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新威斯特頓集團有限公司

NEW WESTERN GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8242)

**DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF 45% OF ISSUED SHARES IN
AND SHAREHOLDER'S LOAN DUE BY THE TARGET COMPANY
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

THE SALE AND PURCHASE AGREEMENT

On 25 March 2020 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares and the Sale Loan at the Consideration of HK\$13,500,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

BACKGROUND

On 25 March 2020 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares and the Sale Loan at the Consideration of HK\$13,500,000. The principal terms of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date: 25 March 2020 (after trading hours of the Stock Exchange)

Parties: (1) Chu Hin Ming Alfonso, as vendor; and
(2) Excellence Steps Limited, as purchaser.

Time Honest Limited, a company wholly-owned by the Vendor, entered into a facility agreement with Easy Loan Financial Limited, an indirect wholly-owned subsidiary of the Company, on 13 March 2020, pursuant to which, Easy Loan Financial Limited agreed to grant a secured loan facility in the amount of HK\$25 million to Time Honest Limited for a term of 12 months. For further details of the above, please refer to the announcement of the Company dated 13 March 2020 in relation to discloseable transaction – provision of loan facility and advance to entities.

Save as to the above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares, representing 45% of the issued shares of the Target Company and the Sale Loan.

Consideration

The aggregate consideration for the sale and purchase of the Sale Shares and the Sale Loan shall be HK\$13,500,000, which shall be satisfied by the Purchaser by procuring the Company to allot and issue 279,556,480 Consideration Shares at the Issue Price of approximately HK\$0.0483 per Share to the Vendor, credited as fully paid, upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account 45% of the valuation of the Properties of HK\$30,000,000 as at 19 March 2020 by CresVAL Corporate Advisory Group Limited, an independent valuer, based on direct comparison method.

The Consideration Shares

Issue Price

The Consideration Shares will be issued at the Issue Price of approximately HK\$0.0483 per Share, which represents:

- (i) a discount of 3.4% to the closing price of HK\$0.050 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 0.63% over the average closing price of HK\$0.048 per Share for the five consecutive trading days immediately preceding the Last Trading Day.

The Issue Price was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into account the prevailing market price of the Shares.

Number of Consideration Shares

When allotted and issued, the Consideration Shares represent approximately:

- (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Ranking

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue.

Mandate to issue the Consideration Shares

The Consideration Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 279,556,480 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Consideration Shares.

Application for listing

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group;
- (2) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (3) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (4) the representation and warranties given by the Vendor remaining true and accurate in all respects;
- (5) the representation and warranties given by the Purchaser remaining true and accurate in all respects;
- (6) the obtaining of a Malaysian legal opinion (in the approval form) from a firm of Malaysian legal advisers appointed by the Purchaser;
- (7) the obtaining of a valuation report (in the approval form) from a firm of independent professional valuers appointed by the Purchaser showing the Valuation to be not less than HK\$30,000,000; and
- (8) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares.

Save that the Purchaser may at any time waive in writing the conditions set out in (1) and (4) above and the Vendor may at any time waive in writing the condition set out in (5) above, all other conditions set out above are incapable of being waived by either the Purchaser or the Vendor. If any of the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 12:00 noon on 30 April 2020 or such later date as the Vendor and the Purchaser may agree in writing, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Upon compliance with or fulfilment (or waiver) of all the conditions set out in the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

Upon Completion, the Purchaser will hold 45% of the issued shares in the Target Company will be accounted for as an associate of the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Hong Kong with limited liability on 6 March 2020. As at the date of this announcement, the Target Company holds the entire issued shares in the Subsidiary.

The Subsidiary is a property holding company incorporated in Malaysia with limited liability on 13 March 2020. The principal assets of the Subsidiary are the Properties.

The Properties are six service apartments units with an aggregate gross floor area of 12,000 sq. ft. in Block 2B of the development project known as MM Residency, which is located at the north-eastern side of Jalan Melawati 1 near its junction with Jalan G 1, Melawati, Kuala Lumpur, Malaysia. MM Residency comprises one block of service apartment and two blocks of SOHO with a total of 420 units to be erected over an 8-storey carpark and commercial podium and is expected to be completed by third quarter of 2021.

Set out below is the financial information of the Target Group from the date of incorporation of the Target Company to 20 March 2020:

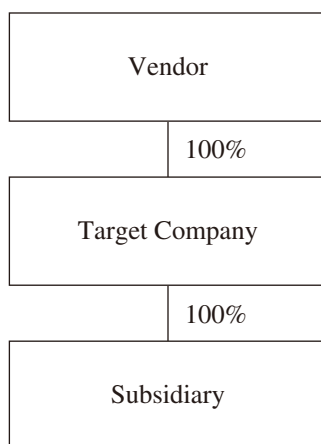
**For the
period ended
20 March 2020**
(unaudited)
HK\$'000

Loss before taxation	(4)
Loss after taxation	(4)
Net Assets	6

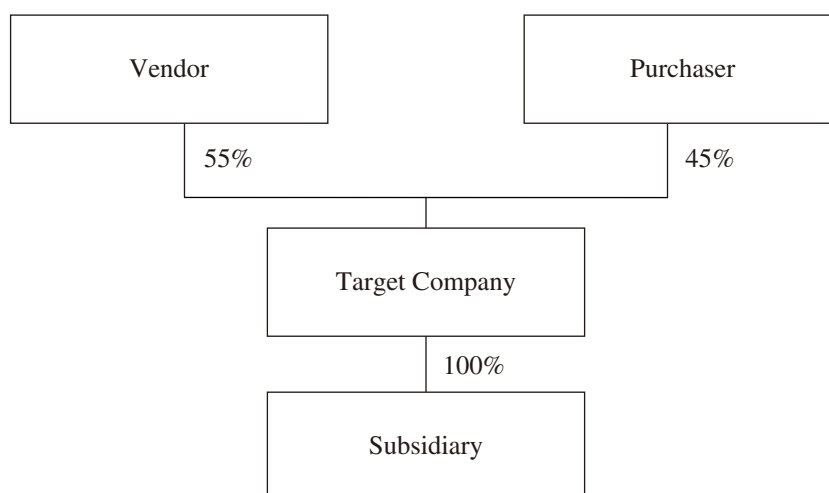
Structure of the Target Group

The following charts show the group structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after Completion:

As at the date of this announcement



Immediately after Completion



REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALE AND PURCHASE AGREEMENT

The principal activity of the Company is investment holdings. The Group is principally engaged in (i) the provision of integrated circuit solutions and the design, development and sales of integrated circuits; (ii) money lending business in Hong Kong through the provision of unsecured and secured loans to customers, including individuals and corporations under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (iii) the provision of investment and planning consulting service, real estate agent, property management services and car parking management services in the People's Republic of China.

It has been the Company's objective to explore investment opportunities in property investment in overseas countries, with an aim to deliver reasonable returns for Shareholders through a series of acquisitions and proposed cooperation. The Company considers that the Acquisition is in line with the overall business direction of the Group and is a good investment opportunity to step into the property investment industry in the Malaysia property market. The Group currently intends to hold the Properties for investment purpose to receive rental income. Taking into account the prime location of the Properties located in Kuala Lumpur, the Group believes that the Acquisition could generate stable cashflow and income to the Group and may enjoy potential capital appreciation in the future.

In view of the above, the Directors consider that the entering into of the Sale and Purchase Agreement and the terms of the Acquisition, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE ACQUISITION ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structures of the Company (i) as at the date of this announcement; and (ii) upon Completion and immediately after the allotment and issuance of the Consideration Shares:

	As at the date of this announcement		Upon Completion and immediately after the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Substantial Shareholder				
Champsword Limited				
(Note)	810,400,526	57.98	810,400,526	48.31
Public Shareholders				
The Vendor	–	–	279,556,480	16.67
Other public Shareholders	587,381,874	42.74	587,381,874	35.02
	<u>1,397,782,400</u>	<u>100</u>	<u>1,677,338,880</u>	<u>100</u>

Note: Mr. Lau Mo (passed away on 21 December 2019) is the beneficial owner of all of the issued share capital of Champsword Limited.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Sale and Purchase Agreement is subject to the fulfillment (or waiver) of the conditions precedent as set out in the section headed “Conditions Precedent” in this announcement, the Sale and Purchase Agreement may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions will have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout the normal working hours
“Company”	New Western Group Limited (stock code: 8242), a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date falling on the third Business Day after the fulfillment (or waiver) of the conditions under the Sale and Purchase Agreement, or such other date as the Vendor and the Purchaser may agree
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the aggregate consideration for the Acquisition

“Consideration Shares”	279,556,480 new Shares to be allotted and issued by Company to the Vendor for the purpose of settlement of the Consideration, at the Issue Price, representing approximately 16.67% of the enlarged issued share capital of the Company immediately after the allotment and issuance of Consideration Shares
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 3 May 2019 to allot and issue up to 279,556,480 Shares, representing 20% of the total number of Shares on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons
“Issue Price”	issue price of approximately HK\$0.0483 for each Consideration Share
“Last Trading Day”	25 March 2020, being the last trading day of the Shares immediately prior to the release of this announcement
“Properties”	the properties beneficially owned by the Subsidiary, namely six service apartment units with an aggregate gross floor area of 12,000 sq. ft. in Block 2B of the development project known as MM Residency, which is located at the north-eastern side of Jalan Melawati 1 near its junction with Jalan G 1, Melawati, Kuala Lumpur, Malaysia

“Purchaser”	Excellence Steps Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 March 2020 and entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	45% of all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion which as at the date of this announcement, amounted to approximately HK\$25,482,000
“Sale Shares”	4,500 ordinary shares of the Target Company, representing 45% of the issued shares of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Silva Max AP Industry Sdn. Bhd., the subsidiary of the Target Company
“Target Company”	SMA Pacific Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	collectively, the Target Company and the Subsidiary
“Valuation”	the value of the Properties shown in the valuation report, such valuation shall be prepared in compliance with the requirements of the GEM Listing Rules, on such methodology, bases and assumptions as may be agreed by the Vendor and the Purchaser
“Vendor”	Chu Hin Ming Alfonso

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

By Order of the Board
New Western Group Limited
Gan Lin
Chief Executive Officer and Executive Director

Hong Kong, 25 March 2020

As at the date of this announcement, the executive Directors are Mr. Zhang Qing, Mr. Gan Lin and Ms. Li Nian; the non-executive Directors are Mr. Liu Kam Lung and Mr. Wong Kee Chung; and the independent non-executive Directors are Mr. Cheung Chi Man Dennis, Mr. Chiu Yu Wang and Dr. Gao Jinkang.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the GEM 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.newwesterngroup.com.hk.