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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 2013

The board (the "Board") of directors (the "Directors") of Neway Group Holdings Limited ("Neway" or the "Company") announces 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 2013, together with the comparative figures for the corresponding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	2013 HK$	2012 HK$
Revenue		**643,749,236**	660,686,628
Cost of sales		**(531,067,345)**	(555,556,318)
Gross profit		**112,681,891**	105,130,310
Interest income		**3,944,560**	4,912,962
Other income		**1,068,702**	841,038
Selling and distribution expenses		**(33,483,762)**	(33,412,422)
Administrative expenses		**(91,413,404)**	(91,304,950)
Other gains and losses		**10,786,408**	(4,772,492)
Finance costs		**(121,603)**	(230,822)
Impairment loss recognised in respect of goodwill		**–**	(36,025,324)
Profit (loss) before taxation		**3,462,792**	(54,861,700)
Taxation charge	4	**(1,810,277)**	(1,253,037)

* *For identification purpose only*

	NOTES	2013 HK$	2012 HK$
Profit (loss) for the year	5	**1,652,515**	(56,114,737)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**6,264,262**	1,676,611
Total comprehensive income (expense) for the year		**7,916,777**	(54,438,126)
Profit (loss) for the year attributable to:			
Owners of the Company		**1,671,302**	(55,937,575)
Non-controlling interests		**(18,787)**	(177,162)
		1,652,515	(56,114,737)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**7,935,564**	(54,260,964)
Non-controlling interests		**(18,787)**	(177,162)
		7,916,777	(54,438,126)
			(restated)
Earnings (losses) per share			
Basic	7	**0.16 HK cents**	(5.49 HK cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

	NOTES	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment		**244,948,044**	255,964,630
Prepaid lease payments		**32,686,622**	33,404,246
Deposits for land use rights		**18,291,488**	18,251,391
Intangible assets		**5,892,148**	8,190,210
Available-for-sale investments		**13,010,000**	7,760,000
Deposits for investments		**24,227,191**	23,664,100
Advances to potential investees		**75,008,963**	–
		414,064,456	347,234,577
Current assets			
Inventories and record masters		**78,851,800**	90,701,033
Held-for-trading investments		**899,400**	839,850
Trade and other receivables, prepayments and deposits	8	**132,728,829**	138,215,776
Prepaid lease payments		**717,624**	717,624
Amount due from a related company		**6,466,061**	2,609,558
Tax recoverable		**870,654**	4,098,651
Short-term bank deposits		**103,731,950**	160,747,370
Cash and cash equivalent		**143,667,512**	122,604,029
		467,933,830	520,533,891
Assets classified as held for sale		**–**	15,903,075
		467,933,830	536,436,966
Current liabilities			
Trade and other payables and accruals	9	**74,034,051**	78,407,320
Tax liabilities		**3,496,441**	3,480,962
Bank borrowings		**1,607,187**	2,572,724
		79,137,679	84,461,006
Liabilities associated with assets classified as held for sale		**–**	580,739
		79,137,679	85,041,745
Net current assets		**388,796,151**	451,395,221

	2013	2012
	HK$	*HK$*
Total assets less current liabilities	**802,860,607**	798,629,798
Non-current liability		
Deferred taxation	**8,699,920**	12,385,888
Net assets	**794,160,687**	786,243,910
Capital and reserves		
Share capital	**50,967,728**	50,967,728
Reserves	**743,388,908**	735,453,344
Total attributable to owners of the Company	**794,356,636**	786,421,072
Non-controlling interests	**(195,949)**	(177,162)
Total equity	**794,160,687**	786,243,910

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	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 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 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
Other comprehensive income for the year	–	–	–	–	–	6,264,262	–	6,264,262	–	6,264,262
Profit (loss) for the year	–	–	–	–	–	–	1,671,302	1,671,302	(18,787)	1,652,515
Total comprehensive income (expense) for the year	–	–	–	–	–	6,264,262	1,671,302	7,935,564	(18,787)	7,916,777
Transfer to retained profits upon expiry of Put Option ended on 1 July 2012	–	–	14,222,018	–	–	–	(14,222,018)	–	–	–
Recognition of shareholder contribution upon extension of Put Option period on 1 July 2012	–	–	(58,102,788)	58,102,788	–	–	–	–	–	–
Transfer to retained profits upon expiry of Put Option ended on 31 March 2013	–	–	58,102,788	–	–	–	(58,102,788)	–	–	–
Recognition of shareholder contribution upon extension of Put Option period on 31 March 2013	–	–	(53,533,077)	53,533,077	–	–	–	–	–	–
At 31 March 2013	**50,967,728**	**210,949,953**	**(53,533,077)**	**145,419,339**	**62,400**	**54,752,142**	**385,738,151**	**794,356,636**	**(195,949)**	**794,160,687**

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 is 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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKFRS 7 (Amendments)	Financial instruments: Disclosures – Transfers of financial assets

The application of the above amendments 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 HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[1]
HKFRS 9	Financial instruments[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance[1]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investments entitites[4]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[3]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[4]
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets[4]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) – INT 21	Levies[4]

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

The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold and services provided by the Group, less returns and allowances during the year.

Segment revenue and results

Information reported to the executive Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance, is mainly based on the nature of different operation as follows:

During the year ended 31 March 2012, the reportable and operating segment of sale of printing products ("Printing") includes trading of non-self-manufactured printing products operation ("Trading") and manufacturing and sales of printing products operation ("Manufacturing and Sales"). During the second half of the year ended 31 March 2013, executive Directors considered that Trading segment's result become more significant to the Group and, therefore, the Trading segment is separately assessed.

Also, during the second half of the year ended 31 March 2013, the executive Directors expect the Group would allocate more resources to expand the securities trading business and thus the operating segment of securities trading is newly presented. The relevant income, expenses, assets and liabilities of securities trading segment were previously presented as unallocated.

Figures in segment information for the year ended 31 March 2012 have been restated for comparative purposes.

The Group's reportable and operating segments are therefore as follows:

(a) Manufacturing and Sales;

(b) Trading;

(c) Artistes management, production and distribution of music albums, investment in teleplays, cultural and entertainment projects ("Music and entertainment"); and

(d) Securities trading.

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

	Revenue		Segment profit (loss)	
	For the year ended		For the year ended	
	31.3.2013	31.3.2012	**31.3.2013**	31.3.2012
	HK$	*HK$*	***HK$***	*HK$*
Manufacturing and Sales	**599,137,110**	620,458,672	**5,209,070**	(4,860,154)
Trading	**26,527,940**	19,524,383	**1,736,119**	1,275,599
Music and entertainment	**18,084,186**	20,703,573	**546,343**	(48,469,678)
Securities trading	**–**	–	**73,269**	(107,581)
Total	**643,749,236**	660,686,628	**7,564,801**	(52,161,814)
Interest income			**3,944,560**	4,912,962
Unallocated corporate expenses			**(11,511,606)**	(7,185,137)
Unallocated net foreign exchange loss			**(726,627)**	(427,711)
Impairment loss recognised on available-for-sale investments			**(10,240,000)**	–
Gain on disposal of a subsidiary			**14,431,664**	–
Profit (loss) before taxation			**3,462,792**	(54,861,700)

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of interest income, certain net foreign exchange loss, unallocated corporate expenses, impairment loss recognised on available-for-sale investments and gain on disposal of a subsidiary. 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:

As at 31 March 2013	Manufacturing and Sales *HK$*	Trading *HK$*	Music and entertainment *HK$*	Securities trading *HK$*	Consolidated *HK$*
Segment assets	**476,729,915**	**10,866,871**	**20,504,402**	**899,400**	**509,000,588**
Other assets					**372,997,698**
Consolidated assets					**881,998,286**
Segment liabilities	**76,766,316**	**3,018,203**	**4,039,013**	**–**	**83,823,532**
Other liabilities					**4,014,067**
Consolidated liabilities					**87,837,599**
As at 31 March 2012					
Segment assets	515,367,167	9,278,880	20,612,574	839,850	546,098,471
Other assets					321,669,997
Assets classified as held for sale					15,903,075
Consolidated assets					883,671,543
Segment liabilities	84,137,476	2,503,307	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

For the purposes of monitoring segment 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, certain other receivables, short term bank deposits and cash and cash equivalents.

- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals and liabilities associated with assets classified as held for sale.

4. TAXATION

	2013 *HK$*	2012 *HK$*
The taxation charge comprises:		
Hong Kong Profits Tax		
Charge for the year	**3,958,555**	1,292,109
Overprovision in prior years	**(161,815)**	(953,161)
	3,796,740	338,948
Enterprise Income Tax of the People's Republic of China (the "PRC")		
Charge for the year	**1,699,505**	2,146,515
Deferred tax credit for the year	**(3,685,968)**	(1,232,426)
	1,810,277	1,253,037

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. PROFIT (LOSS) FOR THE YEAR

	2013 *HK$*	2012 *HK$*
Profit (loss) for the year has been arrived at after charging (crediting):		
Amortisation of intangible assets (included in cost of sales)	**2,298,062**	2,298,062
Auditor's remuneration	**1,800,000**	1,786,000
Cost of inventories recognised as an expense (including write-down of inventories and record masters)	**519,822,144**	533,004,459
Write-down of inventories and record masters (included in cost of sales)	**661,632**	657,883
Depreciation of property, plant and equipment	**28,318,234**	30,923,066
Release of prepaid lease payments	**717,624**	403,118
Rental payments in respect of premises under operating leases	**12,892,377**	12,339,894
Staff costs including Directors' emoluments		
– Salaries, wages and other benefits	**150,372,434**	146,367,912
– Contributions to retirement benefits schemes	**1,253,382**	975,946
Total staff costs	**151,625,816**	147,343,858
Dividend income	**(13,719)**	(11,270)

6. DIVIDENDS

	2013	2012
	HK$	*HK$*
Dividends recognised as distribution during the year:		
Final dividend paid for year ended 31 March 2011 – HK0.10 cent per share	**–**	10,193,546

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

7. EARNINGS (LOSSES) PER SHARE

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

	2013	2012
	HK$	*HK$*
Earnings (losses) for the purposes of basic earnings (losses) per share	**1,671,302**	(55,937,575)

	2013	2012 (restated)
Number of shares		
Number of shares in issue for the purpose of basic earnings (losses) per share	**1,019,354,560**	1,019,354,560

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

The number of shares for the calculation of basic earnings (losses) per share for the years of 2013 and 2012 have been adjusted to reflect the impact of share consolidation completed subsequent to 31 March 2013.

8. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group's credit terms on manufacturing and sales and trading of printing products 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.

	2013	2012
	HK$	*HK$*
Manufacturing and sales and trading of printing products operation:		
0 – 30 days	**75,922,284**	96,057,243
31 – 60 days	**21,030,851**	9,599,308
61 – 90 days	**6,752,180**	9,861,709
Over 90 days	**5,207,497**	571,188
	108,912,812	116,089,448
Music and entertainment operation:		
0 – 45 days	**1,682,323**	2,763,251
46 – 90 days	**82,354**	110,090
91 – 180 days	**20,589**	16,133
	1,785,266	2,889,474
Total trade receivables	**110,698,078**	118,978,922
Deposits, prepayments and other receivables	**22,030,751**	19,236,854
	132,728,829	138,215,776

9. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2013	2012
	HK$	*HK$*
0 – 30 days	**41,559,490**	30,902,697
31 – 60 days	**4,897,595**	9,085,271
61 – 90 days	**874,050**	1,539,821
Over 90 days	**–**	1,493,147
	47,331,135	43,020,936
Accrued expenses and other payables	**26,702,916**	35,386,384
	74,034,051	78,407,320

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 March 2013, the Group has taken several important steps to broaden the business portfolio of its core businesses and diversify into new businesses.

For the manufacturing and sales business, the Group has completed the transformation of the PRC factory from a contract processing factory to an import processing factory. After the completion of transformation, the PRC factory can enjoy greater flexibility in taxation and business planning. For the domestic market of the PRC, despite the slowdown in revenue growth as compared with last year, the Group has further strengthened its customer base due to the closure of small to medium size competitors in Guangdong Province.

For the trading business, the Group continued to record a remarkable increase in revenue this year and has begun to take a significant role in the Group.

For the entertainment business, the Group has started to expand the artiste management business into the PRC market and obtained a satisfactory growth in revenue. Furthermore, the Group has recorded its first return on investment in the PRC teleplays during the year with satisfactory results. The investment in a PRC cultural and entertainment business has been disposed of and has achieved a satisfactory return.

All of these have further strengthened the existing portfolio of the Group.

Manufacturing and Sales and trading business

Manufacturing and Sales business

The Group has devoted continuous effort to environmental protection during the year. Chung Tai Printing (China) Company Limited ("Chung Tai Printing"), a wholly-owned subsidiary of the Group, was awarded the Green Management Award (Large Corporation) – Gold Award by the Hong Kong Green Council for two consecutive years in December 2012 and 2011. Besides, Chung Tai Printing was awarded the first Hang Seng Pearl River Delta Environmental Award 2011/2012 – Bronze Award which was jointly organized by the Federation of Hong Kong Industries and Hang Seng Bank.

During the year, the Group's export market (excluding the PRC) remained challenging due to the slow economic recovery in the United States and high volatility in European countries. The number of orders placed by the Group's export sales customers was thus affected and the Group's export revenue has decreased by approximately 4.4% as compared with last year.

For the domestic market of the PRC, the revenue increased slightly by 1.3% during the year. The increase was mainly due to the increase in sales orders following the closure of local small to medium scale competitors during the year which was partially offset by the impact of discontinuance of several customers with low profit margin.

In addition, the Group has devoted more resources and efforts to improving the production efficiency and reducing operating cost during the year to offset the increasing labour and operation cost in the PRC. The Group has maintained a constant gross profit margin for the manufacturing business as compared with last year amid the inflationary environment in the PRC.

Trading business

Performance of the trading business was previously recorded under the printing segment. Due to the increasing revenue and profit and greater significance of this business to the Group, the management has decided to present its results separately in the segmental information.

The Group is one of the authorized dealers of 3M for the conversion of 3M labels and overlays in Hong Kong since 1983 and the revenue of the trading business is mainly derived from the trading of 3M products. During the year, the Group saw a remarkable increase in revenue brought by the increasing demand for 3M products from existing and new customers.

Music and entertainment business

The Group has reinforced and expanded its portfolio in the entertainment sector by strengthening its artists roaster, song production, promotion services and artiste management and exploring other entertainment-related investments. It has worked closely with Neway Karaoke Box Limited, a related company, in the current year for the provision of comprehensive promotion services. Such business recorded a surge in promotion income in this year.

Meanwhile, the Group has also expanded its foothold in the PRC market by devoting more resources to promote its entertainment business in the PRC market. It has set up a representative office in Guangzhou and more management jobs were engaged in the PRC. The Group has experienced a significant increase in artiste management fee income of 61.0% as compared with last year.

In addition, the Group has recorded an investment return arising from two PRC teleplays in this year and the return on investment was approximately 22.6%.

Securities trading segment

During the year, the Group would like to allocate more resources to expand the securities trading business and thus the operating segment of securities trading is newly presented.

FINANCIAL REVIEW

Revenue and gross profit margin

For the year ended 31 March 2013, total revenue of the Group was approximately HK$643.7 million (2012: HK$660.7 million) with gross profit margin increased to 17.5% (2012: 15.9%).

Manufacturing and Sales business

Revenue from manufacturing and sales business decreased by 3.4% to approximately HK$599.1 million during the year (2012: HK$620.5 million). The number of orders placed by the Group's export sales customers, especially those engaged in the toy industry, was affected by the slow economic recovery in the United States and high volatility of European countries. Export sales decreased by 4.4% to approximately HK$511.1 million (2012: HK$534.8 million) as compared with last year. Such decrease was partially offset by the increase in domestic sales of approximately 1.3% to approximately HK$88.0 million (2012: HK$85.6 million) during the year. The proportion of domestic sales derived from the PRC market increased from 13.8% to 14.7% in the current year.

Besides, the gross profit margin remained constant at approximately 16.5% as compared with last year. Similar to previous years, the manufacturing business continued to be affected by three major external factors, which were i) the increase in material cost, ii) the increase in labour cost, which was caused by the increase in minimum wages set by the PRC government from RMB1,500 to RMB1,600 in March 2013; and iii) appreciation of Renminbi. The Group has devoted more resources and efforts by adopting a series of cost control policies, especially for the PRC factories, during the year and the Group was able to maintain a stable gross profit margin as compared with last year despite the decrease in revenue from manufacturing and sales business.

Trading business

Revenue from trading business increased significantly to approximately HK$26.5 million during the year (2012: HK$19.5 million). The increase was mainly due to the increase in customer demand for 3M products used in decoration and advertisement and the increase in the number of new customers. Gross profit of trading business remained constant for the two years ended 31 March 2013 at approximately 24.0%.

Music and entertainment business

Revenue from music and entertainment business decreased by 12.7% to approximately HK$18.1 million as compared with last year. Revenue mainly consisted of income from concerts, shows, drama and teleplay investment, artiste management income, album distribution income, promotion income and song licensing income. The decrease in revenue was mainly due to the decrease in commission in respect of the distribution of CD albums for other entertainment companies and the decrease in concert income. Such decrease was partially offset by the increase in artiste management fee income, investment return on PRC teleplays and promotion income.

The Group has recorded an investment income of two PRC teleplays during the year. It was the first time for the Group to record an investment income after diversifying the entertainment platform into the PRC teleplay market and it was a desirable return on investment of approximately 22.6%.

In addition, the Group entered into a sale and purchase agreement with an independent third party during the year to acquire 40% equity interest in 匯金泛亞(福建)有限公司 ("匯金泛亞"), a company incorporated in Fuzhou, the PRC. 匯金泛亞 is principally engaged in the development of cultural and entertainment projects in Fujian Province. 匯金泛亞 has submitted several development proposals to the PRC government for further comments and approval. The management believed that such investment opportunity allows the Group to further broaden its entertainment platform.

During the year, the Group recognised a gain on disposal of a subsidiary amounting to approximately HK$14.4 million. The subsidiary holds an investment in a PRC associate principally engaged in cultural and entertainment business in the PRC. The return on investment of approximately 77.5% was recorded. It was the first time for the Group to record an investment income by carrying the business model of structuring the projects as cultural and entertainment project for disposal. The satisfactory result indicated the feasibility of this business model.

Securities trading segment

As at the end of reporting period, the Group has maintained a portfolio of shares listed in Hong Kong with the market value of approximately HK$899,000.

OTHER GAINS AND LOSSES

Other gains and losses comprised the following major items:

	2013	2012
	HK$'000	*HK$'000*
Net foreign exchange gains/(losses)	**2,006**	(428)
Allowance for bad and doubtful debts	**(246)**	(4,830)
Reversal of allowance for bad and doubtful debts	**4,901**	20
(Loss) gain on disposal of property, plant and equipment	**(126)**	585
Impairment loss recognised on available-for-sale investment *(Note)*	**(10,240)**	–
Gain on disposal of a subsidiary	**14,432**	–
Change in fair value of held-for-trading investments	**59**	(119)
Total	**10,786**	(4,772)

Note:

During the year, the Group recognised an impairment loss in respect of an available-for-sale investment in the Republic of Korea. The impairment loss was measured by reference to the current valuation of the Korean company. The impairment loss mainly arose from the delay in the schedule of mass production of its newly-developed LED products. The management considered that there is an uncertainty in the recoverability of the investment and therefore, an impairment loss is recognised.

NET PROFIT/(LOSS) FOR THE YEAR

For the financial year ended 31 March 2013, the Group recorded a net profit for the year of approximately HK$1.7 million (2012: net loss of HK$56.1 million) and the net profit margin was 0.3% (2012: net loss margin of 8.5%).

The profit for the year was mainly attributable to i) the gain on disposal of a subsidiary amounting to approximately HK$14.4 million; ii) the reversal of allowance for bad and doubtful debts amounting to approximately HK$4.9 million; and iii) the absence of the one-off impairment loss in respect of goodwill recorded last year amounting to approximately HK$36.0 million.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The following table sets out the Group's current ratio, quick ratio and gearing ratio as at 31 March 2013 and 31 March 2012:

	Notes	**2013**	2012
Current ratio	*(i)*	**5.9**	6.3
Quick ratio	*(ii)*	**4.9**	5.2
Gearing ratio *(%)*	*(iii)*	**0.2**	0.3

Notes:

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

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

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

As at 31 March 2013, the Group had short-term bank deposits and cash and cash equivalents of approximately HK$247.4 million (31 March 2012: HK$283.4 million) and short-term bank borrowings of approximately HK$1.6 million (31 March 2012: HK$2.6 million). The Group 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 several investment projects in the PRC and overseas. Therefore, the current and quick ratios decreased to 5.9 and 4.9 respectively as at 31 March 2013.

The Group generally finances its operation with internally-generated cash flows and facilities provided by banks in Hong Kong and the PRC. The Group maintains 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 expenditure and working capital requirements. The Group will continue its prudent policy in managing cash balances and maintain a strong and healthy liquidity level to ensure that the Group is well-positioned to take advantage of opportunities for business growth.

SHARE CONSOLIDATION AFTER 31 MARCH 2013

With effect from 5 April 2013, every 10 issued and unissued shares of HK$0.005 each in the share capital of the Company has been consolidated into one consolidated share of HK$0.05 each.

FUTURE OUTLOOK

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

Manufacturing and sales and trading business

Customer and geographical diversification will still be the major initiatives of the Group in the coming year. The Group will re-allocate its resources so as to better serve clients with greater environmental awareness and higher standard of environmental compliance, on which the Group has a competitive edge. 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 reserved for overseas markets while accelerate the development in the domestic market and closely monitor the collection of accounts receivables.

Product quality enhancement, cost reduction and boosting production efficiency will be another major initiative of the Group. Automation is the main stream for the Group and other printing companies which can lessen the increasing cost pressure imposed by the increase in minimum wages and revision of labour law in the PRC for the traditional labour intensive business. Besides, through automation, the Group can enjoy a higher stability of product quality and further increase the productivity.

To cope with the increasing cost of operation in the PRC, the Group is adjusting the purchasing strategy and adopting a series of cost tightening policies to boost production efficiency of the PRC factories. The management will closely monitor and regularly evaluate the effectiveness of these new policies, and make necessary adjustments in a timely manner.

Furthermore, the Group will continue to look for talented and skilled employees to join the Company who can bring new ideas and thoughts to strengthen our teams.

The Group will take a prudent approach in expanding and diversifying its customer base and overcoming all difficulties brought by the uncertainties in the global economy and cost pressure from the PRC in the coming year.

Music and entertainment business

The Group will continue to identify new artists with high potential and deliver quality productions to strengthen the asset base of the business. The Group will also devote more resources to developing the new media market, such as the digital download, etc., and the promotion services. The Group will also invite more labels and partners to release their physical and digital products through our established distribution network. Furthermore, following the establishment of representative office in Guangzhou, the Group will put more effort in developing the PRC market by increasing artists' exposures in the PRC market.

In addition, the Group plans to invest in and organise more concerts and shows in the coming year with local and overseas artists in boosting the exposure and popularity of our artists as well as the corporate brands. Production of and investment in low budget movies and theaters are also other plans for the Group to allow its artists to participate and seek more cooperation opportunities with other entertainment companies.

Simultaneously, the Group is actively seeking cooperation opportunities with other cultural and entertainment companies in the PRC and overseas, such as our investment made in the PRC company in Fujian Province which principally engaged in cultural and entertainment business during the year. The Group will continue to explore and invest in similar projects in the future.

Furthermore, through the establishment of office in Beijing in the current year, the Group will devote more resources to broadening the entertainment platform in various aspects and creating synergies with other businesses of the Group.

The Group will broaden its revenue and profit base in a cautious manner and is optimistic about the results.

Securities trading business

The Group will continue to invest in the securities market in Hong Kong. Subsequent to the end of the reporting period, the Group has subscribed for H shares of two companies newly listed on the Main Board of Hong Kong.

Other business opportunities

With a strong cash position, the Group is actively exploring other business and investment opportunities to further diversify the existing portfolio. The Group has entered into investment agreements for the subscription of equity interest in two PRC companies which are engaged in property development business in Qingyuan and Chengdu, the PRC. Both investments are made under a cooperation with local property developers who have extensive experience in the property development market in the PRC. Both PRC companies plan to commence construction during the year and expect to be completed by the end of next year.

Besides, the Group has also studied the feasibility of, and laws and regulations regarding lending business in Hong Kong and the PRC. Subsequent to the end of the reporting period, the Group has entered into an investment agreement with an independent third party, who is experienced in the money lending business in both Hong Kong and the PRC, to set up a joint venture to engage in the investment holding business in Hong Kong and overseas. Both the Group and the business partner have the intention to carry out money lending business in Hong Kong and the PRC, through the subsidiaries of the joint venture, subject to the compliance with relevant legal/regulatory requirements, including the obtaining of a money lenders' license of respective cities. At the same time, the wholly-owned subsidiary of the Group is applying a money lenders' license in Hong Kong.

The management considered that there is a close linkage between manufacturing, property development and lending businesses which could create synergy among these businesses. It is the main reason for the Group to develop lending business. The Group will continue to explore and invest in property development and lending business in the future.

FOREIGN EXCHANGE RISK

The Group's sales and purchases are principally denominated in Renminbi, HK dollars and US dollars. Except for Renminbi, there was 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 of Renminbi and identify any significant adverse impact on the PRC operations. The Group will consider using appropriate hedging solutions, if required. For the financial year ended 31 March 2013, the Group did not use any financial instruments for hedging purpose and did not have any hedging instruments outstanding as at 31 March 2013.

CAPITAL EXPENDITURE

For the year ended 31 March 2013, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$15.0 million (2012: HK$59.4 million). Such addition arose from the acquisition of an office situated in Beijing, the increase in leasehold improvement for the Group's properties and the addition of motor vehicles and machinery used in production.

CAPITAL COMMITMENTS

As at 31 March 2013, the Group had capital commitments of approximately HK$16.3 million (31 March 2012: HK$23.2 million) for the acquisition of property, plant and equipment and prepaid lease payments which had been contracted for but had not been provided in the financial statements. The Group did not have any capital commitments for the acquisition of property, plant and equipment which had been authorised but had not been contracted for in both years.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2013 (31 March 2012: Nil).

PLEDGE OF ASSETS

As at 31 March 2013, the Group has pledged a leasehold building with a carrying value of approximately HK$29.0 million to secure general banking facilities granted to the Group (31 March 2012: HK$30.0 million).

HUMAN RESOURCES

As at 31 March 2013, the Group had approximately 2,700 full time employees (31 March 2012: approximately 2,800). Total staff costs including Directors' remuneration for the year ended 31 March 2013 was approximately HK$151.6 million (2012: HK$147.3 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.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2013, the Group has made several significant investments or material acquisitions, which included (i) the acquisition of additional shares in a private entity incorporated in the Republic of Korea (details of which are set out in the Company's announcement dated 10 December 2012), (ii) the subscription of 40% equity interest in a company incorporated in Fuzhou, the PRC and engaging in cultural and entertainment business in the PRC (details of which are set out in the Company's announcement dated 10 December 2012); and (iii) the subscription of 16.67% equity interest in a company incorporated in Chengdu, the PRC engaging in property development business in the PRC and the provision of shareholder loan with a total amount of approximately HK$50.0 million (details of which are set out in the Company's announcement dated 27 February 2013).

During the year ended 31 March 2013, the Group has completed the disposal of an investment carried in cultural and entertainment business in the PRC (details of which are set out in the Company's announcement dated 9 February 2012).

SHARE CONSOLIDATION AFTER 31 MARCH 2013

With effect from 5 April 2013, every 10 issued and unissued shares of HK$0.005 each in the share capital of the Company has been consolidated into one consolidated share of HK$0.05 each.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Friday, 6 September 2013, 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 2013.

CORPORATE GOVERNANCE

The Board recognises that good corporate governance practices are vital to maintain and promote shareholder value and investor confidence and has adopted the code provisions (the "Code Provision(s)") of the Corporate Governance Code and Corporate Governance Report (the "CG Code") (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance practices during the year ended 31 March 2013.

During the year ended 31 March 2013, the Company has complied with all code provisions set out in the CG Code with the exception of Code Provisions A.2.1, A.4.1, A.5.1 to A.5.4, D.1.2 and D.1.4 as explained below:

Code Provision A.2.1 of the CG Code

Under the Code Provision A.2.1 of the CG Code, the roles of the Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing.

The position of the Chairman and Chief Executive of the Company are held by separate persons in order to preserve independence and a balanced judgement of views. The Chairman is responsible for the effective functioning of the Board in accordance with good corporate governance practices and is also responsible for chairing the meetings and managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. The Chief Executive is responsible for running the Company's businesses and developing and implementing the Group's strategic plans and business goals.

The Board considers that the respective responsibilities of the Chairman and the Chief Executive are clear and distinctive and hence written terms thereof are not necessary.

Code Provisions A.4.1 and D.1.4 of the CG Code

Code Provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election.

During the year ended 31 March 2013, the non-executive Directors and independent non-executive Directors were not appointed for a specific term but all of them are subject to retirement by rotation once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

Code Provision D.1.4 of the CG Code stipulates that issuers should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment.

There was no formal letters of appointment for Directors setting out the key terms and conditions of their appointment during the year. It was not the Company's practice to have letters of appointment for Directors. Nevertheless, the Directors understand their duties to the Company, for which they are collectively and individually responsible.

To rectify the deviations from Code Provisions A.4.1 and D.1.4 of the CG Code, in April 2013, the Company entered into letters of appointment with all its non-executive Directors for a fixed term of three years of appointment and setting out the key terms and conditions of their appointment.

Code Provisions A.5.1 to A.5.4 of the CG Code

The Board has not established a nomination committee at present. The Board is responsible for reviewing the structure, size and composition of the Board from time to time and consider the determination of the appointment and removal of Directors to be the Board's collective decision. The Board will identify individuals suitably qualified to become board members when necessary. The Board considers potential directorship based on the candidate's qualification, expertise, experience and knowledge as well as the requirements under the Listing Rules.

Code Provision D.1.2 of the CG Code

Code Provision D.1.2 stipulates that an issuer should formalise the functions reserved to the board and those delegated to management.

The Company has not formalized and adopted written terms on the division of functions reserved to the Board and delegated to the management. 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 delegated functions and work tasks are periodically reviewed.

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 2013.

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 three 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 2013. In addition, the consolidated financial statements of the Group for the year ended 31 March 2013 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 2013 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement 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 the preliminary 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, 28 June 2013

As at the date of this announcement, the Directors 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, Ms. Lui Lai Ping, Cecily and Mr. Lee Kwok Wan being the independent non-executive Directors; and Mr. Lau Kam Cheong being the alternate Director to Dr. Ng Wai Kwan.