosed in this announcement, it is reiterated that the Group would like to continue its existing printing business and it has no intention to dispose, terminate or scale down its existing printing business. The Potential Cooperation is considered to be a business expansion opportunity for the Group's printing business as the Group will be able to take advantage from the substantial sales orders secured by the Potential Business Partner. In case the Group is unable to have a controlling stake in the contemplated joint venture, the Group will make sure that it can operate and develop the JV Business through its significant influence in the joint venture.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened for the purposes of considering, and if thought fit, approving the Sale and Purchase Agreement and the Disposal contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the Disposal contemplated thereunder.

A circular containing, among other things, (1) details of the Sale and Purchase Agreement and the Disposal; (2) other information as required to be disclosed under the Listing Rules; and (3) the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 31 May 2018 as more time is required to prepare the information for inclusion in the circular.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

"Agreed Reference Date"	30 November 2018 (or such other date as the Vendor and the Purchaser may agree in writing provided that the Conditions Precedent as set out in items (2) to (5) under the paragraph headed "Conditions Precedent" in this announcement shall have been satisfied on or before such date)
"Board"	the board of Directors
"Business Day(s)"	any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Business Transfer"	the transfer of all title, interests, benefits and rights of CTC in connection with the business of the sale of printing products together with the relevant assets (save for any excluded assets and contracts as may be stipulated in the Sale and Purchase Agreement) used by CTC in connection with the business of the sale of printing products
"BVI"	the British Virgin Islands
"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 Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement

"Completion Date"	a day within five Business Days after the last outstanding Condition Precedent (other than the Conditions Precedent which are only capable of being fulfilled upon Completion) shall have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree in writing) on which Completion is to take place
"Completion NAV"	the consolidated net asset value of the Target as shown in the Pro Forma Completion Accounts
"Conditions Precedent"	the conditions precedent set out in the paragraph headed "Conditions Precedent" in this announcement
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Consideration"	the sum as set out in the paragraph headed "Consideration" in this announcement, being the aggregate consideration for the sale and purchase of the Sale Share and the Sale Debt, subject to adjustment as set out in the paragraph headed "Consideration" in this announcement
"CTC"	Chung Tai Printing (China) Company Limited (中大印刷(中國)有限公司), a company incorporated in Hong Kong with limited liability
"CTP"	中星中大紙品發展(深圳)有限公司 (unofficial English translation being Neway Chung Tai Paper Products Development (Shenzhen) Co., Ltd.), a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of CTC
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Share and the Sale Debt by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement

"Disposal Group"	collectively the Target, CTC and CTP
"Existing Facilities"	all subsisting facilities granted to CTC by any bank or financial institution
"Group"	the Company and its subsidiaries
"Guarantor"	Yuan Ji Zhong (元濟忠), an Independent Third Party who is the sole shareholder of the Purchaser
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	third party independent of the Company and its connected person(s)
"Leased Properties"	the land leased by CTC as tenant in the PRC which comprise a parcel of land located at Bao'an Village, Henggang Town, Longgang District, Shenzhen and the buildings and ancillary structures constructed thereon (which, for the avoidance of doubt, include No.5 dormitory)
"Listco Remaining Group"	collectively the Company and its subsidiaries from time to time, but excluding the Disposal Group; and "members of the Listco Remaining Group" should be construed accordingly
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2018 (or such later date as the Vendor and the Purchaser may agree in writing)

"Neway Chung Tai (SZ)"	中星中大印刷(深圳)有限公司 (unofficial English translation being Neway Chung Tai Printing (Shenzhen) Co., Ltd), a wholly foreign-owned enterprise established in the PRC, the entire equity interest of which is held by CTC as at the date of this announcement
"Neway Fuda"	上海中星富達融資租賃有限公司, a wholly foreign-owned enterprise established in the PRC, the entire equity interest of which is held by CTC as at the date of this announcement
"Owned Properties"	the land owned by CTC in the PRC which comprise a piece of land located at Lot No.G08218-9 Longgang Boulevard (Henggang Section), Bao'an Village, Henggang Town, Longgang District, Shenzhen and the buildings and ancillary structures constructed thereon (which, for the avoidance of doubt, exclude No.5 dormitory)
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Pro Forma Completion Accounts"	the unaudited consolidated balance sheet of the Target as at the Agreed Reference Date
"Properties"	collectively the Owned Properties and the Leased Properties
"Purchaser"	Ritzy Success Enterprises Limited(華成企業有限公司), a company incorporated in the BVI with limited liability
"Reorganisation"	the corporate reorganisation as outlined in the paragraph headed "Reorganisation and Business Transfer" in this announcement
"RMB"	Renminbi, being the lawful currency of the PRC

"Sale and Purchase Agreement"	the sale and purchase agreement dated 16 March 2018 entered into among the Vendor, the Purchaser and the Guarantor in respect of the sale and purchase of the Sale Share and the Sale Debt
"Sale Debt"	the entire sum (if any) owing by the Target to the Vendor immediately prior to Completion
"Sale Share"	the one share in the issued share capital of the Target, representing the entire issued share capital of the Target
"SGM"	a special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Sale and Purchase Agreement and the Disposal contemplated thereunder
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Shenzhen"	Shenzhen in the Guangdong Province of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Zen Vantage Limited, a company incorporated in the BVI with limited liability
"Valuation"	the valuation of the Owned Properties conducted by Peak Vision Appraisals Limited, an independent property valuer, in connection with the market value of the Owned Properties as at 28 February 2018
"Vendor"	Chung Tai Printing Holdings Limited（中大印刷集團有限公司）(formerly known as Chung Tai Printing (B.V.I.) Limited), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

“Warranties”	the representations, warranties and undertakings given by the Vendor to the Purchaser as contained in the Sale and Purchase Agreement

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

Hong Kong, 16 March 2018

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