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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

The board of directors (the "Directors" or the "Board") of Neway Group Holdings Limited ("Neway" or the "Company") announce that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group", "our Group", "we" or "us") for the financial year ended 31 March 2012 ("2012"), together with the comparative figures for the corresponding financial year ("2011") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	NOTES	**2012** ***HK$***	2011 *HK$*
Revenue	*3*	**660,686,628**	678,246,186
Cost of sales		**(555,556,318)**	(541,383,041)
Gross profit		**105,130,310**	136,863,145
Interest income		**4,912,962**	6,381,458
Other income		**841,038**	969,978
Selling and distribution expenses		**(33,412,422)**	(29,945,830)
Administrative expenses		**(91,304,950)**	(77,257,957)
Other gains and losses		**(4,772,492)**	18,722,071
Finance costs		**(230,822)**	(150,862)
Impairment loss recognised in respect of goodwill		**(36,025,324)**	–
Share of loss of an associate		**–**	(1,029,848)
(Loss) profit before taxation		**(54,861,700)**	54,552,155
Taxation charge	*4*	**(1,253,037)**	(7,667,244)

* *For identification purpose only*

	NOTES	2012 HK$	2011 HK$
(Loss) profit for the year	*5*	**(56,114,737)**	46,884,911
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**1,676,611**	6,498,780
Total comprehensive (expense) income for the year		**(54,438,126)**	53,383,691
(Loss) profit for the year attributable to:			
Owners of the Company		**(55,937,575)**	46,884,911
Non-controlling interests		**(177,162)**	–
		(56,114,737)	46,884,911
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(54,260,964)**	53,383,691
Non-controlling interests		**(177,162)**	–
		(54,438,126)	53,383,691
(Loss) earnings per share			
Basic	*7*	**(0.55 HK cents)**	0.46 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2012

	NOTES	2012 HK$	2011 HK$
Non-current assets			
Property, plant and equipment		**255,964,630**	225,671,259
Prepaid lease payments		**33,404,246**	2,985,685
Deposits for land use rights		**18,251,391**	40,994,417
Investment in an associate		**–**	15,903,075
Goodwill		**–**	36,025,324
Intangible assets		**8,190,210**	10,488,272
Available-for-sale investments		**7,760,000**	–
Deposits for investments		**23,664,100**	9,024,152
Deposits for acquisition of property, plant and equipment		**–**	3,148,434
		347,234,577	344,240,618
Current assets			
Inventories and record masters		**90,701,033**	99,404,147
Held-for-trading investments		**839,850**	–
Trade and other receivables, prepayments and deposits	8	**138,215,776**	182,676,606
Prepaid lease payments		**717,624**	88,610
Amount due from a related company		**2,609,558**	4,642,548
Tax recoverable		**4,098,651**	423,309
Short-term bank deposits		**160,747,370**	185,946,032
Cash and cash equivalent		**122,604,029**	139,380,053
		520,533,891	612,561,305
Assets classified as held for sale		**15,903,075**	–
		536,436,966	612,561,305
Current liabilities			
Trade and other payables and accruals	9	**78,407,320**	80,105,210
Tax liabilities		**3,480,962**	3,578,859
Bank borrowings		**2,572,724**	8,623,958
		84,461,006	92,308,027
Liabilities associated with assets classified as held for sale		**580,739**	–
		85,041,745	92,308,027
Net current assets		**451,395,221**	520,253,278

	2012	2011
	HK$	*HK$*
Total assets less current liabilities	**798,629,798**	864,493,896
Non-current liability		
Deferred taxation	**12,385,888**	13,618,314
Net assets	**786,243,910**	850,875,582
Capital and reserves		
Share capital	**50,967,728**	50,967,728
Reserves	**735,453,344**	799,907,854
Total attributable to owners of the Company	**786,421,072**	850,875,582
Non-controlling interests	**(177,162)**	–
Total equity	**786,243,910**	850,875,582

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

	Attributable to the owners of the Company									
	Share capital	**Share premium**	**Put option reserve**	**Deemed contribution from a shareholder**	**Capital redemption reserve**	**Translation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2010	50,967,728	210,949,953	(19,561,456)	19,561,456	62,400	40,312,489	506,412,220	808,704,790	–	808,704,790
Other comprehensive income for the year	–	–	–	–	–	6,498,780	–	6,498,780	–	6,498,780
Profit for the year	–	–	–	–	–	–	46,884,911	46,884,911	–	46,884,911
Total comprehensive income for the year	–	–	–	–	–	6,498,780	46,884,911	53,383,691	–	53,383,691
Dividends paid	–	–	–	–	–	–	(11,212,899)	(11,212,899)	–	(11,212,899)
At 31 March 2011	50,967,728	210,949,953	(19,561,456)	19,561,456	62,400	46,811,269	542,084,232	850,875,582	–	850,875,582
Other comprehensive income for the year	–	–	–	–	–	1,676,611	–	1,676,611	–	1,676,611
(Loss) profit for the year	–	–	–	–	–	–	(55,937,575)	(55,937,575)	(177,162)	(56,114,737)
Total comprehensive (expense) income for the year	–	–	–	–	–	1,676,611	(55,937,575)	(54,260,964)	(177,162)	(54,438,126)
Dividends paid	–	–	–	–	–	–	(10,193,546)	(10,193,546)	–	(10,193,546)
Transfer to retained profits upon expiry of Put Option ended on 1 July 2011	–	–	19,561,456	–	–	–	(19,561,456)	–	–	–
Recognition of shareholder contribution upon extension of Put Option period	–	–	(14,222,018)	14,222,018	–	–	–	–	–	–
At 31 March 2012	**50,967,728**	**210,949,953**	**(14,222,018)**	**33,783,474**	**62,400**	**48,487,880**	**456,391,655**	**786,421,072**	**(177,162)**	**786,243,910**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvement to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised Standards, Amendments to Standards or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009 – 2011 cycle[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[2]
HKFRS 9	Financial instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[5]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2015.*
[4] *Effective for annual periods beginning on or after 1 January 2012.*
[5] *Effective for annual periods beginning on or after 1 July 2012.*
[6] *Effective for annual periods beginning on or after 1 January 2014.*

The directors of the Company anticipate that the application of the new and revised Standards, Amendments to Standards or Interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance is organised into two operating and reportable segments as follows:

(a) sales of printing products ("Printing"); and

(b) artistes management, production and distribution of music albums and movies ("Music and entertainment").

The following is an analysis of the Group's revenue and results by operating and reportable segment.

	Revenue For the year ended		**Segment (loss) profit For the year ended**	
	31.3.2012	31.3.2011	**31.3.2012**	31.3.2011
	HK$	*HK$*	***HK$***	*HK$*
Printing	**639,983,055**	656,471,530	**(3,584,555)**	41,482,653
Music and entertainment	**20,703,573**	21,774,656	**(48,469,678)**	1,598,977
Total	**660,686,628**	678,246,186	**(52,054,233)**	43,081,630
Interest income			**4,912,962**	6,346,514
Unallocated corporate expenses			**(7,185,137)**	(5,550,105)
Net foreign exchange (loss) gain			**(427,711)**	11,703,964
Share of loss of an associate			**–**	(1,029,848)
Change in fair value of held-for-trading investments			**(118,851)**	–
Dividend income			**11,270**	–
(Loss) profit before taxation			**(54,861,700)**	54,552,155

All of the segment revenue reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the loss incurred/profit earned by each segment without allocation of share of loss of an associate, interest income, net foreign exchange (loss) gain, unallocated corporate expenses, change in fair value of held-for-trading investments and dividend income. This is the measure reported to the Group's management for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	Printing	**Music and entertainment**	**Consolidated**
As at 31 March 2012	*HK$*	*HK$*	*HK$*
Segment assets	**524,646,047**	**20,612,574**	**545,258,621**
Other assets			**322,509,847**
Assets classified as held for sale			**15,903,075**
Consolidated assets			**883,671,543**
Segment liabilities	**86,640,783**	**2,624,493**	**89,265,276**
Other liabilities			**7,581,618**
Liabilities associated with assets classified as held for sale			**580,739**
Consolidated liabilities			**97,427,633**
As at 31 March 2011			
Segment assets	487,690,699	71,648,763	559,339,462
Investment in an associate			15,903,075
Other assets			381,559,386
Consolidated assets			956,801,923
Segment liabilities	96,625,878	7,091,451	103,717,329
Other liabilities			2,209,012
Consolidated liabilities			105,926,341

For the purposes of monitoring segments performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than investment in an associate (included as assets classified as held for sale as at 31 March 2012), deposits for investments, available-for-sale investments, held-for-trading investments, certain other receivables, short term bank deposits, cash and cash equivalents.

- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, some of which are classified as liabilities associated with assets classified as held for sale as at 31 March 2012.

4. TAXATION

	2012	2011
	HK$	*HK$*
The taxation charge comprises:		
Hong Kong Profits Tax		
Charge for the year	**1,292,109**	6,621,017
(Over) underprovision in prior years	**(953,161)**	361,666
	338,948	6,982,683
Enterprise Income Tax of the People's Republic of China (the "PRC")		
Charge for the year	**2,146,515**	861,144
Underprovision in prior years	**–**	113,526
	2,146,515	974,670
Deferred tax credit		
Current year	**(1,232,426)**	(290,109)
	1,253,037	7,667,244

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

5. (LOSS) PROFIT FOR THE YEAR

	2012	2011
	HK$	*HK$*
(Loss) profit for the year has been arrived at after charging (crediting):		
Amortisation of intangible assets	**2,298,062**	2,298,062
Auditor's remuneration	**1,786,000**	1,400,600
Cost of inventories recognised as an expense	**533,004,459**	527,885,321
Write-down of inventories (included in cost of sales)	**657,883**	55,622
Depreciation of property, plant and equipment	**30,923,066**	28,953,939
Amortisation of prepaid lease payments	**403,118**	88,610
Amortisation of film rights	**–**	4,179,297
Rental payments in respect of premises under operating leases	**12,339,894**	7,073,972
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	**146,367,912**	134,800,668
– Contributions to retirement benefits schemes	**975,946**	866,365
Total staff costs	**147,343,858**	135,667,033
Dividend income	**(11,270)**	–

6. DIVIDENDS

	2012	2011
	HK$	*HK$*
Dividends recognised as distribution during the year:		
Interim dividends paid for the year ended 31 March 2011 – HK0.03 cent per share	**–**	3,058,063
Final dividend paid for the year ended 31 March 2011 – HK0.10 cent per share	**10,193,546**	–
Final dividend paid for year ended 31 March 2010 – HK0.08 cent per share	**–**	8,154,836
	10,193,546	11,212,899

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK0.10 cent).

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company for the year is based on the following data:

	2012	2011
	HK$	*HK$*
(Loss) earnings for the purposes of basic (loss) earnings per share	**(55,937,575)**	46,884,911

	2012	2011
Number of shares		
Number of shares in issue for the purpose of basic (loss) earnings per share	**10,193,545,600**	10,193,545,600

No separate diluted (loss) earnings per share information has been presented as there were no potential ordinary shares outstanding for both years.

8. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group's credit terms on sales of printing business generally range from 60 to 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition. The Group allows an average credit period of 45 days to its customers of artistes management, production and distribution of music albums. An ageing analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2012	2011
	HK$	*HK$*
Printing operation:		
0 – 30 days	**96,057,243**	100,566,903
31 – 60 days	**9,599,308**	5,985,547
61 – 90 days	**9,861,709**	2,997,484
Over 90 days	**571,188**	1,905,817
	116,089,448	111,455,751
Music and entertainment operation:		
0 – 45 days	**2,763,251**	4,331,212
46 – 90 days	**110,090**	1,640,607
91 – 180 days	**16,133**	25,068
181 – 365 days	**–**	6,774
	2,889,474	6,003,661
Total trade receivables	**118,978,922**	117,459,412
Loan receivables	**–**	40,244,374
Deposits, prepayments and other receivables	**19,236,854**	24,972,820
	138,215,776	182,676,606

9. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an ageing analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2012	2011
	HK$	*HK$*
0 – 30 days	**30,902,697**	38,497,896
31 – 60 days	**9,085,271**	6,465,680
61 – 90 days	**1,539,821**	4,262,258
Over 90 days	**1,493,147**	2,300,116
	43,020,936	51,525,950
Accrued expenses and other payables	**35,386,384**	28,579,260
	78,407,320	80,105,210

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In the year 2011/2012, the Group has taken several big steps to broaden the business portfolio of both printing and entertainment businesses. For the printing business, our new factory for domestic sales has commenced operation and the Group has further adjusted and strengthened the manpower devoted to the domestic market, and has achieved an encouraging growth rate of domestic sales as compared with last year. For the entertainment business, we have started to expand our artiste management business from its origin in Hong Kong to the PRC market, and have staged our first drama in January 2012. Furthermore, we have explored several good cooperation opportunities, which required more time for us to consider and refine, with various entities in the PRC. All of these have further strengthened the existing portfolio of the Group.

Printing business

The Group has devoted more resources to environmental protection in the current year. Chung Tai Printing (China) Company Limited, a wholly-owned subsidiary of the Group was awarded the "Green Management Award (Large Corporation) – Gold Award" by the Hong Kong Green Council in December 2011 following the first "Green Purchaswi$e Award (Large Corporation) – Gold Award" obtained in 2010.

During the year, the global financial crisis has affected the number of orders placed by our export sales customers, especially those from American and European countries. Export sales decreased by approximately 6.0% as compared with last year.

However, during the year, the Group continued to allocate more resources to expand our PRC market, including acquiring more multi-function printing machines to cope with the different needs of various domestic customers and to forage for more potential customers in different industries. Domestic sales has increased significantly by 27.7% as compared with last year and accounted for 13.8% of total sales in the current year. Furthermore, the Group has further strengthened the sales team of the printing business, and has improved and cultivated the relationships with loyal, new and potential customers.

Music and entertainment businesses

The Group has further reinforced and expanded its portfolio in the entertainment sector by strengthening its song production, artiste management, music concert, show businesses and exploring other entertainment-related investments. Meanwhile, the Group has also expanded its foothold in the PRC market by devoting more resources to the promotion of our entertainment businesses in the PRC market.

In the current year, the Group has staged its first drama named "The Liaisons" in January 2012 in cooperation with a famous Hong Kong drama director, Mr. Mao Chun Fai, Fredric ("Mr. Mao"). The Liaisons is a famous drama written by Mr. Mao and has been specially invited to be rerun in Expo 2010 Shanghai China and other large cities, such as Hong Kong, Beijing, and Shenzhen. This drama has received very good comments from the media and audiences.

The investment in PRC teleplays also showed significant achievements. According to the statistics by TV stations, the second teleplay was among the top 3 TV programs with the highest ratings within the broadcasting period. However, due to the delay in receiving the ratings reports from TV stations, their profits will be recorded in the financial year 2012/2013.

FINANCIAL REVIEW

Revenue and gross profit margin

For the year ended 31 March 2012, total revenue of the Group was approximately HK$660.7 million (2011: HK$678.2 million) with gross profit margin decreased to 15.9% (2011: 20.2%).

Printing business

Revenue from the printing business decreased slightly by 2.5% to approximately HK$640.0 million during the year (2011: HK$656.5 million). The number of orders placed by our export sales customers was affected by the global financial crisis during the year and export sales decreased by approximately 6.0% to HK$551.6 million as compared with last year. Such decrease was partially offset by the increase in domestic sales of approximately 27.7% to approximately HK$88.4 million (2011: HK$69.2 million) during the year. The proportion of domestic sales derived from the PRC market increased from 10.5% to 13.8% in the current year.

Besides, the gross profit margin decreased by 3.1% from 20.2% to 17.1% and a segment loss was incurred. The decrease in gross profit margin and segment loss were mainly due to the following reasons: i) the increase in material cost, ii) the increase in labor cost, which was caused by the increase in minimum wages set by the PRC government from RMB1,100 to RMB1,320 in July 2011 and further to RMB1,500 in February 2012, iii) the increase in rental and utility expenses incurred by the newly-rented factory which has been put to use in the current year, and iv) the increase in depreciation expenses attributed to the newly-built staff quarters and warehouse and the leasehold improvement of the newly-rented factory which have been put to use in the current year.

Music and entertainment businesses

Revenue from the music and entertainment businesses decreased by 4.9% to HK$20.7 million as compared with last year. The revenue mainly consisted of income from concerts, shows and drama, artiste management income, album distribution income and song licensing income. The entertainment segment has suffered a significant loss in the current year and such loss was mainly attributable to the impairment loss recognized on goodwill, the amortization of record masters and intangible assets, and the operating loss arising from a concert organized during the year.

For the investment in two teleplays in the PRC, due to the delay in receiving the ratings reports from TV stations, the profit will be recorded in the next financial year.

In February 2012, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest in a wholly-owned subsidiary which holds an investment in a PRC associate engaging in cultural and entertainment business, resulting in a gain on disposal. The transaction is expected to be completed in the coming year.

INTEREST INCOME

Interest income amounted to approximately HK$4.9 million for the year ended 31 March 2012, 23.4% lower than that for last year (2011: HK$6.4 million). The decrease arose from the absence of interest income from the Australian dollar fixed deposit, which was converted by the Group into Hong Kong dollars last year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution costs amounted to approximately HK$33.4 million for the year ended 31 March 2012, 11.7% higher than that for last year (2011: HK$29.9 million). The increase was mainly because of i) the increase in rental and utility expenses of the newly-rented factory attributed to the sales and marketing department, ii) the increase in staff cost due to increased headcount of the sales and marketing department, and iii) the increase in transportation cost attributable to domestic sales.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 18.1% to approximately HK$91.3 million for the year ended 31 March 2012 (2011: HK$77.3 million). Such increase arose mainly from: i) the increase in staff cost, which was mainly caused by the increase in minimum wages set by the PRC government from RMB1,100 to RMB1,320 in July 2011 and further to RMB1,500 in February 2012, ii) the rental and associated utility expenses of the newly-rented factory which has been put to use in the current year to cope with the business expansion of the printing business, iii) the increase in government handling fee charged by the local government for all processing factories situated in Shenzhen, and iv) the increase in depreciation expenses of the newly-built staff quarters which have been put to use in the current year.

OTHER GAINS AND LOSSES

Other gains and losses comprised the following major items:

	2012	2011
	HK$'000	*HK$'000*
Net foreign exchange (losses)/gains	**(428)**	11,704
Allowance for bad and doubtful debts	**(4,830)**	(289)
Reversal of allowance for bad and doubtful debts	**20**	3,717
Loss on disposal of property, plant and equipment	**585**	(57)
Gain on disposal of film rights	**–**	3,647
Change in fair value of held-for-trading investments	**(119)**	–
Total	**(4,772)**	18,722

The decrease in net foreign exchange gain was mainly due to the absence of exchange gain arising from the Australian dollar deposits which has already been converted by the Group into Hong Kong dollars before 31 March 2011. Besides, there was an absence of gain on disposal of film rights in the previous year.

The increase in the allowance for bad and doubtful debts was made for those amounts due from customers mainly located in European countries that were long overdue as of 31 March 2012 and not yet recovered as at the date of this announcement. The management considered that the recoverability of the balances with these customers are in doubt due to the current uncertainty of the European countries and therefore, a provision was made during the year.

FINANCE COSTS

No significant finance cost was incurred during the year.

NET (LOSS)/PROFIT FOR THE YEAR

For the financial year ended 31 March 2012, the Group recorded net loss for the year of approximately HK$56.1 million (2011: net profit of HK$46.9 million) and the net loss margin was 8.5% (2011: net profit margin of 6.9%).

The loss for the year was mainly attributable to i) the decrease in realized exchange gain from the Australian dollar fixed deposit of approximately HK$11.7 million in this financial year as compared with the last financial year, ii) the impairment loss recognized in respect of goodwill of approximately HK$36.0 million, iii) the increase in depreciation expenses associated with the newly-rented factory and newly-built staff quarters and warehouse, which were put to use during the year, iv) the provision for bad and doubtful debt made for several overdue amounts from customers of approximately HK$4.8 million, v) the increase in government handling fee charged to all processing factories situated in Shenzhen, and vi) the increase in material costs, as well as higher labor costs which was mainly caused by the increase in minimum wages set by the PRC government from RMB1,100 to RMB1,320 in July 2011 and further to RMB1,500 in February 2012.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The following table set out the Group's current ratio, quick ratio and gearing ratio as at 31 March 2012 and 2011:

	Notes	**2012**	2011
Current ratio	*(i)*	**6.3**	6.6
Quick ratio	*(ii)*	**5.2**	5.6
Gearing ratio *(%)*	*(iii)*	**0.3**	1.0

Notes:

(i) Current ratio is calculated by dividing the total current assets by the total current liabilities as at the end of the year.

(ii) Quick ratio is calculated by dividing the difference between the total current assets and inventories by the total current liabilities as at the end of the year.

(iii) Gearing ratio is calculated by dividing the total bank borrowings by the total equity and then multiplying it by 100%.

As at 31 March 2012, the Group had short-term bank deposits and cash and cash equivalents of approximately HK$283.4 million (31 March 2011: HK$325.3 million) and short-term bank borrowings of approximately HK$2.6 million (31 March 2011: HK$8.6 million). The Group still maintained a strong and healthy liquidity and gearing ratio as compared with last year.

During the year, the Group has allocated more working capital and financial resources to finance the expansion of the printing business. The construction work of the warehouse has been commenced in the last financial year and completed during this financial year so as to divert the excess demand on the existing premises. A few printing machines were acquired during the year to cope with the need of both existing and potential customers. Therefore, the current and quick ratios decreased to 6.3 and 5.2 respectively as at 31 March 2012.

The Group generally finances its operation with internally-generated cash flows and facilities provided by banks in Hong Kong and the PRC. The Group continues to maintain a high level of operating cash position, thus reflecting the strength of its operating performance. Having considered the anticipated internally-generated funds and available banking facilities, the Group has adequate resources to meet its future capital expenditures and working capital requirements. The Group will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy liquidity level to ensure that the Group is well positioned to take advantage of opportunities of business growth.

FUTURE OUTLOOK

Leveraging on the strong foothold of its printing business with a sustainable and stable cash flow, the Group will dedicate its efforts to the development of music and entertainment businesses and other high potential projects in the PRC. The Group will constantly maintain this two-pronged growth strategy with a view to providing steady returns as well as fruitful growth for the shareholders.

Printing business

Customer and geographical diversification will still be the major strategy to be carried out by the Group in the coming year. The Group will re-allocate its resources to clients that have higher environmental demand. A series of “Green” policies has been widely adopted within the Group and will be indirectly beneficial to the Group in the following major aspects: i) the Group will gain more business opportunities to approach larger and high-end international brand customers which require their printer to meet higher environmental standard; ii) the Group can improve the production efficiency and reduce the operating costs in the long run; and iii) the brand and the corporate image of the Group among the competitors in the printing industry will be promoted.

In view of the recent economic volatility in the global financial market and the increasing cost of operation in the PRC, the Group will prudently adjust its resources poured into overseas markets but accelerate the development in the domestic market at the same time and closely monitor the progress of collecting accounts receivables.

With the acquisition of new machineries, the Group will provide more new products and services to our existing loyal customers and other potential customers in different industries. To cope with the increasing cost of operation in the PRC market, the Group is adjusting the purchasing strategy and is adopting a new cost tightening policy to boost the production efficiency in the PRC factories. The management will closely monitor and regularly evaluate the results of these new policies, and make necessary adjustments in a timely manner.

The Group is optimistic about expanding and diversifying its customer base and overcoming all difficulties in respect of uncertainties in the global economy and cost pressure from the PRC in the coming year.

Music and entertainment business

As the five-year plan launched by the PRC government in 2011 designated the cultural and entertainment industry as one of the major development areas in the PRC market, the Group has started to expand its entertainment businesses previously based in Hong Kong, in the PRC during this financial year and will allocate more resources to the entertainment businesses in the PRC market in the coming year. The Group is setting up a representative office in Guangzhou which is the first step in the expansion of the music and artiste management businesses in the PRC. The Group is also working on an establishment in Beijing in order to further expand its representation in the PRC market. Besides, the Group will continue to look for more artists with high potential and produce more good songs to enrich the asset base of the business. Furthermore, the Group will continue to introduce more new elements into the entertainment business in order to strengthen and enlarge its platform.

In addition, the Group is actively seeking cooperation opportunities with other entertainment companies in the PRC and overseas, including but not limited to working with PRC TV stations or investors for the production of high quality teleplays. During the year, the Group has successfully built up a strong network with other companies which were interested and/ or specified in the cultural and entertainment industry in the PRC and may become our strong business partners in the coming year. Furthermore, the Group will continue to devote more resources to projects that enjoy more reduction schemes offered by the PRC government so as to maximize the return on its investment. The Group will broaden its revenue and profit base patiently in a cautious manner and is optimistic about the result.

Other business opportunities

With a strong cash position, the Group is also actively exploring other business opportunities to expand its existing portfolio. The Group will provide more information to the existing shareholders and potential investors in a timely manner when the business plans mature.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi, HK dollars and US dollars. Except for Renminbi, there is no significant fluctuation in the exchange rate between HK dollars and US dollars throughout the year. The management will closely monitor the foreign exchange risk for Renminbi and identify any significant adverse impact of it to the PRC operations. The Group will consider using appropriate hedging solutions, if required. For the financial year ended 31 March 2012, the Group did not use any financial instruments for hedging purpose and did not have any hedging instruments outstanding as at 31 March 2012.

CAPITAL EXPENDITURE

For the year ended 31 March 2012, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$59.4 million (2011: HK$64.3 million). Such addition arose from the acquisition of machineries to meet current market demand and expand customer base, as well as the construction cost incurred in the construction of the warehouse to divert the excess demand on the existing premises.

CAPITAL COMMITMENTS

As at 31 March 2012, the Group had made capital commitments of approximately HK$23.2 million (31 March 2011: HK$25.3 million) for the acquisition of property, plant and equipment which had been contracted for but had not been provided in the financial statements. The Group did not make any capital commitments for the acquisition of property, plant and equipment which had been authorized but had not been contracted for in both years.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2012 (31 March 2011: Nil).

PLEDGE OF ASSETS

As at 31 March 2012, the Group has pledged a leasehold building with a carrying value of HK$30 million to secure general banking facilities granted to the Group (31 March 2011: HK$31 million).

HUMAN RESOURCES

As at 31 March 2012, the Group had approximately 2,800 full time employees (31 March 2011: approximately 3,200). Total staff costs including directors' remuneration for the year ended 31 March 2012 was approximately HK$147.3 million (2011: approximately HK$136.0 million). The remuneration schemes are generally structured with reference to market conditions and the qualifications of the employees. The reward packages of the Group's staff are normally reviewed on an annual basis based on the staff's and the Group's performance. Apart from salary payments, other staff benefits include contributions to retirement benefit scheme and medical insurance for eligible employees. In-house and external training programs are provided as and when required.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK0.10 cent).

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Wednesday, 5 September 2012, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's Bye-law and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2012.

CORPORATE GOVERNANCE PRACTICES

The Board recognizes that good corporate governance practices are vital to maintain and promote shareholder value and investor confidence and has introduced corporate governance practices appropriate to the conduct and growth of our business. The Company has complied with the Code Provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2012, save for the following deviations:

The Company has not formalized and adopted written terms on the division of functions reserved to the Board and those delegated to the management. However, in practice, the Board takes responsibility for decision-making in major matters of the Company while the day-to-day management, administration and operation are delegated to the senior executives. The Board also considers that the respective responsibilities of the Chairman and the Chief Executive Officer are clear and distinctive and hence written terms thereof are not necessary.

None of the directors are appointed for a specific term but they are subject to retirement by rotation once every three years pursuant to the Company's Bye-law.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the year ended 31 March 2012.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished price-sensitive information.

REVIEW OF FINANCIAL STATEMENTS

The audit committee comprises two independent non-executive directors and one non-executive director. The audit committee has reviewed with the management the accounting principles and policies adopted by the Group, discussed the auditing and financial reporting matters and have reviewed the annual results for the year ended 31 March 2012. In addition, the consolidated financial statements of the Group for the year ended 31 March 2012 have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report was issued.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2012 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and at the website of the Company at www.newaygroup.com.hk. The annual report will be dispatched to the shareholders and available on the above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all employees for their diligence and contribution. At the same time, the Board is also thankful for the support it has from all the customers, suppliers and shareholders of the Group.

By Order of the Board
NEWAY GROUP HOLDINGS LIMITED
SUEK Ka Lun, Ernie
Chairman

Hong Kong, 27 June 2012

As at the date of this announcement, the directors of the Company are Mr. Suek Ka Lun, Ernie (Chairman) and Mr. Suek Chai Hong (Chief Executive Officer) being the executive directors; Dr. Ng Wai Kwan, Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat being the non-executive directors; and Mr. Tse Tin Tai, Mr. Cheng Chi Wai and Ms. Lui Lai Ping, Cecily being the independent non-executive directors; and Mr. Lau Kam Cheong being the alternate director to Dr. Ng Wai Kwan.