THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Neway Group Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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; AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of the Company to be held at 11:30 a.m. on Friday, 13 July 2018 at 5/F, Chung Tai Printing Group Building, 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event by 11:30 a.m. on Wednesday, 11 July 2018 or not later than 48 hours before the time appointed for holding the adjourned meeting (if any) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and in such event the proxy form previously submitted shall be deemed to be revoked.

25 June 2018

* *For identification purpose only*

CONTENTS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

"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) in the paragraphs headed "Conditions Precedent" in the "Letter from the Board" in this circular shall have been satisfied on or before such date)
"April Valuation"	the valuation of the Owned Properties as at 30 April 2018 as set out in the Property Valuation Report
"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 paragraphs headed "Conditions Precedent" in the "Letter from the Board" in this circular, and a "Condition Precedent" shall be construed accordingly
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Consideration"	the aggregate consideration for the sale and purchase of the Sale Share and the Sale Debt as set out in the paragraphs headed "Consideration" in the "Letter from the Board" in this circular
"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

"February Valuation"	the valuation of the Owned Properties as at 28 February 2018 as set out in the Property Valuation Report
"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"	a third party independent of the Company and its connected persons, and "Independent Third Parties" shall be construed accordingly
"Latest Practicable Date"	21 June 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Leased Properties"	the land leased by CTC as tenant in the PRC which comprises a parcel of land located at Bao'an Village, Henggang Town, Longgang District, Shenzhen and the buildings and ancillary structures constructed thereon *(Note 2)*
"Listco Remaining Group"	collectively the Company and its subsidiaries from time to time, but excluding the Disposal Group, and "member(s) of the Listco Remaining Group" shall 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 and a wholly-owned subsidiary of CTC as at the Latest Practicable Date
"Neway Fuda"	上海中星富達融資租賃有限公司 (unofficial English translation being Shanghai Neway Fuda Financial Leasing Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of CTC as at the Latest Practicable Date
"Owned Properties"	the land owned by CTC in the PRC which comprises a piece of land of Land Lot No.G08218-9, which is located at No.6275 Longgang Boulevard (Henggang Section), Bao'an Village, Henggang Town, Longgang District, Shenzhen and the buildings and ancillary structures constructed thereon *(Note 2)*
"Peak Vision"	Peak Vision Appraisals Limited, an independent property valuer
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the 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
"Property Valuation Report"	the property valuation report issued by Peak Vision in connection with the market value of the Owned Properties, the text of which is set out in Appendix IV to this circular *(Note 2)*
"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 paragraphs headed "Reorganisation and Business Transfer" in the "Letter from the Board" in this circular
"RMB"	Renminbi, being the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 16 March 2018 (as amended by the Supplemental Agreement) 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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company convened to be held at 11:30 a.m. on Friday, 13 July 2018 at 5/F, Chung Tai Printing Group Building, 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the Disposal contemplated thereunder, the notice of which is set out on pages SGM-1 to SGM-3 of this circular
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen"	Shenzhen in the Guangdong Province of the PRC

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 11 April 2018 entered into among the Vendor, the Purchaser and the Guarantor
"Target"	Zen Vantage Limited, a company incorporated in the BVI with limited liability
"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

Notes:

(1) References to time and dates in this circular are made to Hong Kong time and dates.

(2) A portion of the No.5 dormitory is included in the Leased Properties for the purpose of the Sale and Purchase Agreement. However, such portion was regarded as part of the ancillary structures to the Owned Properties for the purpose of the Property Valuation Report as it is situated on the land of the Owned Properties. Such difference did not affect the February Valuation and the April Valuation as no commercial value was attributed to the No.5 dormitory by Peak Vision.

NEWAY GROUP HOLDINGS LIMITED

中星集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

Executive Directors:
Mr. SUEK Ka Lun, Ernie *(Chairman)*
Mr. SUEK Chai Hong *(Chief Executive Officer)*

Non-executive Directors:
Dr. NG Wai Kwan
Mr. CHAN Kwing Choi, Warren
Mr. WONG Sun Fat

Independent non-executive Directors:
Mr. LEE Kwok Wan
Mr. LAI Sai Wo, Ricky
Mr. CHU Gun Pui

Alternate Director:
Mr. LAU Kam Cheong
(alternate to Dr. NG Wai Kwan)

Registered office:
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Principal place of business in Hong Kong:
Chung Tai Printing Group Building
11 Yip Cheong Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

25 June 2018

To the Shareholders

Dear Sir or Madam

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF SUBSIDIARIES

INTRODUCTION

Reference is made to the announcements of the Company dated 16 March 2018 and 11 April 2018 in relation to the Disposal.

* *for identification purpose only*

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 shall, at Completion, be adjusted to the sum of the Completion NAV and the face value of the Sale Debt as shown in the Pro Forma Completion Accounts.

On 11 April 2018, the Vendor, the Purchaser and the Guarantor entered into the Supplemental Agreement to amend certain terms of the Sale and Purchase Agreement.

The purpose of this circular is to provide you with (i) details of the Sale and Purchase Agreement and the Disposal contemplated thereunder; (ii) the financial information of the Disposal Group and the Listco Remaining Group; (iii) the Property Valuation Report in respect of the Owned Properties; (iv) other information as required to be disclosed under the Listing Rules; and (v) the notice of the SGM.

THE SALE AND PURCHASE AGREEMENT

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

Date

16 March 2018 (for the Sale and Purchase Agreement)

11 April 2018 (for the Supplemental Agreement)

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, the 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 immediately prior to Completion, which includes but not limited to the sum owing by the Target to the Vendor arising from the Reorganisation, further details of which are set out in the paragraphs headed "Reorganisation and Business Transfer" below. The Target did not owe any sum to the Vendor as at the Latest Practicable Date.

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 on or before 10 May 2018 (or such later date as the Vendor and the Purchaser may agree in writing) 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.

The Deposit in the sum of HK$15 million has been paid by the Purchaser in accordance with the Sale and Purchase Agreement.

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 in the initial amount of HK$153 million was arrived at after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms and was calculated as at the date of the Sale and Purchase Agreement based on the sum of the estimated Completion NAV and the estimated Sale Debt with reference to the February Valuation and the unaudited financial information of the Disposal Group as at 30 June 2017. The initial amount of the Consideration shall, at Completion, be adjusted to the sum of the Completion NAV and the face value of the Sale Debt as shown in the Pro Forma Completion Accounts, which shall be prepared by the Vendor after fulfillment of items (2) to (5) of the Conditions Precedent set out below in accordance with the applicable requirements of the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Pro Forma Completion Accounts will show the unaudited consolidated assets and liabilities of the Target as at the Agreed Reference Date and will be delivered to the Purchaser within 10 Business Days after the Agreed Reference Date. 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 February Valuation.

For the Shareholders' information, based on the February Valuation and the unaudited financial information of the Disposal Group as at 31 December 2017 and assuming that items (2) to (5) of the Conditions Precedent have been fulfilled, the final Consideration is estimated to be approximately HK$151.3 million (being the sum of the estimated Completion NAV of approximately HK$116.8 million and the estimated Sale Debt of approximately HK$34.5 million) as at the Latest Practicable Date.

The balance of the final Consideration less the amount of Deposit paid shall be settled by the Purchaser at Completion. The Company will issue an announcement as soon as practicable after Completion which will state the final amount of the Consideration based on the Pro Forma Completion Accounts.

The Directors noted that there was a slight increase of approximately 0.6% (or RMB700,000) in the market value of the Owned Properties as shown in the April Valuation as compared with the February Valuation. After considering the fact that (i) the Purchaser has agreed to continue honouring the existing lease/license agreements entered into between Neway Chung Tai (SZ) as tenant and CTC as landlord which has a term of four years and at a rent favourable to the Listco Remaining Group; and (ii) extra costs and expenses will be incurred by the Group in identifying and negotiating with other potential purchaser(s) for the Disposal Group, the Directors considered that the Consideration which is calculated with reference to the February Valuation is still fair and reasonable so far as the Group and the Shareholders are concerned.

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 paragraphs headed "Reorganisation and Business Transfer" below 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.

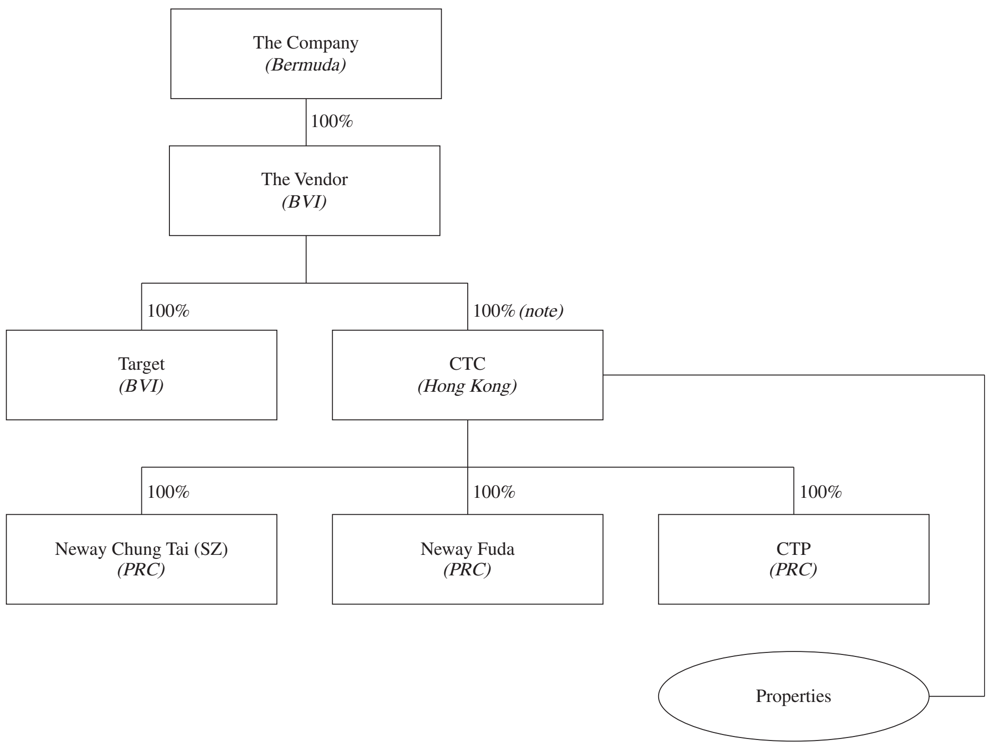
As at the Latest Practicable Date, none of the Conditions Precedent had been fulfilled and the Purchaser had not waived the Condition Precedent referred to in item (7) above.

If any of the above Conditions Precedent has not been fulfilled or waived on or before 5:00 p.m. 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 breaches.

Reorganisation and Business Transfer

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

Diagram 1



Note: This represents the shareholding percentage of the Vendor in respect of all the ordinary shares issued by CTC. Apart from the ordinary shares, CTC has also issued 100 deferred non-voting shares which were beneficially held by CNA Company Limited as at the Latest Practicable Date.

As at the Latest Practicable Date, Neway Fuda was engaged in the provision of finance lease services to the members of the Group, Neway Chung Tai (SZ) was carrying on the business of manufacturing of printing products and CTC was engaged in the business of 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;

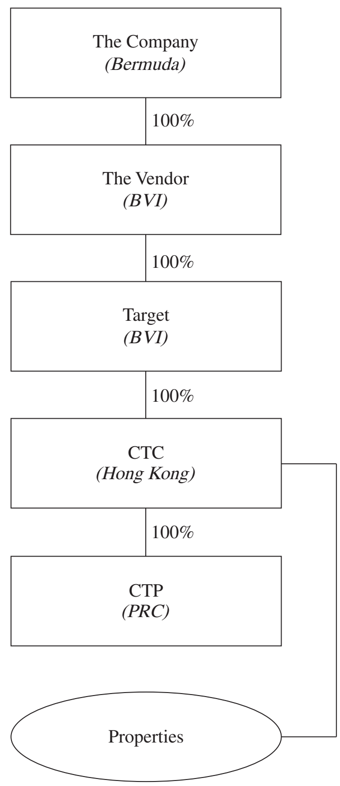
(3) the Group will carry out the Business Transfer so that all title, interests, benefits and rights of CTC in connection with the business of the sale of printing products together with the relevant assets (save for any excluded assets and contracts as may be stipulated in the Sale and Purchase Agreement) 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 amount payable by the Target to the Vendor in the Pro Forma Completion Accounts and will be assigned to the Purchaser as part of the Sale Debt at Completion.

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 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 manufacturing and sale of printing products originally carried on by Neway Chung Tai (SZ) and CTC will be taken up by the Listco Remaining Group. Hence, there will be no change to the principal business of the Group. After the Completion of the Disposal, the Listco Remaining Group will continue to be principally engaged in (i) sale of gaming machines; (ii) money lending; (iii) manufacturing and sale of printing products; (iv) artistes management, production and distribution of music albums and movies; (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 Latest Practicable Date, (i) CTP had not carried on any business; and (ii) CTC was 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 of Land Lot No.G08218-9, which is located at No.6275 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 5-storey building (known as No.2 industrial building) which is used as workshop with a total gross floor area of approximately 24,746.43 square metres. The ancillary structures include various warehouses, dormitories including a portion of No.5 dormitory, pump room, 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.

For information of the Shareholders and in compliance with Rule 5.09 of the Listing Rules, in addition to the February Valuation, Peak Vision has conducted a valuation of the market value of the Owned Properties as at 30 April 2018. According to the April Valuation, the market value of the Owned Properties was RMB114 million (equivalent to approximately HK$141.2 million) as at 30 April 2018.

The statement below shows the reconciliation of the carrying value of the property, plant and equipment of CTC and its subsidiaries as at 31 December 2017, being the date to which the latest unaudited financial information of the Disposal Group has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of the Listing Rules for inclusion in this circular, to the April Valuation of the Owned Properties as at 30 April 2018.

	HK$'000 *(Approximately)*
Unaudited carrying value of the property, plant and equipment of CTC and its subsidiaries as at 31 December 2017 *(Note 1)*	91,955
Less: Transfer upon Reorganisation and Business Transfer *(Note 2)*	(12,134)
Less: Unaudited carrying value of Leased Properties as at 31 December 2017	(9,047)
Unaudited carrying value of the Owned Properties as at 31 December 2017	70,774
Less: Depreciation of the Owned Properties for the four months ended 30 April 2018	(853)
Add: Net revaluation surplus *(Note 3)*	71,279
Valuation of the Owned Properties as at 30 April 2018	**141,200**

Notes:

(1) As extracted from the unaudited consolidated statement of financial position of CTC and its subsidiaries as at 31 December 2017 set out in Appendix IIB to this circular, which comprised the Owned Properties, the Leased Properties and other furniture, fixtures and office equipment, machinery and equipment and motor vehicles of CTC and its subsidiaries.

(2) As extracted from the unaudited pro forma consolidated statement of financial position of the Listco Remaining Group as at 31 December 2017 set out in Appendix III to this circular, which comprised of furniture, fixtures and office equipment of approximately HK$1,941,000, machinery and equipment of approximately HK$9,532,000 and motor vehicles of approximately HK$661,000. All such assets will be transferred to the Listco Remaining Group pursuant to the Reorganisation and the Business Transfer.

(3) The net revaluation surplus is arrived from the difference between the carrying value of the Owned Properties as at 30 April 2018 and the April Valuation.

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, a portion of 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 recorded at their book value in the Pro Forma Completion Accounts.

As at the Latest Practicable Date, Neway Chung Tai (SZ) had 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 as an investment holding company. The Target recorded an unaudited loss before and after taxation of HK$8,292 for the period from 10 January 2017 (being the date of its incorporation) to 31 December 2017.

The unaudited consolidated financial information of CTC and its subsidiaries (being Neway Chung Tai (SZ), Neway Fuda and CTP) which was prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 December 2016 and 31 December 2017 are set out in Appendix IIB and is extracted as follows:

	For the year ended 31 December 2016 *HK$'000* *(Approximately)* (Unaudited)	**For the year ended 31 December 2017** *HK$'000* *(Approximately)* (Unaudited)
Profit before taxation	60,954	23,701
Profit after taxation	60,916	21,152

As disclosed in the paragraphs headed "Reorganisation and Business Transfer" above, the entire equity interest of Neway Chung Tai (SZ) and Neway Fuda will be transferred by CTC to the Listco Remaining Group and therefore will not form part of the Disposal Group.

Being a wholly-owned subsidiary of the Company, CTC has prepared its financial statements at a company level. The audited financial information of CTC which was prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 December 2016 and 31 December 2017 is as follows:

	For the year ended 31 December 2016	**For the year ended 31 December 2017**
	HK$'000	*HK$'000*
	(Approximately)	*(Approximately)*
	(Audited)	(Audited)
Profit before taxation	55,808	1,483
Profit after taxation	56,429	1,135

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 2016 and 31 December 2017.

As at 31 December 2017, (i) the unaudited net liabilities of the Target were HK$8,284; (ii) the audited total asset value and audited net asset value of CTC were approximately HK$630.4 million and HK$69.7 million respectively; and (iii) CTP did not record any asset or liability.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) sale of gaming machines; (ii) money lending; (iii) manufacturing and sale of printing products; (iv) artistes management, production and distribution of music albums and movies; (v) property development and investment; (vi) securities trading; and (vii) trading of printing products.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the Latest Practicable Date, the Group had 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 1)*
Major products	Printing products	Label products
Number of products produced during the year ended 31 December 2017	Approximately 651,602,444 units	Approximately 472,358,815 units
Revenue generated for the year ended 31 December 2017 *(Note 2)*	Approximately HK$368.1 million	Approximately HK$123.5 million
Contribution to the total revenue of the business of manufacturing and sale of printing products of the Group for the year ended 31 December 2017 *(Note 2)*	Approximately 77.1%	Approximately 22.9%

Note:

1. The lease of Production Plant B is for a term of five years expiring on 9 January 2023.

2. Intragroup revenue has been included in these figures.

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 suppliers. 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 were neither stable nor predictable when compared to the past decade. Accordingly, the Group has 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, the 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.

In March 2018, the Group has completed its feasibility study as to the possible future uses of the parcel of land situated at Dongkeng Cun Management Committee, Yuantan Town, Qingcheng District, Qingyuan City, 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. As disclosed in the announcement of the Company dated 10 May 2018, an earthwork construction contract has been entered into between the Group and an Independent Third Party contractor in relation to, among other matters, the grading and leveling work on a portion of the Qingcheng Land for the purpose of constructing the new production plant. Such grading and leveling work has commenced in May 2018 and the construction of the production plant is expected to commence in early 2019 and be completed by the end of 2021.

Before 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 entered into between CTC as landlord and Neway Chung Tai (SZ) as tenant for a term of four years from 1 January 2018 to 31 December 2021. Pursuant to such lease/license agreements, Neway Chung Tai (SZ) shall pay a monthly rent of RMB250,000 to CTC for the period from 1 January 2018 to 31 December 2018 and the monthly rent for each subsequent year shall be subject to a yearly increment of not more than 10% of the monthly rental of the preceding year.

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. The Group has been notifying its customers in respect of the potential Business Transfer and will arrange for the new sales contracts to be entered into in the name(s) of the proposed transferee(s) under the Business Transfer. So far as is known to the Directors, as at the Latest Practicable Date, the Group received no feedback from its customers which opposes 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) 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$53.8 million as a result of the Disposal, being the difference between (a) the estimated amount of Consideration as at the Latest Practicable Date and (b) the aggregate of the face value of the Sale Debt and the unaudited net asset value of the Disposal Group as at 31 December 2017 based on its carrying value (assuming the Conditions Precedent (2) to (5) had been fulfilled as at 31 December 2017), less 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 amount of the final Consideration 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$150.0 million which will be used by the Group (i) as to approximately HK$95.0 million for the construction of new manufacturing plants; (ii) as to approximately HK$30.0 million for the acquisition of machinery for the manufacturing and sale of printing products; and (iii) the rest will be used as general working capital of the Group for, among others, the purchase of manufacturing materials and payment of compensation to employees in connection with the relocation of the manufacturing plants.

FUTURE PLANS

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

In order to maximise economic return, the Group is looking for cooperation opportunities with companies engaging in printing business in respect of its business of manufacturing of printing products. Among other possibilities, it is contemplated that such potential cooperation may take the form of a joint venture for the manufacturing of certain types of printing products where certain printing equipments may be transferred by the Group and the potential business partner to the joint venture.

In respect of the property development business, the Group has completed its feasibility study as to the future uses of the Qingcheng Land in March 2018. 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, the PRC. 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 land in Qingyuan City, the PRC which is owned by 清遠市中清房地產開發有限公司 (unofficial English translation being Qingyuan City Zhongqing Real Estate 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. As disclosed in the paragraphs headed "7. Competing Interests" of Appendix V to this circular, the Group will acquire a private company which is principally engaged in artistes management business and wholly-owned by a connected person of the Company in or around mid of 2018. Announcement will be made by the Company in compliance with the Listing Rules when necessary. The Group also intends to develop the business of provision of food and beverage and entertainment services in the PRC.

The Board would like to emphasise that save as disclosed in this circular, 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 Latest Practicable Date, the Company and the Board had 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 Latest Practicable Date, the Company and the Board had 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 the 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$459 million for the year ended 31 December 2017. The Group has maintained long history of close business relationship with its customers and has gained favourable 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 printing business and operation in this regard.

(3) Save as disclosed in this circular, 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.

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 held at 11:30 a.m. on Friday, 13 July 2018 at 5/F, Chung Tai Printing Group Building, 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the Disposal contemplated thereunder.

In accordance with the Listing Rules, the resolution will be decided by way of poll at the SGM.

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 to be proposed at the SGM to approve the Sale and Purchase Agreement and the Disposal contemplated thereunder.

Enclosed is a proxy form for use at the SGM. Whether or not you are able to attend and vote at the SGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event by 11:30 a.m. on Wednesday, 11 July 2018 or not later than 48 hours before the time appointed for holding the adjourned meeting (if any) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event the proxy form previously submitted shall be deemed to be revoked.

ENTITLEMENT TO ATTEND AND VOTE AT THE SGM

Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Monday, 9 July 2018 shall be entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 9 July 2018.

RECOMMENDATION

The Board considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote for the resolution approving the Sale and Purchase Agreement and the Disposal contemplated thereunder.

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

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the years ended 31 December 2015, 2016 and 2017 have been set out in the following documents respectively:

(a) the annual report of the Company for the year ended 31 December 2015 from pages 68 to 202 (http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0427/LTN20160427266.pdf).

(b) the annual report of the Company for the year ended 31 December 2016 from pages 102 to 234 (http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN201704272070.pdf).

(c) the annual report of the Company for the year ended 31 December 2017 from pages 111 to 245 (http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0427/LTN201804271354.pdf).

All annual reports of the Company have been published on the websites of the Company at http://www.newaygroup.com.hk and of the Stock Exchange at http://www.hkexnews.hk.

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 April 2018, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group was as follows:

As at the close of business on 30 April 2018, being the latest practicable date for the purpose of ascertaining the indebtedness prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK$88,539,000 comprising (i) secured and guaranteed bank borrowings of approximately HK$69,410,000, which are secured by the Group's properties situated in Hong Kong and guaranteed by the Company and certain subsidiaries of the Company; (ii) unsecured and unguaranteed amount due to a related company of approximately HK$438,000; (iii) secured and unguaranteed obligations under finance lease of approximately HK$102,000 which is secured by a motor vehicle owned by the Group; and (iv) unsecured and unguaranteed amount due to a non-controlling shareholder of a subsidiary of approximately HK$18,589,000.

Save as disclosed above and apart from intra-group liabilities, as at 30 April 2018, the Group did not have any debentures or debt securities issued and outstanding or authorised or otherwise created but unissued, or any other borrowings or other similar indebtedness, bank overdrafts, liabilities under acceptances or acceptance credits, finance lease or hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the presently available financial resources to the Group including but not limited to revenue generated by its principal operations, cash and cash equivalents on hand, the facilities currently available and the proceeds to be received from the Disposal, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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) sale of gaming machines ("**Gaming Distribution Business**"); (ii) money lending ("**Lending Business**"); (iii) manufacturing and sale of printing products ("**Manufacturing and Sales Business**"); (iv) artistes management, production and distribution of music albums and movies ("**Music and Entertainment Business**"); (v) property development and investment ("**Property Business**"); (vi) securities trading ("**Securities Trading Business**"); and (vii) trading of printing products ("**Trading Business**").

The Group will continue to strengthen, develop and diversify its portfolio to ensure sustainable business growth in the future. While the Manufacturing and Sales Business remains to be the core of the Group's portfolio, other business segments will continue to develop and contribute to the Group's income. The Group will stick to this diversification strategy to generate stable return and promising business growth to the Shareholders.

Gaming Distribution Business

Expansion of distribution network will be the main focus of the Gaming Distribution Business in coming years. The Group will concentrate financial resources in the expansion of distribution network by recruiting talents with extensive technical, sales and marketing experience in Hong Kong. Meanwhile, the Group is actively seeking co-operation opportunities with various software design companies to enlarge its shares in the global market through their established platforms and customer networks.

Lending Business

Due to keen competition in this market and volatile economic environment, the Group may face increasing risks and difficulties in the Lending Business while enlarging its loan portfolio. In the future, the Group will actively seek for new customers and provide more value-added services to the customers as an attraction. More financial resources will be allocated to this business too. At the same time, the Group will continue to closely monitor the repayment abilities of borrowers and perform risk assessments on each loan application in a more prudent way.

Manufacturing and Sales Business and Trading Business

The series of cost control measures adopted since 2015 have brought positive impact on the segments' results in the years ended 31 December 2016 and 31 December 2017. In particular, encouraging performance is shown for the Manufacturing and Sales Business. More challenges are expected in the future including but not limited to (i) the further increase in the price of raw materials; (ii) the further increase in labour costs in Shenzhen; (iii) the more stringent environmental protection requirements in Shenzhen; and (iv) the global economic uncertainty which may adversely affect the business of export sales customers. To cope with these challenges facing the printing industry and to maintain positive results in the future, the Group will continue to put more efforts in the following areas: (i) efficiency and effectiveness enhancement by streamlining the production process of its factories so as to reduce operation and production wastage; (ii) talent recruitment, provision of value-added services and upgrade of its technology infrastructure; (iii) enhanced quality management of its products and introduction of new product lines to enhance its competitiveness as a whole; (iv) sourcing of alternative materials and testing of their quality and negotiation with vendors for more favourable terms; and (v) expansion of its market share to cover high value products and securing of a foothold in the paper shopping bag market.

As mentioned in the paragraphs headed "Future Plans" in the "Letter from the Board" in this circular, the Group intends to utilise a portion of the Qingcheng Land to construct a new production plant for the manufacturing of printing products of the Group and is seeking for cooperation opportunities with companies engaging in printing business to maximise the economic benefits and gain synergies for this business.

Music and Entertainment Business

In coming years, the Group will allocate more financial resources in the professional training of artistes, the promotional activities and the investment and organisations of concerts and shows. In view of the desirable investment return from films generated in previous years, the Group will continue to invest in the film and entertainment market in the PRC and to identify and evaluate potential projects in the PRC and overseas. As mentioned in the paragraphs headed "Future Plans" in the "Letter from the Board" in this circular, the Group also plans to source more artistes with development potentials and further invest in talent cultivation. The Group intends to acquire a private company which is principally engaged in artistes management business and wholly-owned by a connected person of the Company in or around mid of 2018. In addition, the Group also intends to develop the business of provision of food and beverage and entertainment services in the PRC.

Property Business

In respect of the property development business, as mentioned in the paragraphs headed "Future Plans" in the "Letter from the Board" in this circular, the Group is considering (i) the possible disposal or development of the two parcels of land held by Zhongqing in Qingyuan City, the PRC and/or the possible disposal of the Group's equity interest in Zhongqing; and (ii) the development of a logistics centre on the remaining portion of the Qingcheng Land to service the new Chimelong Tourist Resort in Qingyuan City, the PRC.

In respect of the property investment business, the Group will continue promoting the mini-storage business and the office leasing business in order to further increase the occupancy rate of the mini-storage properties and the business service centre of the Group in Fanling and Kwun Tong, Hong Kong respectively. Nevertheless, depending on the market condition, the Group may also consider the disposal of the whole or part of the properties owned by the Group in Fanling, which may result in the cessation or disposal of the Group's mini-storage business which is currently carried out at such properties.

Securities Trading Business

The Group will closely monitor the market and market data related to prospective investees before committing to any securities investment.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EFFECTS OF THE DISPOSAL ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

As at 31 December 2017, the audited consolidated total assets and total liabilities of the Group amounted to approximately HK$1,206.5 million and HK$197.0 million respectively. As set out in Appendix III to this circular, assuming the Completion had taken place on 31 December 2017, (i) the unaudited pro forma consolidated total assets of the Listco Remaining Group would have increased to approximately HK$1,270.8 million; and (ii) the unaudited pro forma consolidated total liabilities of the Listco Remaining Group would have increased to approximately HK$207.4 million.

While the Target and CTP has not recorded any profit for the year ended 31 December 2017, the revenue and profit of CTC and its subsidiaries for the year ended 31 December 2017 as set out in Appendix IIB to this circular was mainly derived from the business of the sale of printing products, which will be transferred to the Listco Remaining Group pursuant to the Business Transfer. Accordingly, the Disposal is not expected to have any significant impact on the earnings of the Listco Remaining Group except for the estimated unaudited book gain of approximately HK$53.8 million which may be recorded as a result of the Disposal.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE LISTCO REMAINING GROUP

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) the Gaming Distribution Business; (ii) the Lending Business; (iii) the Manufacturing and Sales Business; (iv) the Music and Entertainment Business; (v) the Property Business; (vi) the Securities Trading Business; and (vii) the Trading Business. Set out below is the management discussion and analysis on the Listco Remaining Group for each of the three financial years ended 31 December 2015 ("**Year 2015**"), 2016 ("**Year 2016**") and 2017 ("**Year 2017**"). The financial data in respect of the Listco Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for each of Year 2015, Year 2016 and Year 2017.

(I) For Year 2015

Business and financial review

For Year 2015, total revenue of the Group was approximately HK$521.3 million, the gross profit margin for Year 2015 was approximately 17.9%. The distribution of revenue of the Group was as follows:

	Year 2015	**Approximate % to total revenue**
	HK$	
Lending Business	7,089,375	1.4%
Manufacturing and Sales Business	466,163,695	89.4%
Music and Entertainment Business	11,919,662	2.3%
Property Business	1,010,823	0.2%
Trading Business	35,072,106	6.7%
Total revenue	521,255,661	100%

(a) Lending Business

The Lending Business included the financial leasing business in Shanghai, the PRC and the money lending business in Hong Kong.

For the financial leasing business, no transaction was made during Year 2015.

For the lending business in Hong Kong, after completing a few trial run loan transactions, the Group decided to put more financial resources and efforts in its expansion during Year 2015. The loan portfolios increased remarkably to approximately HK$76.2 million as at 31 December 2015 as compared with approximately HK$8.9 million as at 31 December 2014. The Group's customer base included both individuals and corporate entities and the majority of loans were secured by properties located in Hong Kong. No default had been recorded since the commencement of business and the majority of interest income was received on time. During Year 2015, the loan interest income was approximately HK$7.1 million.

(b) Manufacturing and Sales Business

This segment principally included manufacturing and sale of printing products, such as packaging box, labels and paper products. It attracted customers from all over the world.

During Year 2015, the focus of the Manufacturing and Sales Business included cost reduction, efficiency enhancement and evaluation of profitability of existing customer portfolios. The Group made efforts to streamline the existing production processes and work flows within the organisation structures in order to enhance efficiency and reduce wastage in all levels. Besides, it put efforts in developing and strengthening the business relationship with its existing and new vendors for better and timely services. Internal reorganisation took place during Year 2015 to consolidate and redesign departmental functions and eliminate excessive layers of reporting for the sake of improving communication amongst all departments and levels.

The Group continued its devotion towards environmental protection in its daily business management and operation and were promoting environmental awareness within and outside the organisation on an on-going basis during Year 2015.

Revenue for Year 2015 from the Manufacturing and Sales Business was approximately HK$466.2 million and a segment loss of approximately HK$36.6 million was recorded. The segment loss margin for Year 2015 was approximately 7.8% as compared to approximately 20.0% for the nine months ended 31 December 2014 ("**2014 Period**"). The decrease in segment loss margin was mainly due to the following reasons:

(i) during Year 2015, the Group put more efforts in sourcing alternative materials in the PRC and in testing of the quality of sourced materials to replace the more expensive existing materials. In light of the tightening control on raw materials usage in production and production wastage, the percentage of the costs of raw materials in sales has decreased by approximately 1.7% as compared with that of the 2014 Period;

(ii) in respect of the Manufacturing and Sales Business, the ratio of staff costs to sales was approximately 33.5%, which remained stable as compared with 34.6% as recorded in the 2014 Period. During Year 2015, the PRC government raised the minimum wage level in Shenzhen from RMB1,808 to RMB2,030, or by 12.3%, effective from March 2015. The increase in minimum wage partially offset the decrease in staff costs arising from reduction of headcount. The overall headcount of the two factories of the Group decreased for around 9% as compared with that of the 2014 Period;

(iii) domestic sales increased because more sales efforts were devoted to identify new customers in the PRC and to strengthen the business relationship with existing customers; and

(iv) during Year 2015, the Group recognised a one-off impairment loss of approximately HK$9.2 million in the non-current assets of the Manufacturing and Sales Business. Due to the Group's recurring loss in the Manufacturing and Sales Business, the Directors conducted an impairment assessment on the segment assets based on value in use calculation. The amount of impairment loss significantly decreased as compared with the impairment loss of approximately HK$34.0 million recognised during the 2014 Period.

(c) Music and Entertainment Business

Revenue from the Music and Entertainment business mainly consisted of income from concerts and shows, artiste management income, album distribution income, promotion income and song licensing income.

During Year 2015, approximately 60% of revenue from the Music and Entertainment Business was attributable to concerts and shows and licensing of the musical works. The Group organised concerts for Julian Cheung Chi-Lam and Jade Kwan Sum-Yin in Macau, Christopher Wong Oi-Kan in the City Hall of Hong Kong and James Ng Yip-Kwan, Regen Cheung Wai-Nga, Sheldon Lo Hau-Yung and Crystal Cheung Man-Ka in the Kowloon Bay International Trade & Exhibition Centre. The business recorded a segment loss of approximately HK$8.2 million for Year 2015 (the 2014 Period: approximately HK$2.3 million). The increase in segment loss was mainly due to: (i) the recognition of a one-off impairment loss on trademark of approximately HK$5.3 million due to the recurring loss in the Music and Entertainment Business; and (ii) an increase in expenses incurred by the Group's PRC teams for searching entertainment projects in the country.

During Year 2015, the Group invested in a movie in the PRC with an investment amount of RMB6.3 million.

During Year 2015, the Group devoted more efforts in developing the promotion business in Hong Kong and identifying entertainment projects in the PRC. The Group received promotion income from its newly contracted artistes and assisted in organising management jobs, concerts and music functions for those artistes. Under such arrangement, the Group minimised operating costs and more resources were allocated to other areas or other artistes. Furthermore, the Group's working teams in the PRC had been actively looking for cooperation opportunities with film production companies during Year 2015.

On 21 November 2014, the Company entered into a sale and purchase agreement with an Independent Third Party to dispose of the entire equity interest in Marble Arch Investments Limited ("**Marble Arch**"), a subsidiary of Luxury Field Limited ("**Luxury Field**") for a consideration of approximately HK$28 million. Marble Arch was the shareholder of a PRC subsidiary of the Company which had made advances to the Group's potential investee, 匯金泛亞(福建)有限公司 (unofficial English translation being Huijin Pan Asia (Fujian) Co., Ltd.) ("**Huijin**"). The investment in Marble Arch was made by the Group in 2012, at that time the Group intended to carry out certain projects in the cultural and entertainment industry through Huijin. Due to the uncertainty in obtaining related local government approvals, the Company decided to dispose of the investment and considered that it would be more beneficial of the Group to invest the sales proceeds from such disposal on potential projects with higher investment returns. The completion date of the transaction were extended to 30 April 2015 and further to 31 May 2015 but out of the purchaser's difficulty in financing the consideration, the transaction was terminated and the Group received HK$4.5 million as liquidated damages during Year 2015.

On 14 December 2015, the Group entered into a sale and purchase agreement with the same Independent Third Party to dispose of the entire equity interest in Marble Arch for a consideration of approximately HK$25.0 million. The consideration had been paid in cash by the purchaser before signing the sale and purchase agreement and a loss on disposal of Marble Arch of HK$1.2 million was recognised. Viewing the transactions abovementioned as a whole, the Group received HK$29.5 million from the disposal of Marble Arch and a net gain of HK$3.3 million was made.

(d) Property Business

Property development business

The Group had two property development projects, one of which involved 四川英華房地產有限公司 (unofficial English translation being Sichuan Yinghua Real Estate Co., Ltd.) ("**Yinghua**"). The investment was classified as an available-for-sale investment in the consolidated statement of financial position of the Group. The other property involved 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 Group.

Yinghua holds the land use rights of a parcel of commercial land in Chengdu, the PRC. The related property consists of both residential and commercial units. The corresponding construction work commenced in 2014 and was progressing as scheduled during Year 2015. The pre-sale of the project started in mid-March 2015 and approximately 33.0% of residential units were pre-sold as of March 2016.

In 2013, the Group invested in Yinghua by way of capital injection in the amount of RMB10 million and provision of a shareholder's loan in the amount of RMB30 million ("**Yinghua Shareholder's Loan**"). The Group has a put option to sell its equity interests in Yinghua.

Zhongqing holds the land use rights of two parcels of land in Qingyuan, the PRC. On 18 June 2014, 深圳市中星國盛投資發展有限公司 (unofficial English translation being Shenzhen Zhongxing Guosheng Investment Development Co., Ltd.) ("**Zhongxing Guosheng**"), a wholly-owned subsidiary of the Company, initiated civil proceedings against Zhongqing in the People's Court of Baoan District for, among other matters, the repayment of the shareholder's loan contributed by Zhongxing Guosheng in the amount of RMB23,479,330 ("**Litigation**"). On 19 June 2014, pursuant to an application made by Zhongxing Guosheng to freeze and preserve the assets of Zhongqing in the total value of RMB23,400,000, an order was granted by the People's Court of Baoan District to freeze and preserve the two parcels of land owned by Zhongqing from 24 June 2014 to 23 June 2016 ("**Freeze Order**"). The Freeze Order aimed to ensure that Zhongqing has sufficient assets of value to repay the shareholder's loan to the Group.

Two hearings of the Litigation were held on 18 August 2014 and 25 September 2014 respectively. On 15 October 2014, the Group received the civil mediation document dated 30 September 2014 and issued by the People's Court of Baoan District, confirming that (i) the Group and Zhongqing confirmed that Zhongqing was indebted to Zhongxing Guosheng in the sum of RMB23,479,330; (ii) Zhongqing agreed to repay to Zhongxing Guosheng the sum of RMB23,479,330, together with the interest accrued from 18 June 2014 to the date of repayment, which was within 15 days of the effective date of the civil mediation document; and (iii) if Zhongqing failed to repay the agreed amount, Zhongxing Guosheng should have the right 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 PRC legal advisers, the effective date of the civil mediation document was 15 October 2014 and thus, the deadline for repayment by 中清房地產 was 30 October 2014. On 20 November 2015, Zhongxing Guosheng submitted the mandatory execution application letter to the People's Court of Baoan District to enforce the repayment of Zhongqing. The application was accepted by the People's Court of Baoan District on 23 November 2015. On 26 November 2015, the Group submitted another application to on hold the execution application and the application was accepted by the People's Court of Baoan District. Zhongqing did not repay any of the outstanding shareholder's loan or interest accrued thereon to Zhongxing Guosheng during Year 2015.

Property investment business

During Year 2015, the property investment business included (i) the mini storage business operated by a wholly-owned subsidiary of the Company; and (ii) the office leasing business operated by a joint venture.

Mini storage business

The Group started the mini storage business since 2014 and renovated the ground floor, 1st floor, 2nd floor and half of the floor area of the 4th floor of a self-owned industrial building in Fanling ("**Fanling Building**") for such purpose. As at 31 December 2015, the occupancy rate of the storage units in the Fanling Building increased to approximately 42% (the 2014 Period: approximately 30%).

Office leasing business

During Year 2015, a joint venture named Estate Summit Limited ("**Estate Summit**") was formed by the Group with an Independent Third Party with extensive management and operating experiences for operating office leasing business in Hong Kong. Estate Summit entered into a four-year tenancy agreement for the whole 29th floor of One Pacific Centre located in Kwun Tong district. The renovation work of the business center was completed in August 2015 and it was put on market in September 2015. A brand name of "Prime Business Centres" was built and approximately 41% of units were rented out as at 31 December 2015. In view of the increasing rental expenses of office premises and the large demand for small-sized offices of small enterprises in Hong Kong, the Group believed that there was huge potential in the industry of running office leasing business in Hong Kong. The business service center in Kwun Tong was the first trial of the Group in this industry.

According to the Group's accounting standards, the ground floor, 1st, 2nd floor and half floor of 4th floor of the Fanling Building were classified as investment properties as at the date of the change of property use in 2014. The investment properties were carried at market value and a fair value gain of approximately HK$2.3 million was recorded in other gains and losses of the Group during Year 2015.

(e) Trading Business

Revenue from the Trading Business was approximately HK$35.1 million and a segment profit of approximately HK$2.2 million was reported for Year 2015. The segment profit margin increased by approximately 1.5% to approximately 6.3% for Year 2015, as compared with approximately 4.8% for the 2014 Period. During Year 2015, the Group established a new subsidiary in the PRC to engage in the trading of printing products within the country which pushed up the overall segment profit by approximately 0.9% for Year 2015. For the trading business in Hong Kong, the profit margin slightly increased by approximately 0.6% as compared with that of the 2014 Period.

(f) Securities Trading Business

During Year 2015, the Group recorded a fair value loss of approximately HK$6.7 million and a dividend income of approximately HK$0.3 million, both attributable to the Hong Kong listed securities held by the Group. The Group further allocated idle fund of HK$25 million to the Securities Trading Business during Year 2015. As at 31 December 2015, the Group held 15 listed securities under the stock portfolio, among which the shares of Wang On Group Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1222) were valued at approximately HK$10.9 million, representing approximately 24.3% of the aggregate fair value of the Group's held-for-trading investments, as at 31 December 2015.

(g) Other businesses

Gaming business

The Group commenced the new gaming business which included the slot machine business and the internet gaming business in 2014. The slot machine business was positioned to capitalise on the abundant opportunities identified in the Asian gaming landscape. The Group saw an exciting future for the gaming industry in regions including, but not limited to, Japan, Taiwan, Macau, Singapore, Malaysia and Korea. During Year 2015, the Group actively recruited talents for the new business and expanded the working teams in both Hong Kong and the PRC.

"Internet + community" business in the PRC

As set out in the announcement of the Company dated 7 December 2015, the Group commenced a new business activity in the PRC by acting as an exclusive top-level operator of neighbourhood stores of Vinux (Beijing) Information Technology Co., Limited ("**Vinux**") for a term of two years (subject to fulfilment of certain performance targets), renewable for successive terms of one year each upon mutual agreement. As at 31 December 2015, the Group was acting as an exclusive top-level operator of Vinux in Weifang city of Shandong province, the PRC through a wholly-owned subsidiary, and in Kunming city of Yunnan province, the PRC through a non-wholly owned subsidiary of the Group. The operations of both subsidiaries were still in testing stages and minimal operating costs were incurred as at 31 December 2015. With the commencement of the gaming business in 2014, the Group had been looking into the investment potential of the internet technology business, and believed that this new business activity could diversify the Group's income stream and broaden its revenue base. Also, this new business activity was in line with the Groups' business development strategy for Year 2015.

Other new unlisted equity investments

As at 31 December 2015, the Group had investments in six unlisted equity securities issued by private entities in overseas and the PRC and they were held for an identified long term strategic purpose. These unlisted entities were operating in different industries, such as digital health service sector, online music streaming service, travel management and consultancy business, etc. All these entities had the common characteristics of operating their business through various internet technological platforms so as to maximise their reach in faster way. This investment direction was also in line with Group's business development strategy for Year 2015.

Liquidity, financial resources and capital structure

As at 31 December 2015, the Group had short-term bank deposits and cash and cash equivalents of approximately HK$234.1 million and debts including (i) short-term unsecured bank borrowings of approximately HK$6.0 million, which were repayable within one year from the end of the reporting period but contained a repayment on demand clause and carried at Hong Kong Inter-bank Offered Rate ("**HIBOR**") rate plus 1.5% per annum; (ii) an amount due to a related company of approximately HK$24.0 million, which was unsecured, fixed-interest bearing at a range from 12% per annum to 30% per annum and repayable with 12 months; and (iii) an amount due to a non-controlling shareholder of a subsidiary of approximately HK$17.9 million, which was unsecured, interest-free and repayable on demand. The liquidity of the Group remained strong and healthy as compared with the Period 2014. The gearing ratio, which was calculated by dividing total borrowings by total equity as at the end of the year and then multiplying it by 100%, was 5.6%.

The current ratio and quick ratio decreased as at 31 December 2015 as compared with the respective figures as at 31 December 2014. It is mainly attributable to the increase in the current liabilities with the amount due to a related company. This was in line with the expansion of the Lending Business as the amount was due to another money lending company incorporated in Hong Kong and the Group had some loan transactions cooperated with this money lending company during Year 2015.

During Year 2015, the Group generally financed its operation with internally-generated cash flows and bank facilities granted in Hong Kong and the PRC.

Material acquisitions or disposals

On 7 September 2015, Magic Mark Investments Limited ("**Magic Mark**"), a wholly-owned subsidiary of the Company, entered into the subscription agreement with the general partner of Zhong Wei Capital, L.P. ("**Zhong Wei**"), pursuant to which Magic Mark agreed to subscribe for an interest in Zhong Wei as a limited partner with a subscription amount of US$2 million. The principal focus of Zhong Wei was to invest in innovative companies with high growth potential that had operations in, contacts in or potential expansion into the PRC. Details of such subscription are set out in the announcement dated 7 September 2015. As at 31 December 2015, the Group had paid US$400,000 and Zhong Wei had invested in five projects which were engaged in different industries. The financial performance of various projects invested was in line with the expectation of Zhong Wei during Year 2015.

As mentioned above, on 14 December 2015, Luxury Field, a wholly-owned subsidiary of the Company, and the purchaser entered into the sale and purchase agreement pursuant to which Luxury Field had agreed to sell, and the purchaser had agreed to purchase the entire issued share capital of Marble Arch at a consideration of HK$25,039,012. Details of the disposal are set out in the announcements of the Company dated 21 November 2014, 18 February 2015, 30 April 2015, 3 June 2015 and 14 December 2015.

Save for the events above-mentioned, the Group did not have any material acquisition or disposal of subsidiaries or associated companies during Year 2015.

Employee

As at 31 December 2015, the Group had approximately 1,740 full-time employees. Total staff costs (including directors' remuneration) for Year 2015 was approximately HK$176.2 million. The remuneration schemes were generally determined with reference to market conditions and the qualifications of the employees. The reward packages for the staff member in the Group were generally reviewed on an annual basis, depending on the staff member's and the Group's performance. Apart from salary payments and contributions to the retirement benefit scheme, other staff benefits included participation in share option scheme, and medical insurance for eligible employees. In-house and external training programmes were provided as and when required.

Pledge of assets

As at 31 December 2015, the Group had pledged a leasehold building and investment properties with an aggregate carrying value of approximately HK$87.3 million to secure the general banking facilities granted to the Group. Save as aforesaid, no other assets were pledged by the Group as at 31 December 2015.

Future plan for material investments or capital assets

For Year 2015, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$7.6 million. The capital expenditure for Year 2015 was mainly attributable to the acquisition of machinery for production in the PRC.

As at 31 December 2015, the Group had capital commitments of approximately HK$12.9 million for the acquisition of property, plant and equipment and prepaid lease payments, which had been contracted for but had not been provided for in the financial statements. It was expected that the capital commitments would be funded by internal resources of the Group. The Group did not have any capital commitments for the acquisition of property, plant and equipment that had been authorised but not contracted for during Year 2015.

Foreign exchange exposure

The Group's sales and purchases were principally denominated in Renminbi, HK dollar, US dollar and EURO during Year 2015. Except for Renminbi, there was no significant fluctuation in the exchange rate of HK dollar, US dollar and EURO throughout Year 2015. The Group had not used any financial instruments for hedging purpose during Year 2015 and it did not have any outstanding hedging instruments as at 31 December 2015.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2015.

(II) For Year 2016

Business and financial review

For Year 2016, total revenue of the Group was approximately HK$562.9 million, the gross profit margin for Year 2016 increased to 31.7%. The segments' respective contributions to the revenue of the Group were as follows:

	Year 2016	**Approximate % to total revenue**
	HK$	
Gaming Business	88,319	0.0%
Lending Business	8,215,087	1.5%
Manufacturing and Sales Business	492,941,761	87.6%
Music and Entertainment Business	27,039,363	4.8%
Property Business	1,713,770	0.3%
Trading Business	32,912,733	5.8%
Total revenue	562,911,033	100%

(a) Gaming Business

The Group commenced the business of design and development of platforms and software for the gaming industry in 2014. With increasing management attention and financial and human resources allocated to this business, it has been presented as a new business segment since Year 2016. During Year 2016, the Group established specialised teams with extensive technical experiences in Hong Kong and the PRC, which were responsible for improving, enriching and enhancing the existing platform and software and developing new technologies to raise the awareness of the Gaming Business in the global market. As at 31 December 2016, the target markets of the business included, but were not limited to, Japan, Taiwan, Macau, Mexico, Serbia, the Philippines, the Netherlands and Peru. The Group devoted more resources in marketing and promotion, such as participating in various international gaming exhibitions held in Macau, Mexico and San Francisco to introduce and promote the business concepts and ideas to potential partners and customers all over the world during Year 2016. During Year 2016, the Group was granted the licence of Gaming Laboratories International (GLI®) and had deployed its products to Mexico by the end of Year 2016.

(b) Lending Business

For the financial leasing business in Shanghai, the PRC, no transaction was conducted during Year 2016.

For the money lending business in Hong Kong, the Group was actively expanding the customer base and its loan portfolio during Year 2016. No default had been recorded during Year 2016 and the majority of interest income was received on time. During Year 2016, the loan interest income increased by approximately 15.9% to approximately HK$8.2 million.

(c) Manufacturing and Sales Business

During Year 2016, the focus of the Manufacturing and Sales Business included (i) continuing cost reduction, as well as efficiency and quality enhancement of the factories in the PRC; and (ii) expansion of sales network to customers with higher profit margin. A new product line, namely paper shopping bags, was also introduced. After years of efforts put on improving the financial results and product quality of this business, the business made a remarkable turnaround from a segment loss of approximately HK$36.6 million for Year 2015 to a segment profit of approximately HK$58.3 million for Year 2016, which was mainly attributable to the increasing revenue and the significant reduction in production costs and materials costs following the streamlining of production process and increased productivity and production efficiency of the factories of the Group.

The segment profit for Year 2016 was approximately HK$58.3 million. The segment profit margin for Year 2016 was approximately 11.8%. The improvement in segment margin was mainly due to the following reasons:

(i) the revenue from the Manufacturing and Sales Business increased by approximately 5.7% to approximately HK$492.9 million, primarily attributable to the increase in export sales. During Year 2016, the Group successfully introduced a new product line, namely paper shopping bags, which targets at overseas customers. At the same time, more orders were placed by some of the Group's existing customers, resulting in an increase of the segment revenue for Year 2016;

(ii) there was a drop in staff costs during Year 2016. The ratio of total staff costs to sales was approximately 29.3% for Year 2016. The decrease in such ratio was due to higher sales volume with less manpower recorded for Year 2016. A series of tightening policies were adopted in Year 2016 to boost production efficiency and streamline the workflow. The average number of headcount of this segment decreased by approximately 20% as compared with Year 2015. Furthermore, no upward adjustment to the minimum wage in Shenzhen was made by the PRC government during Year 2016 and this alleviated the pressure of rising staff costs and other related costs. Meanwhile, a more attractive reward system was designed to award those employees with improved performance, so as to enhance the overall production efficiency of this segment;

(iii) the Group recognised an one-off impairment loss of approximately HK$9.2 million for Year 2015 in respect of the non-current assets of the Manufacturing and Sales Business, while no such impairment loss was recorded for Year 2016;

(iv) in order to reduce wastage and materials consumption, the Group took various measures during Year 2016 to control materials and other costs. These measures were reviewed by the management and respective department head monthly through continuous checking against various pre-set key performance indicators. Investigation and remedial actions would be made immediately as and when necessary. The materials consumption ratio dropped by more than 5% as compared with Year 2015, which were attributable to the reduced consumption of both main and ancillary materials. Some production flows and location of departments were redesigned to reduce wastage and loss incurred in in-house transportation of materials and products. During Year 2016, some machines were acquired or replaced by newer models, facilitating a better usage of materials in all aspects. All the above measures also brought positive results in reducing fuel and utility expenses and other daily operating expenses; and

(v) the business also took advantages from the depreciation of Renminbi against Hong Kong dollars during Year 2016. The average exchange rate of Renminbi to Hong Kong dollars decreased by approximately 6% as compared with Year 2015. As most of the production costs and operating expenses were denominated in Renminbi and approximately 80% of the sales of this segment was denominated in Hong Kong dollars and other currencies, the depreciation of Renminbi lessened the cost pressure of the Group.

(d) Music and Entertainment Business

Segment profit for Year 2016 was approximately HK$660,000. The improvement in segment results was due to the following reasons:

(i) during Year 2016, revenue from the Music and Entertainment Business increased significantly by approximately 126.8% to approximately HK$27.0 million. Such increase was mainly due to: (i) the increase in income from concerts and shows which contributed approximately HK$17.5 million to the segment revenue for Year 2016; and (ii) the increase in song licensing income by approximately 12.1% as compared with the Year 2015;

(ii) the absence of an one-off impairment loss of approximately HK$5.3 million recognised in respect of intangible assets during Year 2015; and

(iii) in years 2014 and 2015, the Group invested in two movies in the PRC with an aggregate investment cost of approximately RMB13.1 million. An aggregate investment return of approximately HK$2.6 million for such movies was recognised during Year 2016, making an average rate of return of approximately 16.9%.

(e) Property Business

Property development business

In respect of the property development project on the commercial land in Chengdu, the PRC held by Yinghua, the construction work of residential and commercial units thereon was completed in March 2017. During Year 2016, the pre-sale of the project was almost completed, the residential units were nearly sold out and titles commenced to be delivered to buyers.

During Year 2016, (i) the Group entered into two supplemental shareholder's loan agreements with Yinghua pursuant to which the maturity date of the Yinghua Shareholder's Loan was extended from 19 March 2016 to 30 June 2017 to allow the Group to have sufficient time to evaluate the financial performance of Yinghua; and (ii) Yinghua partially repaid the Yinghua Shareholder's Loan in the amount of RMB2 million.

In respect of the Litigation against Zhongqing, on 27 May 2016, Zhongxing Guosheng submitted an application to the People's Court of Baoan District for the extension of the period covered by the Freeze Order and the application was accepted by the court. The extended period covered by the Freeze Order was from 13 June 2016 to 12 June 2019. Zhongqing did not repay any of the outstanding shareholder's loan or interest accrued thereon to Zhongxing Guosheng during Year 2016.

Property investment business

During Year 2016, the property investment business included (i) the mini storage business; (ii) the office leasing business; and (iii) the leasing of several commercial units to a related company by a wholly-owned subsidiary of the Company.

Mini storage business

As at 31 December 2016, the occupancy rate of the storage units in the Fanling Building increased to approximately 68%. During Year 2016, more resources were put in place for inspecting, improving and maintaining the condition and safety level of the mini storage floors and the whole building. The Group also worked with external professionals to evaluate the safety requirements stipulated by the relevant government bodies and estimate the costs that might incur.

Office leasing business

Approximately 61% of the units under the brand name of "Prime Business Centres" in Kwun Tong were rented out as at 31 December 2016. During Year 2016, the business encountered keen competition in Kwun Tong district and rental price of offices was lowered in order to attract more tenants. The highest occupancy rate during Year 2016 was approximately 92%.

Considering the keen market competition in the industry and the operating forecast for the business centre, an impairment loss of approximately HK$5.3 million was made during Year 2016. Nevertheless, in view of the increasing rental expenses of office premises and the large demand for small-sized offices from small enterprises in Hong Kong, the Group positively believed that there remained potential in the office leasing business in Hong Kong during Year 2016.

Property leasing and investment

In order to expand the Property Business with a view to broaden the Group's earning base, the Group acquired the entire issued share capital of Supreme Cycle Inc. ("**Supreme Cycle**") from a related company on 30 November 2016 at a consideration of approximately HK$87.2 million. The principal activities of Supreme Cycle are investment holding and property investment and its principal assets are the commercial properties situated in Yuen Long, Hong Kong ("**Yuen Long Properties**"). Pursuant to a tenancy agreement signed by Supreme Cycle on 16 March 2016, the Yuen Long Properties were been leased to a related company of the Group and operating as a karaoke outlet as at 31 December 2016. Upon completion of acquisition of Supreme Cycle, Supreme Cycle became a wholly-owned subsidiary of the Company, its financial information was consolidated into the Group's consolidated financial statements for Year 2016 and such tenancy forms part of the Group's Property Business.

In view of the steady rental income generated under the tenancy and the rapid development and growing population and business activities in the Yuen Long area, the Directors considered that the acquisition of the Supreme Cycle and the continuation of the such tenancy upon completion of the acquisition allowed the Group to increase the income and enjoy capital appreciation potential in the future.

According to the Group's accounting standards, the ground floor, 1st floor, 2nd floor and half of the floor area of 4th floor of the Fanling Building and the Yuen Long Properties were classified as investment properties of the Group. The investment properties were carried at market value and a fair value gain of approximately HK$631,000 was recorded in other gains and losses of the Group during Year 2016.

(f) Trading Business

During Year 2016, the Trading Business included (i) the trading of printing products in Hong Kong and the PRC; and (ii) the operation of neighbourhood stores in the PRC (which was described as "Internet + community" business in the PRC during Year 2015).

Revenue from the Trading Business decreased by approximately 6.2% to approximately HK$32.9 million. The decrease was mainly attributable to the drop in number of orders placed by customers of a trading company in Hong Kong. Such decrease was partially offset by the increase in sales generated by a printing product trading company in the PRC and the sales contributed by the operation of neighbourhood stores in the PRC.

The profit margin remained stable as compared with Year 2015 due to the tightened cost control measures adopted in the Trading Business which offset the impact of decreasing revenue.

The revenue generated from neighbourhood stores in the PRC represented approximately 2% of total revenue of the Trading Business for Year 2016. As at 31 December 2016, six stores had been opened in Weifang city of Shandong province, the PRC.

(g) Securities Trading Business

During Year 2016, the Group recorded a fair value gain of approximately HK$80.0 million (including a realised gain of approximately HK$4.0 million) and a dividend income of approximately HK$715,000 in respect of the Hong Kong listed securities held by it. The Group further allocated idle fund of HK$20 million to the Securities Trading Business during Year 2016.

Set out below was the breakdown of the Group's available-for-sale investments and held-for-trading investments as at 31 December 2016:

Description of investments	*Notes*	Form of investments	Principal activities of invested companies as at 31 December 2016	Percentage of total share capital held by the Group as at 31 December 2016	Carrying amount as at 31 December 2016 *HK$*	Percentage to the Group's audited net assets as at 31 December 2016 (approximate) *HK$*	Percentage to the Group's audited total assets as at 31 December 2016 *HK$*
Largest five investments of the Group							
Wang On Properties Limited (stock code: 1243)		Held-for-trading investment	Property development and property investment	0.39%	83,216,000	9.1%	7.5%
China Agri-Products Exchange Limited (stock code: 149)		Held-for-trading investment	Management and sales of agricultural produce exchanges in the PRC	1.19%	17,388,000	1.9%	1.6%
Equity investment in Yinghua		Available-for-sale investment	Property development in the PRC	16.67%	14,142,889	1.5%	1.3%
Equity investment in 深圳市住百家發展股份有限公司		Available-for-sale investment	Overseas short term apartment rentals, Bed & Breakfast, family inn and accommodation booking website	1.96%	11,163,206	1.2%	1.0%
Town Health International Medical Group Limited (stock code: 3886)		Held-for-trading investment	Provision and management of healthcare and related services, managed care business, beauty and cosmetic medical business and properties and securities investments and trading	0.09%	8,387,500	0.9%	0.8%
Other investments							
Club membership		Available-for-sale investment	–n/a–		3,403,700	0.4%	0.3%
Other equity investments, at cost	*(i)*	Available-for-sale investment	–n/a–		13,025,232	1.4%	1.2%
Other equity securities listed in Hong Kong	*(ii)*	Held-for-trading investment	–n/a–		23,255,856	2.5%	2.1%
Total					173,982,383	19.0%	15.6%

Notes:

(i) Equity investments carried at cost under the category of available-for-sale investments represented the Group's investments in nine companies incorporated in Hong Kong, the PRC and overseas.

(ii) Equity securities listed in Hong Kong under the category of held-for-trading investments represented the Group's investments in 15 companies whose shares were listed on the Main Board or GEM of the Stock Exchange. Each of such investments had a carrying amount that accounted for less than 5% of the Group's audited net assets as at 31 December 2016.

Liquidity, financial resources and capital structure

As at 31 December 2016, the Group had short-term bank deposits and cash and cash equivalents of approximately HK$227.3 million and total borrowings of approximately HK$90.5 million.

The total borrowings included the amount due to a related company, bank borrowings, finance lease obligations and amount due to a non-controlling shareholder of a subsidiary. The amount due to a related company was repayable within two years and was fixed-interest bearing at a range from 12% to 30% per annum. The secured bank borrowings were repayable within six years and carried interest at HIBOR plus 1.85% to 2.5% per annum while the unsecured bank borrowing contained a repayment on demand clause and carried interest at HIBOR plus 1.5% per annum. The finance lease obligations represented leases of certain motor vehicles for a term of three years a fixed interest rate of 2.8% per annum. The amount due to a non-controlling shareholder of a subsidiary was unsecured, interest-free and repayable on demand.

All borrowings were denominated in HK dollar and the majority of the cash and cash equivalents were denominated in Renminbi, HK dollar and US dollar during Year 2016.

The liquidity of the Group remained strong and healthy as compared with Year 2015. The sharp increase in gearing ratio, which was calculated by dividing total borrowings by total equity as at the end of the year and then multiplying it by 100%, to 9.9% as at 31 December 2016, was mainly due to the increase in borrowings after the acquisition of Supreme Cycle which was engaged in property investment in Hong Kong during Year 2016.

The current ratio and quick ratio as at 31 December 2016 decreased as compared with the respective figures as at 31 December 2015. It was mainly attributable to (i) the increase in short-term borrowings after the acquisition of Supreme Cycle; and (ii) the decrease in loan receivables.

The Group generally financed its operation with cash flows generated internally and bank facilities granted in Hong Kong and the PRC during Year 2016.

Material acquisitions or disposals

On 25 April 2016, a sale and purchase agreement was entered into among We-do-best Limited, a wholly-owned subsidiary of the Company as purchaser, Preserve Capital Realty Limited, a company which is wholly-owned by the trustee of a discretionary trust of which the immediate family member(s) of Mr. Suek Ka Lun, Ernie, is/are one of the discretionary objects as vendor, and Mr. Suek Ka Lun, Ernie as guarantor in relation to the acquisition of the entire issued share capital of Supreme Cycle. The consideration of such acquisition was agreed to be the amount of the net asset value of Supreme Cycle at a reference date agreed by the parties but in any event not be more than HK$95 million.

The resolution approving such sale and purchase agreement and transactions contemplated thereunder was duly passed by way of poll by the Shareholders at the special general meeting held on 5 August 2016. Completion of the acquisition took place on 30 November 2016. The final consideration was HK$87,165,828 and was funded by the internal resources of the Group. Immediately after completion of the acquisition, Supreme Cycle became a wholly-owned subsidiary of the Company and the financial information of Supreme Cycle was consolidated into the Group's consolidated financial statement.

The principal activities of Supreme Cycle are investment holding and property investment and its principal assets are the Yuen Long Properties. Pursuant to the tenancy agreement dated 16 March 2016 entered into between Supreme Cycle as landlord and Well Dragon Limited ("**Well Dragon**") as tenant, the Yuen Long Properties have been leased to Well Dragon for an initial term of three years from 16 March 2016 to 15 March 2019. Such leasing of the Yuen Long Properties continued after the completion of the acquisition of Supreme Cycle. Since Well Dragon is wholly owned by a trustee on trust for a discretionary trust of which Mr. Suek Ka Lun, Ernie is one of the discretionary objects, Well Dragon is a connected person of the Company under Listing Rules and the transaction contemplated under the tenancy agreement became a continuing connected transaction of the Company under the Listing Rules upon completion of the acquisition of Supreme Cycle. The Yuen Long Properties were operating as a karaoke outlet by a related company of the Group as at 31 December 2016.

Details of such acquisition are set out in the announcements of the Company dated 25 April 2016 and 30 November 2016 and the circular of the Company dated 20 July 2016.

Save for the event above-mentioned, the Group did not have any material acquisition or disposal of subsidiaries or associated companies during Year 2016.

Employee

As at 31 December 2016, the Group had approximately 1,540 full-time employees. Total staff costs (including directors' remuneration) for Year 2016 was approximately HK$180.9 million. The remuneration schemes were generally structured with reference to market conditions and the qualifications of the employees. The reward packages (mainly consist of fixed salary and bonus scheme) for the staff of the Group were generally reviewed on an annual basis, depending on the staff's and the Group's performance. Apart from salary payments and contributions to the retirement benefit scheme, other staff benefits included participation in share option scheme and medical insurance for eligible employees. In-house and external training programmes were provided as and when required.

Pledge of assets

As at 31 December 2016, the Group had pledged a leasehold building and investment properties with an aggregate carrying value of approximately HK$200.7 million to secure 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 2016.

Future plan for material investments or capital assets

For Year 2016, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$6.9 million. The capital expenditure for Year 2016 was mainly attributable to the acquisition of machinery for production in the PRC.

As at 31 December 2016, the Group had capital commitments of approximately HK$13.7 million for the acquisition of property, plant and equipment and prepaid lease payments, which had been contracted for but had not been provided for in the financial statements. The Group did not have any capital commitments for the acquisition of property, plant and equipment that had been authorised but not contracted for during Year 2016. The Group expected to finance such capital commitments by internal resources.

Foreign exchange exposure

The Group's sales and purchases were principally denominated in Renminbi, HK dollar and US dollar during Year 2016. Except for Renminbi, there was no significant fluctuation in the exchange rate of HK dollar and US dollar throughout Year 2016. The Group had not used any financial instruments for hedging purpose during Year 2016 and it did not have any outstanding hedging instruments as at 31 December 2016.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2016.

(III) For Year 2017

Business and financial review

For Year 2017, total revenue of the Group was approximately HK$515.5 million and gross profit margin was approximately 30.8%, which was slightly lower than the gross profit margin of approximately 31.7% for Year 2016. The segments' respective contributions to the revenue of the Group were as follows:

	Year 2017 *HK$*	**Approximate % to total revenue**
Gaming Distribution Business	1,513,933	0.3%
Lending Business	4,611,231	0.9%
Manufacturing and Sales Business	458,620,260	89.0%
Music and Entertainment Business	10,513,580	2.0%
Property Business	6,500,175	1.3%
Trading Business	33,774,464	6.5%
Total revenue	515,533,643	100%

(a) Gaming Distribution Business

During Year 2017, the management of the Group and the senior management team of this segment had redefined the segment's business objectives and strategies. The Group had put more efforts on the sales of the game contents and machines provided by a company incorporated in Hong Kong and mainly engaged in gaming business. Such Hong Kong company is held as to 10% by Power Rank International Limited ("**Power Rank**"), which was disposed of by the Group to a connected party during Year 2017 as set out below. To deliver a better presentation of the business nature, the operating segment was renamed as the Gaming Distribution Business (previously named as the Gaming Business). More games contents and machines were being deployed to the market during Year 2017 and the turnover of this segment increased to approximately HK$1.5 million for Year 2017.

During Year 2017, a sale and purchase agreement was entered into between Dream Class Limited ("**Dream Class**"), a wholly-owned subsidiary of the Company as vendor, and Anchor Kapital Limited, a company which is wholly-owned by the trustee of a discretionary trust of which the immediate family member(s) of Mr. Suek Ka Lun, Ernie (an executive Director and the chairman of the Group) is/are one of the discretionary objects as purchaser in relation to the disposal of entire issued share capital of Power Rank at a consideration of HK$2.34 million. The loss arising from the disposal was approximately HK$5.4 million and was included in the segment loss for the Gaming Distribution Business.

(b) Lending Business

For the financial leasing business in Shanghai, the PRC, no transaction was conducted during Year 2017. The Group was still in search for deals with potential.

For the money lending business in Hong Kong, efforts had been made by the Group to further expand its customer base and loan portfolio during Year 2017. No default had been recorded during Year 2017 and the majority of interest income was received on time. However, due to the keen market competition in Hong Kong and the Group's stringent risk assessments practice on each loan application, loan interest income decreased by approximately 43.9% to approximately HK$4.6 million for Year 2017.

(c) Manufacturing and Sales Business

During Year 2017, the Manufacturing and Sales Business continued to adopt the strategies as in Year 2016 including: (i) continuing cost reduction, as well as efficiency and quality enhancement of the factories in the PRC; and (ii) expansion of sales network to customers with higher profit margin. The new product line, namely paper shopping bags, started to contribute profit to the Manufacturing and Sales Business during Year 2017.

The revenue of this business segment decreased by approximately 7.0% to approximately HK$458.6 million for Year 2017. The drop in revenue was mainly caused by the decrease in export sales which was attributable to the following reasons: firstly, by conducting customer portfolio analysis, the Group reviewed the profit contribution of each customer since Year 2016 and business from customers with lower profit margin were strategically reduced during Year 2017; secondly, given the keen competition of the printing industry, price reduction was commonly requested by the customers, which led to a decrease in revenue. The segment profit for Year 2017 decreased by approximately 25.6% to approximately HK$43.4 million. The segment profit margin for Year 2017 dropped to approximately 9.5%. The drop in profit margin was mainly attributable to:

(i) the decrease in revenue as mentioned above; and

(ii) the increase in materials consumption rate and change of product mix. The prices of materials, especially certain main materials such as paper, increased significantly during Year 2017, which contributed to the increase in materials costs recorded in this segment for Year 2017. However, the impact of such increase in materials prices had been lessened by the various cost control measures adopted by the Group since 2015. These measures were reviewed monthly by the management and the respective department head by checking actual usage against various pre-set key performance indicators and investigation and remedial actions were made immediately as and when necessary.

In addition, it is noted that the revenue from some products with lesser materials requirement decreased for Year 2017 which in turn pushed up the overall materials consumption rate of this segment as a whole.

Combining these two factors, it was noted that the materials consumption rate increased by approximately 5.0% as compared with Year 2016.

However, the drop in segment revenue was partially offset by the following factors:

(i) the staff costs decreased for Year 2017. The ratio of total staff costs to sales for this segment maintained at approximately 30% for both years. During Year 2017, the Group faced the challenges from the upward adjustment of the minimum wage in Shenzhen by the PRC government from RMB2,030 to RMB2,130 and the increase in associated costs. The Group succeeded to manage such increment and maintained the staff costs to sales ratio by decreasing the number of headcount and replacing some old machines by newer models so as to boost production efficiency as a whole; and

(ii) the Group recognised a gain on disposal of machinery and equipment of approximately HK$4.2 million during Year 2017.

(d) Music and Entertainment Business

Loss of this segment for Year 2017 was approximately HK$2.9 million. The change from segment profit to loss was mainly attributable to the following reasons:

(i) during Year 2017, revenue from the Music and Entertainment Business decreased significantly by approximately 61.1% to approximately HK$10.5. Such decrease was mainly due to: (a) the decrease in income from concerts and shows of approximately HK$15.3 million; and (b) the decrease in promotion income and other music and entertainment services income by approximately 52.1% as compared with Year 2016;

(ii) the profit contributed by concerts and shows investment decreased by approximately HK$0.9 million; and

(iii) the absence of film investment income for Year 2017.

During Year 2017, the Group invested in a music concert which is to be performed by a popular Hong Kong singer and held in the PRC in 2018.

(e) Property Business

Property development business

In respect of the investments in Yinghua, on 24 July 2017, the Group served an exercise notice to Kwong Da Enterprises Limited ("**Kwong Da**"), a Hong Kong company which indirectly owns equity interest of Yinghua, to exercise the put option by which Kwong Da shall acquire the entire issued share capital of a subsidiary of the Group which indirectly owns 16.67% shareholding of Yinghua at the put option consideration of RMB30 million. Such put option consideration was calculated by RMB52 million less the repaid amount of the Yinghua Shareholder's Loan as 16.67% of the performance target of Yinghua was less than RMB52 million and no dividend was received by the Group from Yinghua. Completion should have been taken place on or before 10 January 2018 but the Group had agreed with Kwong Da to extend the completion to a day on or before 31 May 2018. As at 31 December 2017, the Group had received a total repayment of RMB30 million in respect of the Yinghua Shareholder's Loan and the outstanding put option consideration was RMB22 million.

In respect of the Litigation against Zhongqing, Zhongqing did not repay any of the outstanding shareholder's loan or interest accrued thereon to Zhongxing Guosheng during Year 2017. The management of the Group is assessing the market condition of Qingyuan City, the PRC and evaluating all possible options to be taken, including but not limited to the disposal or development of the two parcels of land held by Zhongqing and the possible disposal of the Group's equity interest in Zhongqing. The Group will closely monitor the negotiation progress with the business partners and will take further legal actions to protect the Group's interest as and when appropriate.

Property investment business

During Year 2017, the property investment business included (i) the mini storage business; (ii) the office leasing business; and (iii) the leasing of several commercial units to a related company.

Mini storage business

As at 31 December 2017, the occupancy rate of the storage units in the Fanling Building increased to approximately 92%. During Year 2017, resources continued to be put in place for inspecting, improving and maintaining the condition and safety level of the mini storage floors and the whole building. The Group also worked with external professionals to evaluate the safety requirements stipulated by relevant government authorities and estimate the costs that might incur. The Group will continue its marketing efforts put in this business in order to uplift the occupancy rate of the Fanling Building. The Group will also pay close attention to the recent development of the regulations imposed on the mini storage industry.

Office leasing business

Approximately 94% of units under the brand name of "Prime Business Centres" in Kwun Tong were rented out as at 31 December 2017. During Year 2017, the business encountered keen competition in the Kwun Tong district and rental price of offices was lowered so as to attract more tenants. In addition, more marketing efforts were devoted to boost its occupancy rate during Year 2017.

Considering the continuous loss incurred by Estate Summit, the Company assessed the recoverable amount of the loan to Estate Summit taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate, an impairment loss of approximately HK$2.9 million was recognised in respect of loans to joint ventures during Year 2017.

Property leasing and investment

The Yuen Long Properties continued to be leased to a related company of the Group and operating as a karaoke outlet as at 31 December 2017. Approximately 68.3% of revenue of the Property Business was derived from the Yuen Long Properties, which was the main reason for the increase in revenue of the Property Business for Year 2017.

On 30 September 2017, the Group decided to change the intended usage of its commercial property in Beijing, the PRC ("**Beijing Property**") from internal use to leasing. According to the Group's accounting standard, the Beijing Property was re-classified as an investment property and measured at fair value upon the change of property usage. The difference between the fair value and the carrying value of the Beijing Property as at the date of change of property usage was credited to the property valuation reserve of the Group. The change in fair value of the Beijing Property between the date of change of property usage and 31 December 2017 was recorded in the consolidated statement of profit or loss.

According to the Group's accounting standard, the ground floor, 1st, 2nd floor and half floor of 4th floor of the Fanling Building, the Yuen Long Properties and the Beijing Property were classified as investment properties of the Group. The investment properties were carried at market value and a fair value gain of approximately HK$20.3 million was recorded in other gains and losses of the Group for Year 2017.

(f) Trading Business

Revenue from the Trading Business increased by approximately 2.6% to approximately HK$33.8 million for Year 2017. The increase was mainly attributable to the increase in number of orders placed by customers of a Hong Kong trading company, which is one of the authorised dealers of 3M products in Hong Kong.

The segment profit margin slightly increased by approximately 0.6 percentage point to approximately 6.9%, which was mainly due to the tightened cost control measures adopted in the Trading Business. The revenue generated from neighbourhood stores in the PRC represented approximately 1.1% of total revenue of the Trading Business for Year 2017. The Group has operated the business of neighbourhood stores for more than two years. Based on the detailed performance review and analysis by the management, the neighbourhood stores operation might not be able to further develop and generate greater revenue to the Group and thus, the management will review the profitability of the operation and consider the appropriate strategy going forward.

(g) Securities Trading Business

During Year 2017, the Group recorded a fair value loss of approximately HK$19.2 million, a realised loss of approximately HK$2.8 million and a dividend income of approximately HK$1.5 million in respect of Hong Kong listed securities held.

Set out below was the breakdown of the Group's available-for-sale investments and held-for-trading investments as at 31 December 2017:

Description of investments	*Notes*	Form of investments	Principal activities of invested companies as at 31 December 2017	Percentage of total share capital held by the Group as at 31 December 2017	Carrying amount as at 31 December 2017 *HK$*	Percentage to the Group's audited net assets as at 31 December 2017 *(approximate)*	Percentage to the Group's audited total assets as at 31 December 2017 *(approximate)*
Five largest investments of the Group in terms of value							
Wang On Properties Limited (stock code: 01243)		Held-for-trading investment	Property development and property investment	0.4%	71,562,400	7.1%	5.9%
Equity investment in Yinghua		Available-for-sale investment	Property development in the PRC	16.67%	14,192,719	1.4%	1.2%
Equity investment in 深圳市住百家發展股份有限公司		Available-for-sale investment	Overseas short term apartment rentals, bed & breakfast, family inn and accommodation booking website	2.0%	12,007,685	1.2%	1.0%
Power Financial Group Limited (preciously known as Jun Yang Financial Holdings Limited) (stock code: 00397)		Held-for-trading investment	Assets investment, money lending, provision of financial services and green energy related consultancy services and sales of electricity in the PRC	0.7%	7,236,000	0.7%	0.6%
Wang On Group Limited (stock code: 01222)		Held-for-trading investment	Property development and investment in Hong Kong, management and sub-licensing of Chinese wet markets in Hong Kong and/or the PRC and manufacturing and/or retailing of pharmaceutical and health food product	0.3%	6,650,000	0.7%	0.6%
Other investments							
Club membership		Available-for-sale investment	N/A		3,403,700	0.3%	0.3%
Other equity investments, at cost	*(i)*	Available-for-sale investment	N/A		9,459,163	0.9%	0.8%
Other equity securities listed in Hong Kong	*(ii)*	Held-for-trading investment	N/A		21,926,256	2.2%	1.8%
Total					146,437,923	14.5%	12.1%

Notes:

(i) Equity investments carried at cost under the category of available-for-sale investments represented the Group's investments in 12 companies incorporated in Hong Kong, the PRC and overseas.

(ii) Equity securities listed in Hong Kong under the category of held-for-trading investments represented the Group's investments in 17 companies whose shares were listed on the Main Board or GEM of the Stock Exchange.

Each of such investments had a carrying amount accounting for less than 5% of the Group's audited net assets as at 31 December 2017. The Group will carefully study the market and the information related to prospective investees before purchasing any securities and will closely monitor the performance of the securities after purchase as well as adjust the investment strategy in a cautious manner to minimise the impact of market volatility as and when necessary.

Liquidity, financial resources and capital structure

As at 31 December 2017, the Group had short-term bank deposits and cash and cash equivalents of approximately HK$302.6 million and total borrowings of approximately HK$79.4 million.

The total borrowings included the amount due to a related company, bank borrowings, obligations under finance leases and amount due to a non-controlling shareholder of a subsidiary. The amount due to a related company was unsecured, repayable within a period over five years and bore fixed-interest at a range from 18% to 20% per annum. The secured bank borrowings were repayable within five years and carried interest at HIBOR plus 1.85% to 2.5% per annum while the unsecured bank borrowing contained a repayment on demand clause and carried interest at HIBOR plus 1.5% per annum. The obligations under finance leases represented leases of certain motor vehicles for a remaining term of one year at a fixed interest rate of 2.8% per annum. The amount due to a non-controlling shareholder of a subsidiary was unsecured, interest-free and repayable on demand.

All borrowings were denominated in HK dollar and Renminbi and the majority of cash and cash equivalents were denominated in Renminbi, HK dollar and US dollar during Year 2017.

The liquidity of the Group remained strong and healthy for Year 2017 as compared with Year 2016. The gearing ratio of the Group, which was calculated by dividing total borrowings by total equity as at the end of the year and then multiplying it by 100%, decreased to 7.9% as at 31 December 2017 mainly due to partial repayment of the amount due to a related company during Year 2017.

The current ratio and quick ratio as at 31 December 2017 increased as compared with the respective figures as at 31 December 2016. Such increase was mainly attributable to (i) the increase in cash and cash equivalents which was mainly contributed by the compensatory payment under the land swap transaction completed in October 2017 and Yinghua's repayment of the Yinghua Shareholder's Loan; and (ii) the decrease in amount due to a related company.

The Group generally financed its operation with cash flows generated internally and bank facilities obtained in Hong Kong and the PRC during Year 2017. Taking into account the amount of the anticipated funds generated internally and the available banking facilities, the Group will have adequate resources to meet its future capital expenditure and working capital requirements. The Group will continue to implement its prudent policy in managing cash balances, thereby maintaining a strong and healthy liquidity level and ensuring that business opportunity will be promptly seized.

Material acquisitions or disposals

The Group did not have any material acquisition or disposal of subsidiaries or associated companies or joint ventures during Year 2017.

Employee

As at 31 December 2017, the Group had approximately 1,500 full-time employees. Total staff costs (including directors' remuneration) for Year 2017 was approximately HK$157.3 million. The remuneration schemes of the Group were generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff were generally reviewed on an annual basis, depending on the staff's and the Group's performance. Apart from salary payments and contributions to the retirement benefit schemes, other staff benefits included participation in share option scheme and medical insurance for eligible employees. In-house and external training programmes were also provided as and when required.

Pledge of assets

As at 31 December 2017, the Group had pledged leasehold building and investment properties with an aggregate carrying value of approximately HK$222.4 million to secure 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 2017.

Future plan for material investments or capital assets

For Year 2017, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$13.6 million. The capital expenditure for Year 2017 was mainly attributable to the acquisition of machinery for production in the PRC and motor vehicles for business use.

As at 31 December 2017, the Group had capital commitments of approximately HK$7.8 million which had been contracted for but had not been provided for in the financial statements for the acquisition of property, plant and equipment. The Group did not have any capital commitments for the acquisition of property, plant and equipment that had been authorised but not contracted for during Year 2017. The Group expects to finance the capital commitments by internal resources.

Foreign exchange exposure

The Group's sales and purchases were principally denominated in Renminbi, HK dollar and US dollar during Year 2017. Except for Renminbi, there was no significant fluctuation in the exchange rate of HK dollar and US dollar throughout Year 2017. The management will closely monitor the foreign exchange rate risk of Renminbi and identify potential significant adverse impact (if any) it may cause on the PRC operations of the Group. If necessary, the Group will consider using appropriate hedging solutions. The Group had not used any financial instrument for hedging purpose during Year 2017 and it did not have any outstanding hedging instrument as at 31 December 2017.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2017.

Set out below are the financial information of the Target which comprises the unaudited statement of financial position of the Target as at 31 December 2017 and the unaudited statement of profit or loss and other comprehensive income and unaudited statement of changes in equity of the Target for the period from 10 January 2017 (date of incorporation) to 31 December 2017 and certain explanatory notes ("**Zen Vantage Financial Information**"). The Target had no cash transaction during the reporting period and all the expenses incurred during the period were paid by a fellow subsidiary. Accordingly, no statement of cash flows has been prepared.

The Zen Vantage Financial Information has been prepared and presented on the basis as set out in note 2 to the Zen Vantage Financial Information and Rule 14.68(2)(a)(i)(A) of the Listing Rules.

The reporting accountants of the Target, Deloitte Touche Tohmatsu, were engaged to review the Zen Vantage Financial Information set out on pages IIA-2 to IIA-5 of this circular in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Zen Vantage Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Zen Vantage Financial Information.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 10 JANUARY 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017

	HK$
Administrative expenses	(8,292)
Loss before taxation	(8,292)
Income tax expense	–
Loss and total comprehensive expense for the period	(8,292)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	HK$
Current asset	
Amount due from immediate holding company	8
Current liability	
Amount due to a fellow subsidiary	8,292
Net liabilities	(8,284)
Capital and reserve	
Share capital	8
Accumulated loss	(8,292)
	(8,284)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 10 JANUARY 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017

	Share capital	Accumulated loss	Total
	HK$	*HK$*	*HK$*
At 10 January 2017 (date of incorporation)	8	–	8
Loss and total comprehensive expense for the period	–	(8,292)	(8,292)
At 31 December 2017	8	(8,292)	(8,284)

NOTES TO THE UNAUDITED FINANCIAL INFORMATION
FOR THE PERIOD FROM 10 JANUARY 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017

1. General

Zen Vantage Limited ("**Zen Vantage**") was incorporated in British Virgin Islands as an exempted company with limited liability under the British Virgin Islands Business Companies Act.

Zen Vantage is inactive during the period.

Zen Vantage had no cash transaction during the period and all the expenses incurred during the period were paid by a fellow subsidiary. Accordingly, no statement of cash flows has been prepared.

2. Basis of preparation of the unaudited financial information

The financial information of Zen Vantage for the period from 10 January 2017 (date of incorporation) to 31 December 2017 ("**Zen Vantage Financial Information**") has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by Neway Group Holdings Limited ("**Company**") in connection with the very substantial disposal of the entire issued share capital of, and the shareholder's loan to, Zen Vantage on 25 June 2018.

The Zen Vantage Financial Information has been prepared using the same accounting policies as those adopted by the Company and its subsidiaries for the year ended 31 December 2017, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The Zen Vantage Financial Information neither contains sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA. It should be read in connection with the Company's relevant published annual financial statements.

Set out below are the financial information of CTC and its subsidiaries (collectively known as the "**CTC Group**") which comprises the unaudited consolidated statements of financial position of the CTC Group as at 31 December 2015, 2016 and 2017 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the CTC Group for each of the years then ended and certain explanatory notes ("**CTC Group Financial Information**").

The CTC Group Financial Information has been prepared and presented on the basis as set out in note 2 to the CTC Group Financial Information and Rule 14.68(2)(a)(i)(A) of the Listing Rules.

The reporting accountants of CTC, Deloitte Touche Tohmatsu, were engaged to review the CTC Group Financial Information set out on pages IIB-2 to IIB-10 of this circular in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the CTC Group Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the CTC Group Financial Information.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE YEARS ENDED 31 DECEMBER 2017

	Year ended 31 December		
	2015	**2016**	**2017**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)
Revenue	370,904,745	409,123,068	368,087,186
Cost of sales	(318,930,810)	(268,777,380)	(259,767,372)
Gross profit	51,973,935	140,345,688	108,319,814
Interest income	96,283	40,084	41,813
Other income	1,460,906	1,090,308	344,600
Selling and distribution expenses	(24,910,338)	(20,748,836)	(16,810,757)
Administrative expenses	(67,509,956)	(60,905,682)	(66,098,600)
Other gains and losses	(6,247,607)	3,609,405	712,809
Finance costs	(2,448,545)	(2,476,909)	(2,808,946)
(Loss) profit before taxation	(47,585,322)	60,954,058	23,700,733
Income tax expense	(592,031)	(38,413)	(2,548,855)
(Loss) profit for the year	(48,177,353)	60,915,645	21,151,878
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation	4,493,300	(8,337,886)	9,259,403
Total comprehensive (expense) income for the year	(43,684,053)	52,577,759	30,411,281

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	At 31 December		
	2015	**2016**	**2017**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)
Non-current assets			
Property, plant and equipment	89,334,037	81,162,435	91,955,457
Prepaid lease payments	2,542,635	2,454,025	2,365,415
Deposit paid for acquisition of property, plant and equipment	–	1,370,661	3,677,990
	91,876,672	84,987,121	97,998,862
Current assets			
Inventories	22,769,988	20,279,269	24,047,461
Trade and other receivables, prepayments and deposits	92,184,780	103,164,332	101,674,667
Loans to joint ventures of a fellow subsidiary	96,431	179,406	184,008
Prepaid lease payments	88,610	88,610	88,610
Amount due from a related company	38,640	143,782	4,500
Cash and cash equivalents	18,872,794	42,969,622	45,637,002
	134,051,243	166,825,021	171,636,248

	At 31 December		
	2015	**2016**	**2017**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)
Current liabilities			
Trade and other payables and accruals	70,759,746	61,969,467	60,096,850
Tax liabilities	319,719	503,607	1,369,365
Amounts due to fellow subsidiaries	181,599,569	134,903,290	123,321,836
Bank borrowings	6,000,000	35,000,000	35,000,000
	258,679,034	232,376,364	219,788,051
Net current liabilities	(124,627,791)	(65,551,343)	(48,151,803)
Total assets less current liabilities	(32,751,119)	19,435,778	49,847,059
Non-current liability			
Deferred tax liabilities	627,051	236,189	236,189
Net (liabilities) assets	(33,378,170)	19,199,589	49,610,870
Capital and reserves			
Share capital	11,000	11,000	11,000
Reserves	(33,389,170)	19,188,589	49,599,870
Total equity	(33,378,170)	19,199,589	49,610,870

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Translation reserves	Accumulated (losses) profits	Total
	HK$	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2015	11,000	18,316,622	(8,021,739)	10,305,883
Loss for the year	–	–	(48,177,353)	(48,177,353)
Exchange differences arising on translation of foreign operation	–	4,493,300	–	4,493,300
At 31 December 2015	11,000	22,809,922	(56,199,092)	(33,378,170)
Profit for the year	–	–	60,915,645	60,915,645
Exchange differences arising on translation of foreign operation	–	(8,337,886)	–	(8,337,886)
At 31 December 2016	11,000	14,472,036	4,716,553	19,199,589
Profit for the year	–	–	21,151,878	21,151,878
Exchange differences arising on translation of foreign operation	–	9,259,403	–	9,259,403
At 31 December 2017	11,000	23,731,439	25,868,431	49,610,870

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE YEARS ENDED 31 DECEMBER 2017

	Year ended 31 December		
	2015	**2016**	**2017**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)
OPERATING ACTIVITIES			
(Loss) profit before taxation	(47,585,322)	60,954,058	23,700,733
Adjustments for:			
Provision for (reversal of) bad and doubtful debts, net	–	1,771,042	(1,275,120)
Depreciation of property, plant and equipment	3,843,787	3,342,961	3,758,877
Amortisation of prepaid lease payments	88,610	88,610	88,610
Impairment loss on property, plant and equipment	9,156,985	–	–
Gain on disposal of property, plant and equipment	–	–	(4,244,150)
Interest expense	2,448,545	2,476,909	2,808,946
Interest income	(96,283)	(40,084)	(41,813)
Operating cash flows before movements in working capital	(32,143,678)	68,593,496	24,796,083
Decrease (increase) in inventories	11,660,741	925,187	(2,087,496)
(Increase) decrease in trade and other receivables, prepayments and deposits	(9,377,872)	(15,587,041)	3,255,745
(Increase) decrease in amount due from a related company	(13,360)	(133,722)	139,282
Increase (decrease) in trade and other payables and accruals	12,367,455	(7,608,644)	(4,167,895)
Cash (used in) from operations	(17,506,714)	46,189,276	21,935,719
Hong Kong Profit Tax paid	(1,216,870)	–	–
Overseas tax paid	(1,363,658)	(215,503)	(1,752,188)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(20,087,242)	45,973,773	20,183,531

	Year ended 31 December		
	2015	**2016**	**2017**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)
INVESTING ACTIVITIES			
Deposit paid for acquisition of property, plant and equipment	–	(1,370,661)	(3,677,990)
Purchase of property, plant and equipment	(1,356,032)	(116,730)	(904,735)
Proceeds from disposal of property, plant and equipment	–	–	4,268,943
Loans to joint ventures of a fellow subsidiary	(41,431)	(82,975)	–
Interest received	96,283	40,084	41,813
NET CASH USED IN INVESTING ACTIVITIES	(1,301,180)	(1,530,282)	(271,969)
FINANCING ACTIVITIES			
Repayment of bank borrowings	–	(6,000,000)	–
New bank borrowings raised	–	35,000,000	–
Repayment to fellow subsidiaries	(25,601,201)	(62,805,665)	(21,478,753)
Advances from fellow subsidiaries	30,678,318	16,109,386	6,940,899
Interest paid	(2,448,545)	(2,476,909)	(2,808,946)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	2,628,572	(20,173,188)	(17,346,800)

	Year ended 31 December		
	2015	**2016**	**2017**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,759,850)	24,270,303	2,564,762
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	37,349,780	18,872,794	42,969,622
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	282,864	(173,475)	102,618
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,872,794	42,969,622	45,637,002
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	18,872,794	42,969,622	45,637,002

NOTES TO THE UNAUDITED FINANCIAL INFORMATION
FOR THE THREE YEARS ENDED 31 DECEMBER 2017

1. General

Chung Tai Printing (China) Company Limited ("**CTC**") was incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622, Laws of Hong Kong) ("**Companies Ordinance**").

The unaudited consolidated financial information of CTC and its subsidiaries ("**CTC Group**") for the three years ended 31 December 2015, 2016 and 2017 have been prepared solely for the purpose of inclusion in the circular to be issued by Neway Group Holdings Limited ("**Company**") in connection with the very substantial disposal of the entire issued share capital of, and the shareholder's loan to, Zen Vantage Limited in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. CTC, as a wholly-owned subsidiary of the Company, has applied section 379(3) of the Companies Ordinance to prepare company level financial statements as the CTC's statutory financial statements. Consequently, these unaudited consolidated financial information does not constitute CTC's statutory financial statements for the three years ended 31 December 2015, 2016 and 2017. Information relating to CTC's statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As CTC is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

CTC's auditor has reported on the company level financial statements for the years ended 31 December 2015 and 2016. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance. The company level financial statements of CTC for the year ended 31 December 2017 have yet to be reported on by CTC's auditor.

The CTC Group is principally engaged in the sale of label, packaging and paper products and printing products.

2. Basis of preparation of the unaudited financial information

The financial information of the CTC Group for the three years ended 31 December 2017 ("**CTC Group Financial Information**") has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the very substantial disposal of the entire issued share capital of, and the shareholder's loan to, Zen Vantage Limited on 25 June 2018.

The CTC Group Financial Information has been prepared using the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The CTC Group Financial Information neither contains sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA. It should be read in connection with the Company's relevant published annual financial statements.

The CTC Group Financial Information has been prepared on a going concern basis because CTC's ultimate holding company has agreed to provide adequate funds to enable CTC to meet in full its financial obligations as they fall due for the foreseeable future.

(A) THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE LISTCO REMAINING GROUP

In connection with the proposed disposal of the entire issued share capital of, and the shareholder's loan to, the Target by the Vendor, the unaudited pro forma financial information of the Listco Remaining Group has been prepared to illustrate the effect of the proposed Disposal on the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the Disposal had been completed at 31 December 2017 and 1 January 2017 respectively.

The unaudited pro forma consolidated statement of financial position of the Listco Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2017, which has been extracted from the published annual report of the Company for the year ended 31 December 2017.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Listco Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017, which have been extracted from the published annual report of the Company for the year ended 31 December 2017.

The unaudited pro forma financial information of the Listco Remaining Group has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules and solely for the purpose to illustrate (a) the financial position of the Listco Remaining Group as if the Disposal had been completed on 31 December 2017; and (b) the financial results and cash flows of the Listco Remaining Group as if the Disposal had been completed on 1 January 2017.

The unaudited pro forma financial information of the Listco Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the proposed Disposal that are (i) directly attributable to the transaction; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Listco Remaining Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Listco Remaining Group may not purport to predict what the financial position of the Listco Remaining Group would have been if the Disposal had been completed at 31 December 2017 or at any future dates, or what the financial results and cash flows of the Listco Remaining Group for the year ended 31 December 2017 or for any future periods would have been if the Disposal had been completed at 1 January 2017.

The unaudited pro forma financial information of the Listco Remaining Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and the financial information of the Target and CTC and its subsidiaries as set out in Appendix IIA and Appendix IIB, to this circular respectively, and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE LISTCO REMAINING GROUP AS AT 31 DECEMBER 2017

	The Group	The Target	CTC Group	Transfer upon Reorganisation and Business Transfer	Adjusted Disposal Group	Pro Forma adjustment	The Listco Remaining Group
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Note 1	*Note 2*	*Note 2*	*Note 3*		*Note 4*	
Non-current assets							
Property, plant and equipment	125,412,446	–	(91,955,457)	12,134,434	(79,821,023)		45,591,423
Prepaid lease payments	63,444,314	–	(2,365,415)	–	(2,365,415)		61,078,899
Investment properties	229,165,879	–	–	–	–		229,165,879
Available-for-sale investments	24,870,548	–	–	–	–		24,870,548
Interests in joint ventures	421,268	–	–	–	–		421,268
Deposits paid for acquisition of property, plant and equipment	5,543,984	–	(3,677,990)	3,677,990	–		5,543,984
	448,858,439	–	(97,998,862)	15,812,424	(82,186,438)		366,672,001
Current assets							
Inventories and record masters	42,551,931	–	(24,047,461)	24,047,461	–		42,551,931
Properties under development for sale	45,351,716	–	–	–	–		45,351,716
Held-for-trading investments	107,374,656	–	–	–	–		107,374,656
Derivative financial instrument	7,851,180	–	–	–	–		7,851,180
Available-for-sale investments	14,192,719	–	–	–	–		14,192,719
Trade and other receivables, prepayments and deposits	200,166,882	–	(101,674,667)	98,199,667	(3,475,000)		196,691,882
Loans to joint ventures	3,874,009	–	(184,008)	184,008	–		3,874,009
Loans receivable	31,055,801	–	–	–	–		31,055,801
Prepaid lease payments	1,345,094	–	(88,610)	–	(88,610)		1,256,484
Amount due from a related company	1,310,456	–	(4,500)	4,500	–		1,310,456
Amount due from the Listco Remaining Group	–	(8)	–	8	–		–
Short-term bank deposits	102,879,162	–	–	–	–		102,879,162
Cash and cash equivalents	199,687,987	–	(45,637,002)	45,637,002	–	150,007,110	349,695,097
	757,641,593	(8)	(171,636,248)	168,072,646	(3,563,610)		904,085,093
Current liabilities							
Trade and other payables and accruals	102,238,651	–	(60,096,850)	60,096,850	–		102,238,651
Tax liabilities	4,656,583	–	(1,369,365)	–	(1,369,365)	12,063,334	15,350,552
Amount due to a non-controlling shareholder of a subsidiary	18,011,527	–	–	–	–		18,011,527
Amount due to a related company	903,191	–	–	–	–		903,191
Amounts due to the Listco Remaining Group	–	(8,292)	(123,321,836)	88,788,220	(34,541,908)	34,541,908	–
Obligations under finance leases – due within one year	182,179	–	–	–	–		182,179
Bank borrowings	59,892,800	–	(35,000,000)	35,000,000	–		59,892,800
	185,884,931	(8,292)	(219,788,051)	183,885,070	(35,911,273)		196,578,900

	The Group	The Target	CTC Group	Transfer upon Reorganisation and Business Transfer	Adjusted Disposal Group	Pro Forma adjustment	The Listco Remaining Group
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Note 1	*Note 2*	*Note 2*	*Note 3*		*Note 4*	
Net current assets (liabilities)	571,756,662	8,284	48,151,803	(15,812,424)	32,347,663		707,506,193
Total assets less current liabilities	1,020,615,101	8,284	(49,847,059)	–	(49,838,775)		1,074,178,194
Non-current liabilities							
Amount due to a related company	380,146	–	–	–	–		380,146
Deferred taxation	10,722,401	–	(236,189)	–	(236,189)		10,486,212
	11,102,547	–	(236,189)	–	(236,189)		10,866,358
Net assets	1,009,512,554	8,284	(49,610,870)	–	(49,602,586)		1,063,311,836
Capital and reserves							
Share capital	2,536,395						2,536,395
Reserves	1,008,687,044					53,799,282	1,062,486,326
Equity attributable to owners of the Company	1,011,223,439						1,065,022,721
Non-controlling interests	(1,710,885)						(1,710,885)
Net assets	1,009,512,554						1,063,311,836

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE LISTCO REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group	The Target	CTC Group	Transfer upon Reorganisation and Business Transfer	Adjusted Disposal Group	Pro forma adjustments		The Listco Remaining Group
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Note 1	*Note 5*	*Note 5*	*Note 6*		*Note 7*	*Note 8*	
Revenue	515,533,643	–	(368,087,186)	368,087,186	–			515,533,643
Cost of sales	(356,859,195)	–	259,767,372	(256,463,161)	3,304,211		(3,348,962)	(356,903,946)
Gross profit	158,674,448	–	(108,319,814)	111,624,025	3,304,211			158,629,697
Interest income	1,932,508	–	(41,813)	41,813	–			1,932,508
Other income	3,168,076	–	(344,600)	344,600	–			3,168,076
Selling and distribution expenses	(26,041,840)	–	16,810,757	(16,810,757)	–			(26,041,840)
Administrative expenses	(123,099,454)	8,292	66,098,600	(66,098,600)	8,292			(123,091,162)
Other gains and losses	41,317,618	–	(712,809)	712,809	–	69,922,054		111,239,672
Finance costs	(2,509,172)	–	2,808,946	(2,808,946)	–			(2,509,172)
Share of results of joint ventures	(1,349,720)	–	–	–	–			(1,349,720)
Profit before taxation	52,092,464	8,292	(23,700,733)	27,004,944	3,312,503			121,978,059
Taxation	(4,142,567)	–	2,548,855	(2,548,855)	–	(12,177,040)		(16,319,607)
Profit for the year	47,949,897	8,292	(21,151,878)	24,456,089	3,312,503			105,658,452
Other comprehensive income (expenses):								
Item that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	40,699,906	–	(9,259,403)	9,259,403	–			40,699,906
Items that will not reclassified to profit or loss:								
Surplus on transfer from property, plant and equipment to investment properties	9,371,865	–	–	–	–			9,371,865
Deferred tax arising from transfer from property, plant and equipment to investment properties	(2,342,966)	–	–	–	–			(2,342,966)
	47,728,805	–	(9,259,403)	9,259,403	–			47,728,805
Total comprehensive income for the year	95,678,702	8,292	(30,411,281)	33,715,492	3,312,503			153,387,257
Profit (loss) for the year attributable to:								
Owners of the Company	48,145,604	8,292	(21,151,878)	24,456,089	3,312,503	57,745,014	(3,348,962)	105,854,159
Non-controlling interests	(195,707)	–	–	–	–			(195,707)
	47,949,897	8,292	(21,151,878)	24,456,089	3,312,503			105,658,452
Total comprehensive income (expense) for the year attributable to:								
Owners of the Company	94,849,265	8,292	(30,411,281)	33,715,492	3,312,503	57,745,014	(3,348,962)	152,557,820
Non-controlling interests	829,437	–	–	–	–			829,437
	95,678,702	8,292	(30,411,281)	33,715,492	3,312,503			153,387,257

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE LISTCO REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group	The Target	CTC Group	Transfer upon Reorganisation and Business Transfer	Adjusted Disposal Group	Pro Forma adjustments		The Listco Remaining Group
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
	Note 1	Note 5	Note 5	Note 6		Note 7	Note 8	
OPERATING ACTIVITIES								
Profit before taxation	52,092,464	8,292	(23,700,733)	27,004,944	3,312,503	69,922,054	(3,348,962)	121,978,059
Adjustments for:								
Reversal of allowance on bad and doubtful debts, net	(1,150,168)	–	1,275,120	(1,275,120)	–			(1,150,168)
Write-down on inventories	543,411	–	–	–	–			543,411
Depreciation of property, plant and equipment	10,273,310	–	(3,758,877)	543,276	(3,215,601)			7,057,709
Amortisation of prepaid lease payments	1,031,454	–	(88,610)	–	(88,610)			942,844
Gain on disposal of property, plant and equipment	(4,244,150)	–	4,244,150	(4,244,150)	–			(4,244,150)
Loss (gain) on disposal of a subsidiary	5,396,840	–	–	–	–	(69,922,054)		(64,525,214)
Gain on land swap transaction	(46,611,407)	–	–	–	–			(46,611,407)
Change in fair value of investment properties	(20,273,024)	–	–	–	–			(20,273,024)
Impairment loss recognised in respect of loans to joint ventures	2,874,868	–	–	–	–			2,874,868
Change in fair value of derivative financial instrument	2,837,217	–	–	–	–			2,837,217
Share of results of joint ventures	1,349,720	–	–	–	–			1,349,720
Dividend income	(1,518,823)	–	–	–	–			(1,518,823)
Interest expense	2,509,172	–	(2,808,946)	2,808,946	–			2,509,172
Interest income	(1,932,508)	–	41,813	(41,813)	–			(1,932,508)
Operating cash flows before movements in working capital	3,178,376	8,292	(24,796,083)	24,796,083	8,292			(162,294)
Increase in inventories and record masters	(6,379,932)	–	2,087,496	(2,087,496)	–			(6,379,932)
Increase in trade and other receivables, prepayments and deposits	(17,876,120)	–	(3,255,745)	3,255,745	–			(17,876,120)
Decrease in amount due from a related company	171,090	–	(139,282)	139,282	–			171,090
Decrease in held-for-trading investments	24,872,700	–	–	–	–			24,872,700
Decrease in loans receivable	5,729,542	–	–	–	–			5,729,542
Increase in trade and other payables and accruals	171,290	–	4,167,895	(4,167,895)	–			171,290
Cash from operations	9,866,946	8,292	(21,935,719)	21,935,719	8,292			6,526,276
Dividend income	1,518,823	–	–	–	–			1,518,823
Hong Kong Profits Tax paid	(610,195)	–	–	–	–			(610,195)
Overseas tax paid	(2,897,465)	–	1,752,188	(1,752,188)	–			(2,897,465)
NET CASH FROM OPERATING ACTIVITIES	7,878,109	8,292	(20,183,531)	20,183,531	8,292			4,537,439

	The Group	The Target	CTC Group	Transfer upon Reorganisation and Business Transfer	Adjusted Disposal Group	Pro Forma adjustments		The Listco Remaining Group
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Note 1	*Note 5*	*Note 5*	*Note 6*		*Note 7*	*Note 8*	
INVESTING ACTIVITIES								
Investment in available-for-sale investments	(3,505,900)	–	–	–	–			(3,505,900)
Repayment from loan to an available-for-sale investee	32,362,460	–	–	–	–			32,362,460
Deposit paid for acquisition of property, plant and equipment	(5,543,984)	–	3,677,990	(3,677,990)	–			(5,543,984)
Placement of short-term bank deposits	(64,101,510)	–	–	–	–			(64,101,510)
Withdrawal of short-term bank deposits	28,164,048	–	–	–	–			28,164,048
Disposal of a subsidiary	2,340,000	–	–	–	–	151,144,161		153,484,161
Loans to joint ventures	(3,013,772)	–	–	–	–			(3,013,772)
Repayment from loan to a joint venture	1,000,000	–	–	–	–			1,000,000
Purchases of property, plant and equipment	(12,257,936)	–	904,735	(904,735)	–			(12,257,936)
Proceeds from disposal of property, plant and equipment	4,268,943	–	(4,268,943)	4,268,943	–			4,268,943
Compensation received for land swap transaction	52,022,307	–	–	–	–			52,022,307
Interest received	1,932,508	–	(41,813)	41,813	–			1,932,508
NET CASH FROM INVESTING ACTIVITIES	33,667,164	–	271,969	(271,969)	–			184,811,325
FINANCING ACTIVITIES								
Repayment of bank borrowings	(1,450,400)	–	–	–	–			(1,450,400)
Repayment to a related company	(10,675,637)	–	–	–	–			(10,675,637)
Advance to Disposal Group	–	(8,292)	–	–	(8,292)			(8,292)
Repayment of obligations under finance leases	(236,890)	–	–	–	–			(236,890)
Advance from Listco Remaining Group	–	–	(6,940,899)	6,940,899	–			–
Repayment to Listco Remaining Group	–	–	21,478,753	(21,478,753)	–			–
Interest paid	(2,509,172)	–	2,808,946	(2,808,946)	–			(2,509,172)
CASH USED IN FINANCING ACTIVITIES	(14,872,099)	(8,292)	17,346,800	(17,346,800)	(8,292)			(14,880,391)
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,673,174	–	(2,564,762)	2,564,762	–			174,468,373
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	165,573,968	–	(42,969,622)	42,969,622	–			165,573,968
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	7,440,845	–	(102,618)	102,618	–			7,440,845
CASH AND CASH EQUIVALENT AT END OF THE YEAR	199,687,987	–	(45,637,002)	45,637,002	–			347,483,186

Notes:

(1) The audited consolidated statement of financial position of the Group as at 31 December 2017 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2017 are extracted from the annual report of the Company for the year ended 31 December 2017.

(2) The adjustment represents the exclusion of the assets and liabilities of the Target and CTC and its subsidiaries ("**CTC Group**") as at 31 December 2017, assuming the Disposal had taken place on 31 December 2017. The assets and liabilities of the Target and the CTC Group are extracted from the statement of financial position of the Target set out in Appendix IIA to this circular and the consolidated statement of financial position of the CTC Group set out in Appendix IIB to this circular, respectively.

(3) The adjustment represents the exclusion of assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda upon completion of the Reorganisation and certain assets and liabilities of CTC upon completion of the Business Transfer as part of the conditions precedent to the completion of the Disposal, assuming the Disposal had taken place on 31 December 2017. As represented by the Directors, the assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda and certain assets and liabilities of CTC will be transferred to the Listco Remaining Group upon completion of the Reorganisaion and the Business Transfer through the current account between CTC and the Listco Remaining Group. The remaining assets and liabilities of the Target, CTC and CTP upon completion of the Reorganisaion and the Business Transfer represent the Owned Properties and Leased Properties of HK$82,275,048 (which is recognised as buildings included in property, plant and equipment of HK$79,821,023 and prepaid lease payments of HK$2,454,025), certain other receivables of HK$3,475,000, tax liabilities of HK$1,369,365, deferred tax liabilities of HK$236,189 and remaining Sale Debt of HK$34,541,908 (after exclusion of assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda upon completion of the Reorganisation and certain assets and liabilities of CTC upon completion of the Business Transfer as stated in (2) above) as at 31 December 2017.

(4) The adjustments reflect the cash consideration received upon completion of the Disposal amounting to HK$151,261,010, and pro forma gain on Disposal of HK$53,799,282. The calculation of the pro forma gain on Disposal is stated as follows, assuming the Disposal had taken place on 31 December 2017:

	HK$
Calculation of pro forma gain on Disposal:	
Net liabilities of the Target as at 31 December 2017 *(note a)*	(8,284)
Net assets of CTC Group as at 31 December 2017 *(note a)*	49,610,870
Exclusion of assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda from CTC Group and certain assets and liabilities of CTC upon completion of the Business Transfer *(note b)*	–
	49,602,586
Less: cash consideration *(note c)*	(151,261,010)
Add: Transfer of Sale Debt *(note d)*	34,541,908
Add: estimated professional fees and other expenses directly attributable to the Disposal *(note e)*	1,253,900
Add: estimated withholding tax on the Disposal *(note f)*	12,063,334
Gain on Disposal	(53,799,282)
Cash received upon the Disposal	151,261,010
Less: estimated professional fees and other expenses directly attributable to the Disposal *(note e)*	(1,253,900)
Cash received upon completion of the Disposal as at 31 December 2017	150,007,110

Notes:

(a) The amount represents the net liabilities of the Target and net assets of CTC Group as at 31 December 2017 as extracted from the statement of financial position of the Target and consolidated statement of financial position of the CTC Group set out in Appendix IIA and Appendix IIB to this circular, respectively.

(b) The amount represents the items described in note (3) above.

(c) The consideration is adjusted to HK$151,261,010 based on the valuation of the Owned Properties of HK$140,344,358 carried out by Peak Vision Appraisals Limited, an independent professional valuer not connected with the Group, and the Completion NAV of HK$10,916,652 (with exclusion of the Sale Debt), which comprised of property, plant and equipment other than the Owned Properties of HK$9,047,206, other receivables of HK$3,475,000, tax liabilities of HK$1,369,365 and deferred tax liabilities of HK$236,189 as at 31 December 2017.

(d) The amount represents the transfer of the Sale Debt to the Purchaser upon the completion of the items described in note (3) above.

(e) The adjustment represents the recognition of the estimated transaction costs of approximately HK$1,253,900, including but not limited to legal and professional fees, directly attributable to the Disposal as estimated by the Directors.

(f) The adjustment represents the accrual of the potential withholding tax impact on the gain of Disposal resulting from the disposal of assets located in the PRC, which is calculated based on the relevant PRC tax rule and the best estimate of the Directors. The actual withholding tax arising from the Disposal may be different from the amount presented in this unaudited pro forma financial information and the actual tax liabilities may be different.

(5) The adjustment represents the exclusion of the results and cash flows of the Target and the CTC Group for the year ended 31 December 2017, assuming the Disposal had taken place on 1 January 2017. The results and cash flows of the Target and the CTC Group are extracted from the statement of profit or loss and other comprehensive income of the Target set out in Appendix IIA to this circular and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the CTC Group set out in Appendix IIB to this circular, respectively.

(6) The adjustment represents the inclusion of the results and cash flows of Neway Chung Tai (SZ) and Neway Fuda upon completion of the Reorganisation and the results and cash flows of the sale of printing products business of CTC upon completion of the Business Transfer as part of the conditions precedent to the completion of the Disposal. The remaining results of the Target and CTC represent the administrative expenses incurred by the Target of HK$8,292 and the depreciation of building portion of Owned Properties and Leased Properties of HK$3,215,601 and amortisation of prepaid lease payments of HK$88,610.

(7) The adjustments reflect the disposal of the Target by the Group, assuming the Disposal had taken place on 1 January 2017:

	HK$
Calculation of pro forma gain on the Disposal:	
Net assets of the Target as at 1 January 2017 *(note a)*	–
Net assets of CTC Group as at 1 January 2017 *(note a)*	19,199,589
Exclusion of assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda from CTC Group and certain assets and liabilities of CTC upon completion of the Business Transfer *(note b)*	–
	19,199,589
Less: cash consideration *(note c)*	(152,398,061)
Add: Transfer of Sale Debt *(note d)*	62,022,518
Add: estimated professional fees and other expenses directly attributable to the Disposal *(note e)*	1,253,900
Gain on Disposal	(69,922,054)
Add: estimated withholding tax on the Disposal *(note f)*	12,177,040
Gain on Disposal (net of tax)	(57,745,014)
Cash received upon the Disposal	152,398,061
Less: estimated professional fees and other expenses directly attributable to the Disposal *(note e)*	(1,253,900)
Cash received upon completion of the Disposal as at 1 January 2017	151,144,161

Notes:

(a) The amount represents the net assets of the CTC Group as at 1 January 2017 as extracted from the consolidated statement of financial position of the CTC Group set out in Appendix IIB to this circular. The Target is assumed to be set up on 1 January 2017 with zero net asset value.

(b) The adjustment represents the exclusion of assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda upon completion of the Reorganisation and certain assets and liabilities of CTC upon completion of the Business Transfer as part of the conditions precedent to the completion of the Disposal. As represented by the Directors, the assets and liabilities of Neway Chung Tai (SZ) and Neway Fuda and certain assets and liabilities of CTC will be transferred to the Listco Remaining Group upon completion of the Reorganisation and the Business Transfer through the current account between CTC and the Listco Remaining Group and thus there is no effect on the net assets of CTC.

(c) The consideration is adjusted to HK$152,398,061 based on the valuation of the Owned Properties of HK$140,344,358 carried out by Peak Vision Appraisals Limited, an independent professional valuer not connected with the Group, and the Completion NAV of HK$12,053,703 (with exclusion of the Sale Debt), which comprised of property, plant and equipment other than the Owned Properties of HK$9,318,499, other receivables of HK$3,475,000, tax liabilities of HK$503,607 and deferred tax liabilities of HK$236,189 as at 1 January 2017.

(d) The amount represents the transfer of the Sale Debt to the Purchaser upon the completion of the items described in note (7)(b) above.

(e) The adjustment represents the recognition of the estimated transactions costs of approximately HK$1,253,900, including but not limited to legal and professional fees, directly attributable to the Disposal as estimated by the Directors.

(f) The adjustment represents the accrual of the potential withholding tax impact on the gain of Disposal resulting from the disposal of assets located in the PRC, which is calculated based on the relevant PRC tax rule and the best estimate of the Directors. The actual withholding tax arising from the Disposal may be different from the amount presented in this unaudited pro forma financial information and the actual gain on Disposal after tax may be different.

(8) The adjustment represents the rental expenses in relation to the Owned Properties and the Leased Properties based on the existing lease agreement signed between Neway Chung Tai (SZ) and CTC after completion of the Disposal for the operation of manufacturing and sale of printing products incurred by the Listco Remaining Group, assuming the amount was paid during the year ended 31 December 2017.

(9) Other than set out above, no other adjustment has been made to reflect any trading results, cash flows or other transactions of the Group entered into subsequent to 31 December 2017 or 1 January 2017 respectively for the preparation of the unaudited pro forma consolidated statement of financial position of the Listco Remaining Group as at 31 December 2017 or the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Listco Remaining Group for the year ended 31 December 2017.

(B) ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Listco Remaining Group prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF NEWAY GROUP HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Neway Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 31 December 2017, the unaudited pro forma statement of profit or loss and other comprehensive income and the unaudited pro forma statement of cash flows for the year ended 31 December 2017 and related notes as set out on pages III-1 to III-11 of the circular issued by the Company dated 25 June 2018 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are set out in Section A of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial disposal of the entire issued share capital of, and the shareholder's loan to, Zen Vantage Limited on the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the transaction had taken place at 31 December 2017 and 1 January 2017, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2017, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 or 1 January 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2018

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of the market value of the Owned Properties as at 30 April 2018.

Peak Vision
Appraisals Limited

Unit 702, 7th Floor
Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

25 June 2018

The Board of Directors
Neway Group Holdings Limited
Chung Tai Printing Group Building
11 Yip Cheong Street
On Lok Tsuen
Fanling
New Territories
Hong Kong

Dear Sirs,

Re: An industrial complex erected on Land Lot No. G08218-9 located at No. 6275 Longgang Boulevard (Henggang Section), Bao'an Village, Henggang Town, Longgang District, Shenzhen, the People's Republic of China

In accordance with the instruction from Neway Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") for us to value the captioned property located in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 30 April 2018 (the "**Valuation Date**") for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property which is held for owner occupation, due to the nature of buildings and structures constructed, there are no readily identifiable market comparables and accordingly the property cannot be valued by comparison with open market transactions. Therefore, we have adopted the Depreciated Replacement Cost ("**DRC**") Method in arriving at the value of such property. The DRC Method is based on an estimate of the market value for the existing use of the land of the property by Direct Comparison Method, and the costs to reproduce or replace in new condition the buildings and structures being valued in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The DRC Method generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have been provided by the Group with copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinions prepared by Jingtian & Gongcheng, the Group's legal adviser on the PRC law (the "**PRC Legal Adviser**"), regarding the title to the property.

The property was inspected during May 2018 by Mr. Nick C.L. Kung, a director of our firm who has over 20 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, we have accepted advice on matters such as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site and floor areas and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Group has reviewed and confirmed the factual content and has agreed to any limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards 2017 issued by the Hong Kong Institute of Surveyors, the International Valuation Standards 2017 published by the International Valuation Standards Council, and under generally accepted valuation procedures and practices.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited
Nick C. L. Kung
MRICS, MHKIS, RPS (G.P.), RICS Registered Valuer
Director

Note: Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2018
An industrial complex erected on Land Lot No. G08218-9 located at No. 6275 Longgang Boulevard (Henggang Section), Bao'an Village, Henggang Town, Longgang District, Shenzhen, the PRC	The property comprises an industrial complex with a 5-storey building and ancillary structures completed between 1991 and 2011, erected on an irregular shaped parcel of land with a registered site area of approximately 30,827.20 sq.m (Land Lot No. G08218-9). It is situated on the western side of Longgang Boulevard near its junction with Hengping Highway, Bao'an Village, Henggang Town, Longgang District. It is approximately 550m walking distance from Yonghu Station of the Longgang Line (Line 3 of Shenzhen Metro) located to the southwest of the property, and approximately 1,200m walking distance from He'ao Station of the Longgang Line located to the northeast of the property. Developments in the area mainly comprise industrial complex, residential, office and commercial developments. The building (known as No. 2 industrial building) is used as workshop, having a total gross floor area of approximately 24,746.43 sq.m. The ancillary structures include various warehouses, dormitories, pump room, etc. have a total gross floor area of approximately 41,189.44 sq.m. *(See Note (vii) below).* The land use rights of the property have been granted for a term expiring on 14 August 2047 for industrial use.	The property is currently occupied by the Group for production purpose. No. 2 industrial building of the property is currently leased intragroup to Neway Chung Tai Printing (Shenzhen) Co., Ltd. ("**Neway Chung Tai (SZ)**") for a term from 1 January 2018 to 31 December 2021 at a monthly rental of RMB250,000 in 2018 followed by an increase of no more than 10% per year from 2019 to 2021. The ancillary structures of the property is currently leased intragroup to Neway Chung Tai (SZ) for a term from 1 January 2018 to 31 December 2021 free of charge. Pursuant to the land use agreement (the "**Land Use Agreement**") entered into between Chung Tai Printing (China) Co., Ltd. ("**Chung Tai Printing**") and Neway Chung Tai (SZ), the land (Land Lot No. G08218-9) of the property is currently leased intragroup to Neway Chung Tai (SZ) for a term from 1 January 2018 to 31 December 2021 free of charge.	RMB114,000,000 See Note(ix) below

Notes:

i) Pursuant to the Real Estate Title Certificate No. Shen Fang Di Zi Di 6000520887 registered with Shenzhen Real Estate Title Registration Center on 16 May 2012, the title to the land of the property having a registered site area of approximately 30,827.20 sq.m. and No. 2 industrial building of the property having a total gross floor area of approximately 24,746.43 sq.m., are vested in Chung Tai Printing for a term expiring on 14 August 2047 for industrial use.

ii) Pursuant to the Construction Land Use Planning Permit No. Shen Gui Tu Gui Xu Zi 06-2000-0175 dated 18 August 2000, approval has been granted to Chung Tai Printing to develop the property with a site area of 30,827.2 sq.m. and a total gross floor area of 46,857.34 sq.m. (including 24,028.50 sq.m. for industrial building, 4,329.24 sq.m. for warehouse, 15,000 sq.m. for dormitory and 3,499.60 sq.m. for other buildings).

iii) Pursuant to the Grant Contract of State-owned Land Use Rights No. Shen Di He Zi (1997) 5107 entered into between Shenzhen Planning and State-owned Land Bureau (the "**Bureau**") and Chung Tai Printing dated 15 August 1997, the Bureau agreed to grant the land use rights of a portion of the property to Chung Tai Printing. The salient conditions stipulated in the said contract are summarised as follows:

a)	Site area	:	6,000.10 sq.m.
b)	Land Lot No.	:	G08218-7
c)	Land use term	:	50 years (From 15 August 1997 to 14 August 2047)
d)	Land use	:	Industrial
e)	Site coverage	:	not exceeding 35%
f)	Plot ratio	:	not exceeding 1.6
g)	Total gross floor area	:	not exceeding 9,600 sq.m.
h)	Land grant consideration	:	RMB220,500
i)	Construction project commencement and completion dates	:	Construction to commence before 15 August 1998 and complete before 15 August 1999

iv) Pursuant to the Grant Contract of State-owned Land Use Rights No. Shen Di He Zi (1998) 5029 entered into between the Bureau and Chung Tai Printing dated 28 February 1998, the Bureau agreed to grant the land use rights of the remaining portion of the property to Chung Tai Printing. The salient conditions stipulated in the said contract are summarised as follows:

a)	Site area	:	24,827.10 sq.m.
b)	Land Lot No.	:	G08218-8
c)	Land use term	:	50 years (From 28 February 1998 to 27 February 2048)
d)	Land use	:	Industrial
e)	Site coverage	:	30%
f)	Plot ratio	:	1.5
g)	Greenery ratio	:	Not less than 35%
h)	Total gross floor area	:	not exceeding 37,240.65 sq.m.
i)	Land grant consideration	:	RMB242,536
j)	Construction project commencement and completion dates	:	Construction to commence before 28 February 1999 and complete before 28 February 2000

v) Pursuant to the Supplementary Contract dated 7 August 2000 for the Grant Contracts of State-owned Land Use Rights Nos. Shen Di He Zi (1997) 5107 and (1998) 5029 respectively, Shenzhen Planning and State-owned Land Bureau, Longgang Sub-branch agreed to merge the above mentioned two land lots into one. The salient conditions stipulated in the said contract are summarised as follows:

a)	Total site area after merging	:	30,827.20 sq.m.
b)	Total gross floor area	:	46,857.34 sq.m.
c)	Plot ratio	:	not exceeding 1.52
d)	Land lot No.	:	Before merging : G08218-7 and G08218-8 After merging : G08218-9

vi) Pursuant to the Construction Works Planning Permit No. Shen Gui Tu Jian Xu Zi LG1999047 dated 16 April 1999, approval has been granted to Chung Tai Printing to develop No. 4 warehouse of the property with a total gross floor area of approximately 4,191.24 sq.m.

vii) The ancillary structures of the property include No. 3 industrial building, No. 4 warehouse (excluding rooftop structures), No. 6 dormitory and a portion of No. 5 dormitory (collectively, the "**Ancillary Structures I**") having a total gross floor area of approximately 34,604.55 sq.m. No. 2 pump room, No. 4 corridor and portions of Nos. 1, 2 and 3 corridors, engineering warehouse and portion of dormitory duty room, having a total gross floor area of approximately 684.84 sq.m. (collectively, the "**Ancillary Structures II**") and sheds, engineering carpentry maintenance room, rooftop structures of No. 4 warehouse, Nos. 1 and 3 cargo platform, attendance punch card room and sewage treatment, having a total gross floor area of approximately 5,900.05 sq.m. (collectively, the "**Ancillary Structures III**").

viii) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

a) The land use rights of the property and building ownership of No. 2 industrial building are legally held by Chung Tai Printing.

b) Chung Tai Printing is entitled to occupy, use, lease out, transfer, mortgage, or otherwise legally deal with the land use rights of the property and building ownership of No. 2 industrial building.

c) Bao'an Village of Henggang Town has refused to cooperate with Chung Tai Printing to fulfill the legal requirements of the application process and has resulted in major legal obstacles for Chung Tai Printing to apply for relevant initial registrations and real estate title certificates for No. 3 industrial building, No. 4 warehouse (excluding rooftop structures) and No. 6 dormitory through relevant laws and regulations of removal of illegal constructions.

d) Regarding the Ancillary Structures I (excluding the portion of No. 5 dormitory), Chung Tai Printing has not yet obtained the Construction Works Planning Permit for No. 3 industrial building and No. 6 dormitory and there is a risk that they will be deemed by the relevant department as illegal structures and subject to administrative penalties or demolition order. According to the relevant laws, if corrective measures on such construction can be taken to eliminate the impact of the absence of permits, the relevant administrative department may issue an order for corrective measures to be done within a deadline, with a penalty of between 5% and 10% of the construction cost; if corrective measures cannot be taken, an order may be issued for demolition with a deadline, and if demolition is impossible, the structures or illicit proceeds may be confiscated with a penalty of less than 10% of the construction cost. Completion verification and acceptance has not been done for No. 4 warehouse (excluding rooftop structures) before its use, and there is a legal risk that the administrative construction department will make a corrective order with a penalty of between 2% and 4% of the construction contract price.

e) Regarding the Ancillary Structures I (excluding the portion of No. 5 dormitory), Chung Tai Printing has not yet conducted environment impact assessment. Considering that the Ancillary Structures I have been established for more than 15 years, Chung Tai Printing is subject to lesser risk of punishment by the relevant departments; however, if there is any third party legal rights violation due to construction quality and environment issues, Chung Tai Printing still has to bear the risk of compensating the related losses.

f) Chung Tai Printing has not yet obtained the Construction Works Planning Permit for the Ancillary Structures II erected on the property. According to the PRC Legal Adviser, the Ancillary Structures II are permanent structures, therefore according to the relevant laws, if corrective measures on such construction can be taken to eliminate the impact of the absence of permits, the relevant administrative department may issue an order for corrective measures to be taken within a deadline, with a penalty of between 5% and 10% of the construction cost; if corrective measures cannot be taken, an order may be issued for demolition within a deadline, and if demolition is impossible, the structures or illicit proceeds may be confiscated with a penalty of less than 10% of the construction cost.

g) Chung Tai Printing has not yet obtained approval for construction of the Ancillary Structures III erected on the property. According to the PRC Legal Adviser, the Ancillary Structures III are temporary structures, therefore according to the relevant laws, relevant administrative departments may issue a demolition order within a deadline with a penalty of less than 100% of the construction cost.

h) The land use rights of the property are not subject to seizure or mortgage and aside from the matters mentioned herein, the buildings of the property are not subject to mortgage, major litigation, disputes or other material adverse circumstances.

i) Chung Tai Printing has not yet obtained the relevant construction permits for the ancillary structures erected on the property. According to the PRC Legal Adviser, the intragroup lease agreement entered into between Chung Tai Printing and Neway Chung Tai (SZ) is deemed invalid in accordance with relevant laws. However, as the land use rights of the ancillary structures are legally held by Chung Tai Printing, the Land Use Agreement remains valid and Neway Chung Tai (SZ) is entitled to use the land of the property pursuant to the Land Use Agreement.

j) Regarding the No. 2 industrial building which is currently leased intragroup to Neway Chung Tai (SZ) for a term from 1 January 2018 to 31 December 2021 at a monthly rental of RMB250,000 in 2018 followed by an increase of no more than 10% per year from 2019 to 2021, Chung Tai Printing has not applied for house tenancy filing and registration. According to the PRC Legal Adviser, the absence of registration will not affect the intragroup lease agreement but Chung Tai Printing may be subject to a fine of between RMB1,000 and RMB10,000 if no corrective measure is taken within the deadline required by the administrative departments. As confirmed by Chung Tai Printing, it had not received any order from administrative departments to take corrective measures within a deadline as at the date of the PRC legal opinion. Nevertheless, Chung Tai Printing will promptly take corrective measures should a corrective order be issued to it by the administrative departments.

k) Regarding the No. 5 dormitory, as Chung Tai Printing is unable to confirm whether Bao'an Village of Henggang Town has applied for the relevant construction licenses, the PRC Legal Adviser cannot make judgement on whether Bao'an Village of Henggang Town has legal ownership or legal authorization to lease the No. 5 dormitory. The PRC Legal Adviser also cannot rule out the possibility of the existence of illegal constructions and third party rights, and that the administrative departments or third parties may raise question, request demolition or make other claims regarding the No. 5 dormitory.

ix) In the course of our valuation, we have attributed no commercial value to the ancillary structures of the property, as proper title certificates have not been obtained by Chung Tai Printing.

x) For reference, our opinion of the market value of the property as at 28 February 2018 was in the sum of RMB113,300,000. The assumptions applied in our valuation as at 28 February 2018 were the same as those assumptions (as stated in the covering letter of our valuation report) applied in our valuation as at 30 April 2018. The increase in the market value of the property as at 30 April 2018 when compared with the valuation of the property as at 28 February 2018 was the net effect of: (i) the increase in land comparables transaction prices, the Accommodation Value (AV) of the selected market comparables was in the range of RMB1,250 per sq.m. to RMB1,751 per sq.m. as at 28 February 2018 and in the range RMB1,266 per sq.m. to RMB2,083 per sq.m. as at 30 April 2018; and (ii) the depreciation of the buildings from 28 February 2018 to 30 April 2018.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange are as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
Mr. Suek Ka Lun, Ernie ("**Mr. Suek**")	Founder of a discretionary trust who can influence how the trustee exercises his discretion *(Note)*	39,872,000	
	Beneficial owner	1,210,000	
		41,082,000	16.20%

Name of Director	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
Mr. Suek Chai Hong	Beneficial owner	700,000	0.28%
Dr. Ng Wai Kwan	Beneficial owner	8,000	0.01%
Mr. Wong Sun Fat	Beneficial owner	100,000	0.04%

Note: These Shares were held by CNA Company Limited ("**CNA**") which is in turn beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. Suek and the beneficiaries of which include a family member of Mr. Suek and a charitable institution set up in Hong Kong.

Long positions in the shares and underlying shares of associated corporations

As at the Latest Practicable Date, CNA beneficially owned deferred non-voting shares in the following subsidiaries of the Company:

Name of subsidiary	Number of deferred non-voting shares held
New Box Mini Storage Limited	2
CTC	100
Chung Tai Printing Company Limited	3,000
Profit Link Investment Limited	2
The Greatime Offset Printing Company, Limited	9,500

CNA is beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. Suek and the beneficiaries of which include a family member of Mr. Suek and a charitable institution set up in Hong Kong. Mr. Suek is deemed to be interested in all the deferred non-voting shares owned by CNA in the above subsidiaries of the Company.

Save as disclosed above, as at the Latest Practicable Date, no other Director or chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Shareholder	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
CNA[1]	Beneficial owner	39,872,000	15.72%
Fiducia Suisse SA[1]	Trustee	39,872,000[2]	15.72%
David Henry Christopher Hill[1]	Interest in a controlled corporation	39,872,000[2]	15.72%
Rebecca Ann Hill[3]	Interest of spouse	39,872,000[2]	15.72%

Notes:

1. CNA is beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. Suek and the beneficiaries of which include a family member of Mr. Suek and a charitable institution set up in Hong Kong. Fiducia Suisse SA, which is wholly-owned by Mr. David Henry Christopher Hill, is the trustee of the Preserve Capital Trust.

2. These 39,872,000 Shares duplicate with those held by CNA.

3. Spouse of Mr. David Henry Christopher Hill.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, there were no other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Suek is a director of CNA. Save as aforesaid, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years preceding the Latest Practicable Date and are, or may be, material:

(a) the placing agreement dated 27 September 2016 entered into between the Company as issuer and Head & Shoulders Securities Limited as placing agent in relation to the placing of up to 42,270,000 Shares on a best endeavour basis at a price of HK$0.47 per placing share for a placing commission of 2% of the aggregate placing price for the shares placed, further details of which are set out in the announcements of the Company dated 27 September 2016 and 11 October 2016;

(b) the second supplemental shareholder's loan agreement dated 29 December 2016 entered into between Yinghua and 深圳市中星國隆投資發展有限公司 (unofficial English translation being Shenzhen Zhongxing Guolong Investment Development Co., Ltd.) ("**Zhongxing Guolong**") (an indirect wholly-owned subsidiary of the Company) in relation to the further extension of the repayment date of the Yinghua Shareholder's Loan in the then outstanding principal amount of RMB28 million to 30 June 2017, further details of which are set out in the announcement of the Company dated 29 December 2016;

(c) the state-owned land swap agreement and the compensation agreement both dated 17 March 2017 entered into between 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), 清遠市清城區源潭鎮人民政府 (unofficial English translation being the Qingyuan City Qingcheng District Yuantan Town People's Government) and 中大印刷(清遠)有限公司 (unofficial translation being Zhongda Printing (Qingyuan) Company Limited) ("**Zhongda Qingyuan**") (a wholly-owned subsidiary of the Company) in relation to the swap of two parcels of land with a total area of approximately 311.748 mu in Qingyuan City, the PRC, with the Qingcheng Land with a total area of 312 mu situated in Qingyuan City, the PRC and the compensatory payment of RMB45,009,700 payable to Zhongda Qingyuan, further details of which are set out in the circular of the Company dated 18 May 2017;

(d) the third supplemental shareholder's loan agreement dated 30 June 2017 entered into between Yinghua and Zhongxing Guolong in relation to the further extension of the repayment date of the Yinghua Shareholder's Loan to 30 November 2017 at an interest rate of 15% per annum from 1 July 2017, further details of which are set out in the announcement of the Company dated 30 June 2017;

(e) the second supplemental put option deed dated 30 June 2017 entered into between Dream Class (a wholly-owned subsidiary of the Company) and Kwong Da to extend the expiry date of the period during which Dream Class may exercise the put option to request Kwong Da to acquire the entire issued share capital of Star Rank Limited to 31 July 2017, further details of which are set out in the announcement of the Company dated 30 June 2017;

(f) the agreement dated 10 January 2018 entered into between Dream Class (a wholly-owned subsidiary of the Company) and Kwong Da pursuant to which the completion date for Kwong Da to acquire the entire issued share capital of Star Rank Limited was extended from 10 January 2018 to 31 May 2018 and Kwong Da shall pay interest on the outstanding consideration on the completion date at the rate of 10% per annum, calculated from 10 January 2018 and including the completion date, further details of which are set out in the announcements of the Company dated 24 July 2017 and 10 January 2018;

(g) the Sale and Purchase Agreement;

(h) the Supplemental Agreement; and

(i) the earthwork construction contract dated 10 May 2018 entered into between Zhongda Qingyuan and 清遠市清城區第一建築工程公司 (unofficial English translation being Qingyuan City Qingcheng District Di Yi Construction Engineering Company Limited) in relation to certain grading and leveling work on the Qingcheng Land for a contract sum of RMB7,258,724.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation.

5. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have been named in this circular or have given opinions, letters or advice contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu ("**Deloitte**")	Certified Public Accountants
Peak Vision Appraisals Limited	Professional property valuer

Each of Deloitte and Peak Vision has given and has not withdrawn its written consent to the issue of this circular with inclusion herein of its letter or report and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, each of Deloitte and Peak Vision did not have any interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Deloitte and Peak Vision did not have any interest, direct or indirect, in any assets which had been, since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

6. LITIGATION

As mentioned in the paragraphs headed "7. Management Discussion and Analysis of the Listco Remaining Group" of Appendix I to this circular, Zhongqing holds the land use rights of two parcels of land in Qingyuan, the PRC. On 18 June 2014, Zhongxing Guosheng, a wholly-owned subsidiary of the Company, initiated civil proceedings against Zhongqing in the People's Court of Bao'an District for, among other matters, the repayment of the shareholder's loan contributed by Zhongxing Guosheng in an amount of RMB23,479,330. On 19 June 2014, pursuant to an application made by Zhongxing Guosheng to freeze and preserve the assets of Zhongqing in a total value of RMB23,400,000, an order was granted by the People's Court of Bao'an District to freeze and preserve the two parcels of land owned by Zhongqing from 24 June 2014 to 23 June 2016. The Freeze Order aimed to ensure that Zhongqing would have sufficient assets to repay the shareholder's loan to the Group.

Two hearings sessions of the Litigation were held on 18 August 2014 and 25 September 2014 respectively. On 15 October 2014, the Group received a civil mediation document dated 30 September 2014 and issued by the People's Court of Bao'an District, acknowledging that: (i) the Group and Zhongqing confirmed that Zhongqing was indebted to Zhongxing Guosheng in a sum of RMB23,479,330; (ii) Zhongqing agreed to repay to Zhongxing Guosheng a sum of RMB23,479,330, together with interests accrued from 18 June 2014 to the date of repayment, which was within 15 days of the effective date of the civil mediation document; and (iii) if Zhongqing fails to repay the agreed amount, Zhongxing Guosheng shall 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 PRC legal advisers, the effective date of the civil mediation was 15 October 2014 and thus, the deadline for repayment by Zhongqing was 30 October 2014. On 27 May 2016, Zhongxing Guosheng submitted an application to the People's Court of Bao'an District for the extension of the period covered by the Freeze Order and the application was accepted by the court. The extended period covered by the Freeze Order was from 13 June 2016 to 12 June 2019.

As at the Latest Practicable Date, Zhongqing had not repaid any of the outstanding shareholder's loan or accrued interests thereon to Zhongxing Guosheng. As mentioned in the paragraphs headed "Future Plans" in the "Letter from the Board" in this circular, the management of the Group is assessing the market condition of Qingyuan City, the PRC and evaluating all possible options to be taken, including but not limited to the disposal or development of the two parcels of land held by Zhongqing and the possible disposal of the Group's equity interest in Zhongqing. No further action had been taken by the Group as at the Latest Practicable Date. The Group will closely monitor the negotiation progress with the business partners and will take further legal actions to protect the Group's interest as and when appropriate.

So far as is known to the Directors, save for the Litigation, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

7. COMPETING INTERESTS

As at the Latest Practicable Date, the spouse of Mr. Suek was a shareholder of, and participated in the management of, a private company which is principally engaged in artiste management business ("**Competing Co.**"). Although the Group and the Competing Co. are both engaged in the artiste management business in Hong Kong and the PRC, the types of artistes managed by the Group and the Competing Co. are different. While most of the artistes managed by the Group are Hong Kong or overseas singers and most of the management jobs undertaken by the Group are related to musical events, most of the artistes managed by the Competing Co. are actors who mainly focus on drama shooting. The Directors are of the view that the Group is capable of carrying on its business independently of, and at arm's length with the Competing Co. as the events or functions organised for these two types of artistes and their target audience groups are different.

As mentioned in the paragraphs headed "Future Plans" in the "Letter from the Board" in this circular, the Group plans to source more artistes with development potentials and further invest in talent cultivation. The Company will acquire the Competing Co. in or around mid of 2018. No agreement or memorandum of understanding had been made or entered into by the Group in connection therewith as at the Latest Practicable Date.

Save as aforesaid, as at the Latest Practicable Date, none of the Directors or any proposed Director nor their respective close associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which will be required to be disclosed under Rule 8.10 of the Listing Rules.

8. INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

Save for the following contracts, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group:

(a) the master agreement dated 28 December 2017 entered into between Neway Entertainment Limited (a wholly-owned subsidiary of the Company) and Neway Karaoke Box Limited (which is indirectly wholly-owned by a discretionary trust for the benefit of Dr. Suek Chai Kit, Christopher, who is the father of Mr. Suek, and his family members) in relation to the provision of certain services by Neway Entertainment Limited and its subsidiaries for a term from 1 January 2018 to 31 December 2020, including (i) the provision of promotion services (which may include interviews by media, TV commercials, photo shooting, performance at public functions) at a fee to be determined with reference to the type of promotion services to be provided and the working hours, skills and popularity required of the artistes; and (ii) the distribution of licensed content in the form of karaoke music videos at a fee to be determined with reference to the number of karaoke music videos provided and popularity of the artistes; and

(b) the tenancy agreement dated 16 March 2016 entered into between Supreme Cycle (a wholly-owned subsidiary of the Company) as landlord and Well Dragon as tenant (which is beneficially wholly-owned by a discretionary trust of which Mr. Suek is one of the discretionary objects) in respect of the leasing of units 21, 22, 23, 41 and 77 of 1/F and units 1-32, 34-113 and common area of 3/F, Hop Yick Commercial Centre (Phase I), No. 33 Hop Choi Street, Yuen Long, New Territories, Hong Kong for an initial term of three years from 16 March 2016 to 15 March 2019 at a monthly rent of HK$370,000 for the operation of a karaoke outlet or related business ancillary to karaoke operations conducted by Well Dragon and its affiliated companies, further details of which are set out in the announcement of the Company dated 25 April 2016.

9. GENERAL

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

(b) The principal place of business of the Company in Hong Kong is at Chung Tai Printing Group Building, 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Ms. Cheung Yuk Shan, who is a fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the principal place of business of the Company in Hong Kong from the Latest Practicable Date up to the date of the SGM:

(a) the memorandum of association and the bye-laws of the Company;

(b) the annual reports of the Company for the two financial years ended 31 December 2016 and 31 December 2017;

(c) the unaudited financial information of the Target and CTC and its subsidiaries reviewed by Deloitte as set out in Appendix IIA and Appendix IIB to this circular respectively;

(d) the assurance report on the unaudited pro forma financial information of the Listco Remaining Group issued by Deloitte as set out in Appendix III to this circular;

(e) the Property Valuation Report issued by Peak Vision as set out in Appendix IV to this circular;

(f) the written consents referred to in the section headed "Qualifications and Consents of Experts" in this appendix;

(g) the material contracts referred to in the section headed "Material Contracts" in this appendix; and

(h) this circular.

NEWAY GROUP HOLDINGS LIMITED
中星集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**Meeting**") of Neway Group Holdings Limited ("**Company**") will be held at 11:30 a.m. (Hong Kong time) on Friday, 13 July 2018 at 5/F, Chung Tai Printing Group Building, 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the sale and purchase agreement dated 16 March 2018 (as amended by a supplemental agreement dated 11 April 2018) entered into among Chung Tai Printing Holdings Limited, a wholly-owned subsidiary of the Company as vendor, Ritzy Success Enterprises Limited as purchaser and Mr. Yuan Ji Zhong as guarantor in respect of the Disposal (as defined in the circular of the Company dated 25 June 2018 ("**Circular**"), a copy of which is marked "A" and signed by the chairman of the Meeting for identification purpose and has been tabled at the Meeting) ("**Sale and Purchase Agreement**") and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

* *For identification purpose only*

(b) any one of the directors of the Company be and is hereby authorised to sign and execute all such documents or agreements or deeds on behalf of the Company and to do all such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purpose of giving effect to or in connection with the Sale and Purchase Agreement and all transactions contemplated thereunder, and to agree to all such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Sale and Purchase Agreement) as are, in the opinion of such director, in the interest of the Company and its shareholders as a whole."

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

Hong Kong, 25 June 2018

Registered office:
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Principal place of business in Hong Kong:
Chung Tai Printing Group Building
11 Yip Cheong Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy needs not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

(2) The instrument appointing a proxy shall be signed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In order to be valid, the proxy form must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 11:30 a.m. (Hong Kong time) on Wednesday, 11 July 2018 or not later than 48 hours before the time appointed for holding the adjourned meeting, if any.

(3) Completion and return of the proxy form will not preclude a member of the Company from attending and voting in person at the Meeting or any adjournment thereof should he/she/it so wish and in such event the proxy form previously submitted shall be deemed to be revoked.

(4) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.

(5) Members of the Company whose names appear on the register of members of the Company at 4:30 p.m. (Hong Kong time) on Monday, 9 July 2018 shall be entitled to attend and vote at the Meeting. In order to be entitled to attend and vote at the Meeting, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 9 July 2018.

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