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 DECEMBER 2015

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 year ended 31 December 2015, together with the comparative figures for the nine months ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	**1.1.2015 to 31.12.2015** ***HK$***	1.4.2014 to 31.12.2014 *HK$*
Revenue	*3*	**521,255,661**	419,513,611
Cost of sales		**(427,777,409)**	(371,282,288)
Gross profit		**93,478,252**	48,231,323
Interest income		**4,531,948**	3,981,708
Other income		**6,374,126**	1,535,246
Selling and distribution expenses		**(30,625,413)**	(23,596,357)
Administrative expenses		**(116,747,676)**	(79,764,698)
Other gains and losses		**(20,361,885)**	(29,852,510)
Finance costs		**(3,347,007)**	(566,890)
Share of results of joint ventures		**(1,571,202)**	454,708

* *For identification purpose only*

	NOTES	1.1.2015 to 31.12.2015 HK$	1.4.2014 to 31.12.2014 HK$
Loss before taxation		**(68,268,857)**	(79,577,470)
Taxation	4	**725,942**	734,328
Loss for the year/period	5	**(67,542,915)**	(78,843,142)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(30,998,194)**	1,799,175
Item that will not be reclassified subsequently to profit or loss:			
Surplus on transfer from property, plant and equipment to investment properties		**–**	56,223,266
Other comprehensive (expense) income for the year/period		**(30,998,194)**	58,022,441
Total comprehensive expense for the year/period		**(98,541,109)**	(20,820,701)
Loss for the year/period attributable to:			
Owners of the Company		**(67,261,328)**	(78,637,472)
Non-controlling interests		**(281,587)**	(205,670)
		(67,542,915)	(78,843,142)
Total comprehensive expense for the year/period attributable to:			
Owners of the Company		**(97,395,768)**	(20,693,448)
Non-controlling interests		**(1,145,341)**	(127,253)
		(98,541,109)	(20,820,701)
Loss per share			
Basic	7	**(3.65) HK cents**	(6.61) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	**31.12.2015** *HK$*	31.12.2014 *HK$*
Non-current assets			
Property, plant and equipment		**151,391,617**	166,027,537
Prepaid lease payments		**29,433,639**	31,372,648
Investment properties		**76,365,000**	85,265,187
Deposits for land use rights		**17,485,995**	18,314,705
Intangible assets		**–**	5,317,632
Available-for-sale investments	*8*	**40,844,006**	16,315,359
Loan to available-for-sale investee		**–**	33,108,583
Derivative financial instrument	*8*	**–**	6,268,198
Loans to joint ventures	*9*	**13,253,626**	5,355,000
Interests in joint ventures	*9*	**427,900**	431,121
Deposit paid for acquisition of property, plant and equipment		**340,258**	900,338
		329,542,041	368,676,308
Current assets			
Inventories and record masters		**39,636,341**	54,101,903
Properties under development for sale		**44,882,520**	46,786,144
Held-for-trading investments		**45,089,662**	10,081,840
Derivative financial instrument	*8*	**10,369,795**	–
Trade and other receivables, prepayments and deposits	*11*	**178,591,899**	171,482,939
Loans to available-for-sale investees		**41,162,700**	1,810,489
Loans receivable		**76,220,410**	8,915,000
Prepaid lease payments		**718,048**	718,071
Amount due from a related company		**3,488,638**	2,687,903
Advance to potential investees	*10*	**–**	25,009,379
Tax recoverable		**862,309**	1,536,489
Short-term bank deposits		**113,390,297**	155,984,369
Cash and cash equivalents		**120,746,792**	92,770,073
		675,159,411	571,884,599

	NOTE	**31.12.2015**	31.12.2014
		HK$	*HK$*
Current liabilities			
Trade and other payables and accruals	*12*	**103,471,119**	78,453,542
Tax liabilities		**2,561,911**	5,486,783
Amount due to a non-controlling shareholder of a subsidiary		**17,908,309**	18,937,500
Amount due to a related company		**23,330,597**	–
Borrowings		**6,000,000**	10,457,500
		153,271,936	113,335,325
Net current assets		**521,887,475**	458,549,274
Total assets less current liabilities		**851,429,516**	827,225,582
Non-current liabilities			
Amount due to a related company		**673,947**	–
Deferred taxation		**3,679,799**	5,829,799
		4,353,746	5,829,799
Net assets		**847,075,770**	821,395,783
Capital and reserves			
Share capital		**105,684,728**	73,392,728
Reserves		**742,775,948**	748,242,620
Total attributable to owners of the Company		**848,460,676**	821,635,348
Non-controlling interests		**(1,384,906)**	(239,565)
Total equity		**847,075,770**	821,395,783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to the owners of the Company									
	Share capital *HK$*	Share premium *HK$*	Deemed contribution from a shareholder *HK$*	Capital redemption reserve *HK$*	Properties valuation reserve *HK$*	Translation reserve *HK$*	Retained profits *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total *HK$*
At 1 April 2014	50,967,728	210,949,953	188,956,957	62,400	–	54,291,944	267,651,598	772,880,580	(112,312)	772,768,268
Loss for the period	–	–	–	–	–	–	(78,637,472)	(78,637,472)	(205,670)	(78,843,142)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,720,758	–	1,720,758	78,417	1,799,175
Surplus on transfer from property, plant and equipment to investment properties	–	–	–	–	56,223,266	–	–	56,223,266	–	56,223,266
Other comprehensive income for the period	–	–	–	–	56,223,266	1,720,758	–	57,944,024	78,417	58,022,441
Total comprehensive income (expense) for the period	–	–	–	–	56,223,266	1,720,758	(78,637,472)	(20,693,448)	(127,253)	(20,820,701)
Issue of new shares	22,425,000	48,968,020	–	–	–	–	–	71,393,020	–	71,393,020
Transaction costs attributable to issue of new shares	–	(1,944,804)	–	–	–	–	–	(1,944,804)	–	(1,944,804)
At 31 December 2014	73,392,728	257,973,169	188,956,957	62,400	56,223,266	56,012,702	189,014,126	821,635,348	(239,565)	821,395,783
Loss for the year	–	–	–	–	–	–	(67,261,328)	(67,261,328)	(281,587)	(67,542,915)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(30,134,440)	–	(30,134,440)	(863,754)	(30,998,194)
Total comprehensive expense for the year	–	–	–	–	–	(30,134,440)	(67,261,328)	(97,395,768)	(1,145,341)	(98,541,109)
Issue of new shares	32,292,000	95,114,960	–	–	–	–	–	127,406,960	–	127,406,960
Transaction costs attributable to issue of new shares	–	(3,185,864)	–	–	–	–	–	(3,185,864)	–	(3,185,864)
At 31 December 2015	105,684,728	349,902,265	188,956,957	62,400	56,223,266	25,878,262	121,752,798	848,460,676	(1,384,906)	847,075,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 "Stock Exchange").

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.

During the period ended 31 December 2014, the reporting period end date of the Group was changed from 31 March to 31 December because the directors of the Company decided to bring the annual reporting period end date of the Group in line with that of the Company's principal subsidiaries incorporated in the People's Republic of China (the "PRC"). Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and related notes for the comparative period cover nine months from 1 April 2014 to 31 December 2014. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover nine-month period from 1 April 2014 to 31 December 2014 and therefore may not be comparable with amounts shown for the current reporting period.

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

The Group has applied the following new amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

The application of these HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current year and prior period and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]

[1] *Effective for annual periods beginning on or after 1 January 2016.*

[2] *Effective for annual periods beginning on or after 1 January 2018.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

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/period.

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

(a) Money lending ("Lending business");

(b) Manufacturing and sales of printing products ("Manufacturing and Sales");

(c) Artistes management, production and distribution of music albums and movies ("Music and Entertainment");

(d) Property development and investment ("Property business"), including properties development projects and properties investments in the PRC, mini storage business and office leasing and properties investments in Hong Kong;

(e) Securities trading ("Securities trading"); and

(f) Trading of printing products ("Trading").

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

	Revenue		Segment profit (loss)	
	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014	**1.1.2015 to 31.12.2015**	1.4.2014 to 31.12.2014
	HK$	*HK$*	***HK$***	*HK$*
Lending business	**7,089,375**	305,569	**1,403,435**	(549,941)
Manufacturing and Sales	**466,163,695**	366,794,179	**(36,563,273)**	(73,340,317)
Music and Entertainment	**11,919,662**	25,332,180	**(8,204,791)**	(2,272,985)
Property business	**1,010,823**	7,655	**5,431,628**	2,765,524
Securities trading	**–**	–	**(6,890,866)**	2,103,290
Trading	**35,072,106**	27,074,028	**2,206,707**	1,250,773
Total	**521,255,661**	419,513,611	**(42,617,160)**	(70,043,656)
Interest income			**1,714,196**	1,868,394
Unallocated corporate expenses			**(22,938,816)**	(11,960,448)
Unallocated other income and other gains and losses			**4,524,350**	103,532
Impairment loss recognised on available-for-sale investment			**(7,765,000)**	–
Share of results of joint ventures			**(3,229)**	454,708
Loss on disposal of subsidiaries			**(1,183,198)**	–
Loss before taxation			**(68,268,857)**	(79,577,470)

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 other income and other gains and losses, unallocated corporate expenses, loss on disposal of subsidiaries, impairment loss recognised in respect of available-for-sale investment and share of results of certain joint ventures. 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 December 2015

	Lending business *HK$*	**Manufacturing and Sales** *HK$*	**Music and Entertainment** *HK$*	**Property business** *HK$*	**Securities trading** *HK$*	**Trading** *HK$*	**Consolidated** *HK$*
Segment assets	**77,431,090**	**301,770,162**	**28,794,325**	**190,850,057**	**47,662,489**	**14,821,027**	**661,329,150**
Other assets							**343,372,302**
Consolidated assets							**1,004,701,452**
Segment liabilities	**24,324,402**	**96,168,658**	**6,443,287**	**20,997,152**	**30,000**	**6,358,216**	**154,321,715**
Other liabilities							**3,303,967**
Consolidated liabilities							**157,625,682**

As at 31 December 2014

	Lending business *HK$*	Manufacturing and Sales *HK$*	Music and Entertainment *HK$*	Property business *HK$*	Securities trading *HK$*	Trading *HK$*	Consolidated *HK$*
Segment assets	10,026,958	330,079,021	25,082,036	188,567,311	29,187,240	15,047,018	597,989,584
Other assets							342,571,323
Consolidated assets							940,560,907
Segment liabilities	4,752,269	81,613,388	4,394,096	21,495,821	629,896	3,750,686	116,636,156
Other liabilities							2,528,968
Consolidated liabilities							119,165,124

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

- all assets are allocated to operating and reportable segments other than certain interest in a joint venture, certain loan to a joint venture, certain available-for-sale investments, certain other receivables, prepayments and deposits, certain tax recoverable, 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 certain tax liabilities.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014
	HK$	*HK$*
Artistes management fee income	**1,124,333**	1,828,078
Concerts and shows income	**3,350,525**	17,913,092
Income from the licensing of the musical works	**3,723,210**	3,709,311
Loan interest income from money lending business	**7,089,375**	305,569
Other music and entertainment services	**639,853**	443,208
Printing products	**501,235,801**	393,868,207
Promotion income	**1,483,011**	133,000
Rental income from mini storage business	**1,010,823**	7,655
Sales of albums	**1,598,730**	1,305,491
	521,255,661	419,513,611

Geographical information

The Group's income from manufacturing and sales of printing product operation is mainly derived from Hong Kong and the PRC. The trading of printing products, music and entertainment business and securities trading are mainly carried out in Hong Kong. The property business is carried out in the Hong Kong and PRC. The lending business is carried out in Hong Kong.

The Group's revenue from external customers and information about non-current assets by geographical location of the customers and assets respectively are detailed below:

	Revenue from external customers		**Non-current assets**	
	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014	**2015**	2014
	HK$	*HK$*	*HK$*	*HK$*
Hong Kong	**218,297,503**	186,367,106	**87,912,943**	95,746,621
The PRC	**185,323,839**	135,165,709	**187,531,466**	211,882,547
Europe	**48,395,233**	49,380,268	**–**	–
United States	**35,618,205**	28,616,087	**–**	–
Others	**33,620,881**	19,984,441	**–**	–
	521,255,661	419,513,611	**275,444,409**	307,629,168

Note: Non-current assets exclude available-for-sale investments, loans to available-for-sale investees, derivative financial instrument and loans to joint ventures.

Information about major customers

There was no revenue from a customer contributing over 10% to the total sales of the Group for the year ended 31 December 2015. Revenue from a customer contributing over 10% of total sales of the Group for the nine months ended 31 December 2014, deriving revenue from the Group's reportable and operating segments is as follows:

	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014
	HK$	*HK$*
Customer A[1]	**N/A**	43,942,722

[1] *Customer A from Manufacturing and Sales segment operates in the toy industry in the PRC.*

4. TAXATION

	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014
	HK$	*HK$*
The taxation comprises:		
Hong Kong Profits Tax		
Charge for the year/period	**2,065,811**	432,280
Overprovision in prior years	**(479,402)**	(87,713)
	1,586,409	344,567
PRC Enterprise Income Tax		
Charge for the year/period	**3,285,064**	576,105
Overprovision in prior years	**(3,444,415)**	–
	(159,351)	576,105
Deferred tax credit for the year/period	**(2,153,000)**	(1,655,000)
	(725,942)	(734,328)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year/period.

Under the Law of the People's Republic of China 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 FOR THE YEAR/PERIOD

	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014
	HK$	*HK$*
Loss for the year/period has been arrived at after charging (crediting):		
Auditor's remuneration	**1,800,000**	1,800,000
Cost of inventories and record masters recognised as an expense	**424,369,536**	369,016,777
Write-down of inventories and record masters (included in cost of sales)	**3,407,873**	2,265,511
Depreciation of property, plant and equipment	**15,908,575**	19,238,958
Amortisation of prepaid lease payments	**708,341**	564,258
Rental payments in respect of premises under operating leases	**12,063,124**	11,134,358
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	**166,741,627**	135,946,076
– Contributions to retirement benefits schemes	**9,420,671**	6,978,256
Total staff costs	**176,162,298**	142,924,332
Dividend income (included in other income)	**(267,287)**	(500,972)
Income received from termination of disposal of subsidiaries (included in other income)	**(4,500,000)**	–
Bank and other interest income (included in interest income)	**(1,714,196)**	(1,868,394)
Effective interest income on loan to an available-for-sale investee (included in interest income)	**(2,817,752)**	(2,113,314)

6. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2015 and the nine months ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period.

7. LOSS PER SHARE

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

	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014
	HK$	*HK$*
Loss for the purposes of basic loss per share	**(67,261,328)**	(78,637,472)

	1.1.2015 to 31.12.2015	1.4.2014 to 31.12.2014
Weighted average number of shares		
Weighted average number of shares in issue for the purposes of basic loss per share	**1,840,559,108**	1,189,265,105

No separate diluted loss per share information has been presented as there were no potential ordinary shares outstanding for the year/period.

8. AVAILABLE-FOR-SALE INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENT

Available-for-sale investments

	2015	2014
	HK$	*HK$*
Available-for-sale investments comprise:		
Club membership	**3,403,700**	–
Unlisted equity securities established in the PRC measured at fair value *(note i)*	**15,044,294**	–
Unlisted equity securities established in the PRC measured at cost *(notes i and ii)*	**17,908,309**	16,307,559
Unlisted equity securities established in overseas measured at cost *(note ii)*	**4,487,703**	7,800
	40,844,006	16,315,359

Notes:

(i) On 27 February 2013, the Group signed a capital injection agreement with shareholders of Sichen Ying Wah Real Estate Company Limited（四川英華房地產有限公司）(“Ying Wah”), which are all independent third parties, to inject RMB10,000,000 (equivalent to approximately HK$12,502,000) in Ying Wah, representing approximately 16.67% equity interest of the enlarged paid-in capital of Ying Wah. Ying Wah is principally engaged in the property development in the PRC.

On the same date of the capital injection agreement by the Group, the Group signed a loan agreement with Ying Wah that the Group granted an unsecured interest-free loan of RMB30,000,000 (equivalent to HK$37,504,000) (the “Ying Wah Shareholder’s Loan”) to Ying Wah, repayable within three years from loan advance date.

Furthermore, the Group signed a put option agreement with the major shareholder of Ying Wah, who has 61.67% equity interest in Ying Wah, pursuant to which the Group has the right to dispose of the Group's entire equity interest in Ying Wah through the disposal of an indirect wholly-owned subsidiary which held the equity interest over Ying Wah and the remaining Ying Wah Shareholder's Loan at a consideration of the higher of RMB52 million or amount equal to 16.67% of the performance target, in each case, less the repayment of the Ying Wah Shareholder's Loan. The performance target is based on cumulative sales proceeds accrued by Ying Wah in respect of a specific real estate project during the period from 27 February 2013 up to and including 26 February 2016 to be audited by an independent auditor jointly appointed by the Group and the major shareholder. If the performance target is not available, the consideration shall be deemed to be RMB52 million less the repayment of the Ying Wah Shareholder's Loan. The put option can be exercised within 6 months from 26 February 2016.

In September 2013, the Group completed the capital injection process. The put option deed became effective upon the completion of the capital injection in Ying Wah and advancement of Ying Wah Shareholder's Loan.

In the totality of the above, the Group completed its investment in Ying Wah with the total consideration of RMB40 million (equivalent to approximately HK$50,685,000 at initial recognition), comprising of:

(i) the 16.67% equity interest in Ying Wah of RMB12,815,592 (equivalent to HK$16,238,802 at initial recognition) classified as "available-for-sale investments";

(ii) Ying Wah Shareholder's Loan with an initial fair value of RMB22,237,574 (equivalent to HK$28,177,517 at initial recognition) carried at amortised costs and classified as "loan to an available-for-sale investee"; and

(iii) put option to dispose of the Group's entire equity interest in Ying Wah through the disposal of an indirect wholly-owned subsidiary which held the equity interest over Ying Wah and remaining Ying Wah Shareholder's Loan with the fair value of the put option at the date of initial recognition of RMB4,946,834 (equivalent to HK$6,268,198 at initial recognition) and classified as "derivative financial instrument".

The investment in Ying Wah and the derivative financial instrument are measured at cost less impairment as at 31 December 2014 because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably. During the year ended 31 December 2015, Ying Wah has already started pre-sale on its residential properties and the construction of the project has reached to the final stage. The directors considered that the variability in the range of reasonable fair value estimates measurements is not significant and the probabilities of the various estimates within the range can be reasonably assessed and used in estimating when measuring fair value, the investment in Ying Wah and derivative financial instrument are measured at its fair value since the year ended 31 December 2015.

(ii) As at 31 December 2015, the Group has investments in six unlisted equity securities issued by private entities and are held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

In February 2015, the Group subscribed for 4.41% of the enlarged equity interest of an entity incorporated in the British Virgin Islands ("BVI"), which is principally engaged in online music industry in Hong Kong and the PRC, at a consideration of US$1,000,000 (equivalent to HK$7,765,000). The investee failed to implement its budget plan during the year ended 31 December 2015. Management of the Group considered that the investee may not result in a future cash inflows in the foreseeable future and thus an impairment of HK$7,765,000 was recognised in profit or loss in current year.

Derivative financial instrument

As stated above, the value of put option as at 31 December 2015 is measured at fair value. As the maturity of the put option is 2016, the fair value of derivative financial instrument is classified as current asset for reporting purposes.

9. LOANS TO JOINT VENTURES/INTERESTS IN JOINT VENTURES

	2015	2014
	HK$	*HK$*
Costs of investments in unlisted joint ventures	**16**	8
Share of post-acquisition profit and other comprehensive income	**427,884**	431,113
	427,900	431,121
Loans to joint ventures *(note)*	**14,821,599**	5,355,000
Share of post-acquisition losses and other comprehensive expense	**(1,567,973)**	–
	13,253,626	5,355,000

Note: Pursuant to the shareholders' agreements entered into between the Group and other shareholders of the joint ventures, the loans to joint ventures are unsecured, interest-free and have no fixed repayment terms. The loans to joint ventures are classified as non-current assets because, in the opinion of the directors, the loans will not be repaid within the next twelve months from the end of the reporting period.

As at 31 December 2015 and 31 December 2014, the Group had interests in the following joint ventures:

Name of entity	**Form of business structure**	**Country of incorporation**	**Principal place of operation**	**Class of share held**	**Proportion of nominal value of issued capital held by the Group**		**Proportion of voting power held**		**Principal activities**
					2015	2014	**2015**	2014	
					%	*%*	*%*	*%*	
Reliance Partner Limited	Incorporated	Anguilla	Hong Kong	Ordinary	**50**	50	**50**	50	Investment holding
Estate Summit Limited	Incorporated	BVI	Hong Kong	Ordinary	**50**	–	**50**	–	Office leasing and property investment in Hong Kong

10. ADVANCE TO POTENTIAL INVESTEES

	2015	2014
	HK$	*HK$*
Advance to 匯金泛亞(福建)有限公司 ("匯金泛亞")		
– subscription money	**–**	25,009,379

On 21 November 2014, Luxury Field Limited ("Luxury Field"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose the entire equity interest in Marble Arch Investments Limited ("Marble Arch"), a wholly-owned subsidiary which made advances to potential investees in previous years, at a consideration of RMB22,104,100 (equivalent to approximately HK$27,640,000). As at 3 June 2015, the purchaser has paid HK$4,500,000 to Luxury Field in aggregate and the disposal was terminated as purchaser did not pay the balance of consideration as stated in the sale and purchase agreement. The Company recognised the part consideration received for the disposal amounting to HK$4,500,000 in profit or loss as other income.

On 14 December 2015, Luxury Field entered into another sale and purchase agreement with the same independent third party to dispose of the entire interest in Marble Arch at a consideration of HK$25,039,012 in cash. The transaction was completed on the same date. A loss on disposal of subsidiaries amounting to HK$1,183,198 has been recognised in profit or loss during the year.

11. 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 60 to 90 days to its customers of artistes management, production and distribution of music albums. The following is an aged analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2015	2014
	HK$	*HK$*
Manufacturing and sales and trading of printing products operation:		
0 – 30 days	**115,367,170**	92,018,457
31 – 60 days	**13,399,376**	17,074,185
61 – 90 days	**6,028,114**	7,000,481
Over 90 days	**5,828,189**	8,557,231
	140,622,849	124,650,354

	2015	2014
	HK$	*HK$*
Music and entertainment operation:		
0 – 30 days	**1,052,705**	938,132
31 – 60 days	**414,729**	796,210
61 – 90 days	**166,120**	534,502
Over 90 days	**1,960,461**	1,067,145
	3,594,015	3,335,989
Total trade receivables	**144,216,864**	127,986,343
Deposits with brokers' houses	**2,505,412**	18,937,264
Deposits, prepayments and other receivables	**31,869,623**	24,559,332
	178,591,899	171,482,939

12. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2015	2014
	HK$	*HK$*
0 – 30 days	**42,834,847**	37,309,282
31 – 60 days	**12,280,588**	11,968,792
61 – 90 days	**2,075,544**	4,721,664
Over 90 days	**2,850,465**	2,181,273
	60,041,444	56,181,011
Accrued expenses and other payables	**43,429,675**	22,272,531
	103,471,119	78,453,542

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The financial year-end date of the Company and its Hong Kong subsidiaries has been changed to 31 December since April 2014 to accord with the financial year-end date of the subsidiaries of the Company in the People's Republic of China (the "PRC" or "China") and to facilitate the preparation of the consolidated financial statements of the Group. This change has shortened the covering period of comparative figures to nine months (1 April 2014 to 31 December 2014), which may cause the figures to be not directly comparable with the performance figures of current financial year (1 January 2015 to 31 December 2015).

During the year ended 31 December 2015 (the "Year"), the Group has continued its effort on and allocated more resources to each of its business segments and has identified business opportunities which could create value for the Group. Both the Property business (including the mini storage business) and the Lending business have recorded remarkable increase in the revenue during the Year. Due to several cost tightening policies adopted by the Manufacturing and Sales business, the financial performance of the Manufacturing and Sales business has shown improvement and the segment loss margin has decreased. For the Music and Entertainment business, one more movie has been invested in the PRC with a fixed investment return. For the newly developed slot machines business, our technical teams have successfully despatched the first batch of slot machines to South America subsequent to year-end date.

During the Year, all efforts devoted by the management and employees of the Group have been gradually reflected in the financial performance of each business segment, which have further strengthened and broadened the business portfolio of the Group. The detailed business and financial review of each business segment is stated below.

BUSINESS AND FINANCIAL REVIEW

Revenue and Gross Profit Margin

For the Year, total revenue of the Group was approximately HK$521.3 million (nine months ended 31 December 2014: approximately HK$419.5 million), the gross profit margin for the Year increased to 17.9% from 11.5% for the nine months ended 31 December 2014. The distribution of revenue of the Group is as follows:

	Year ended 31 December 2015 (the "Year") ***HK$***	**Approximate % to total revenue**	Nine months ended 31 December 2014 (the "Period") *HK$*	Approximate % to total revenue
Lending business	**7,089,375**	**1.4%**	305,569	0.1%
Manufacturing and Sales	**466,163,695**	**89.4%**	366,794,179	87.4%
Music and Entertainment	**11,919,662**	**2.3%**	25,332,180	6.0%
Property business	**1,010,823**	**0.2%**	7,655	0.0%
Trading	**35,072,106**	**6.7%**	27,074,028	6.5%
Total revenue	**521,255,661**	**100%**	419,513,611	100.0%

Lending business

The Lending business included the financial leasing business in Shanghai and the money lending business in Hong Kong. For the financial leasing business, no transaction was made during the Year and the Group is still in search for deals with great potential.

For the lending business in Hong Kong, after completing a few trial run loan transactions, the Group decided to put more financial resources and efforts in its expansion. The loan portfolios had increased remarkably to approximately HK$76.2 million as at 31 December 2015 as compared with approximately HK$8.9 million as at 31 December 2014. Our customer base included both individuals and corporate entities and the majority of loans were secured by properties located in Hong Kong. No default has been recorded since the commencement of business and the majority of interest income was received on time. During the Year, the loan interest income was approximately HK$7.1 million (the Period: HK$306,000). The Group will allocate additional funding to expand the lending business in Hong Kong in the future and will closely monitor the repayment abilities of borrowers and perform risk assessment on each loan application in a prudent manner.

Manufacturing and Sales business

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

During the Year, the focuses of the Manufacturing and Sales business included cost reduction, efficiency enhancement and evaluation of profitability of our existing customer portfolios. The Group has made efforts to streamline the existing production processes and work flows within the organisation structures in order to enhance the efficiency and reduce the wastage in all levels. Besides, we have put efforts in developing and strengthening the business relationship with our existing and new vendors for their better and timely services to fulfill our needs. Internal reorganisation has been taken place during the Year to consolidate and redesign departmental functions and eliminate excessive layers of reporting for the sake of improvement in communications amongst all departments and levels. The reorganisation is still in progress and will continue in 2016.

The Group has continued its devotion towards environmental protection in its daily business management and operation and has been promoting environmental awareness within and outside the organisation on an on-going basis during the Year. Chung Tai Printing (China) Company Limited – Neway Chung Tai Printing (Shenzhen) Co., Ltd, a wholly-owned subsidiary of the Company, was awarded the Hong Kong Awards for Environmental Excellence ("the HKAEE") Certificate of Merit in 2014. The HKAEE is an annual award which aims to encourage businesses and organisations to adopt green management, benchmark their commitments towards best practices within their sectors and recognise and acknowledge the efforts of leading businesses and organisations.

Revenue for the Year from the Manufacturing and Sales business was approximately HK$466.2 million (the Period: approximately HK$366.8 million) and a segment loss of approximately HK$36.6 million (the Period: approximately HK$73.3 million) was recorded. The segment loss margin for the Year was 7.8% (the Period: 20.0%). The decrease in segment loss margin was mainly due to: (i) a decrease in the costs of materials consumed; (ii) a stable ratio of staff cost to sales; (iii) an increase in domestic sales; and (vi) a significantly decrease in impairment loss recognised on non-current assets used in the Manufacturing and Sales business.

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

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

(iii) Domestic sales increased because more sales efforts were devoted to identify new customers in China and to strengthen the business relationship with existing customers.

(iv) During the Year, the Group has recognised an one-off impairment loss of approximately HK$9.2 million in the non-current assets of the Manufacturing and Sales business. Due to the Group's recurring loss in the Manufacturing and Sales business, the directors of the Company have conducted an impairment assessment on the segment assets based on value in use calculation. The calculation used cash flow projections based on a financial budget covering a 5-year period approved by the management, a growth rate of 3% and a discount rate of 15%. An impairment loss was recognised because the recoverable amount was lower than the carrying amount of respective segment assets. The amount of impairment loss has significantly decreased as compared with approximately HK$34.0 million of the Period.

Music and Entertainment business

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

During the Year, approximately 60% of revenue from the Music and Entertainment Business was attributable to concerts and shows and licensing of the musical works. The Group has organised concerts for Julian Cheung Chi-Lam and Jade Kwan Sum-Yin in Macau, Christopher Wong Oi-Kan in the City Hall of Hong Kong and Ng Yip Kwan, Regen Cheung Wai Nga, Sheldon Lo and Crystal Cheung in the Kowloon Bay International Trade & Exhibition Centre. The business has recorded a segment loss of approximately HK$8.2 million for the Year (the Period: approximately HK$2.3 million). The increase in segment loss was mainly due to: (i) the recognition of an one-off impairment loss on trademark of approximately HK$5.3 million (due to the recurring loss in the Music and Entertainment business, the directors of the Company conducted an impairment assessment on the recoverable amount of segment assets based on the higher of fair value less costs of disposal and value in use, and an impairment loss was recognised because the recoverable amount was lower than the carrying amount of respective assets); and (ii) an increase in expenses incurred by our PRC teams for searching entertainment projects in the country.

During the Year, we have invested in one more movie in China with an investment amount of RMB6.3 million and it was recorded as "trade and other receivables". According to the schedule provided by the film production company, the investment return of this movie is expected to be realised in 2016. In addition, an investment return of approximately RMB1.4 million related to the previous China movie that we invested in 2014 has been received subsequent to the year-end date.

During the Year, the Group has devoted more efforts in developing the promotion business in Hong Kong and in identifying entertainment projects in China. The Group has received promotion income from its newly contracted artistes and has assisted in organising management jobs, concerts and music functions for those artistes. Under this arrangement, the Group could minimise the operating costs and more resources have been allocated to other areas or other artistes. Furthermore, our working teams in China have been actively looking for cooperation opportunities with film production companies, and more resources are expected to be devoted in the movie industry in future.

On 21 November 2014, the Company has entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in Marble Arch, a subsidiary of Luxury Field for a consideration of approximately HK$28 million. Marble Arch is the shareholder of a PRC subsidiary which has made advances to the Group's potential investee, 匯金泛亞. The investment in Marble Arch was made by the Group in 2012, at that time the Group intended to carry out certain projects in the cultural and entertainment industry through 匯金泛亞. Due to the uncertainty in obtaining related local government approvals, the Company decided to dispose of the investment and considered that it would be more beneficial of the Group to invest the sales proceeds from such disposal on potential projects with higher investment returns. The completion date of the transaction had been extended to 30 April 2015 and further to 31 May 2015 but out of the purchaser's difficulty in financing the consideration, the transaction was terminated and the Group has received HK$4.5 million as liquidated damages, which was recorded as "other income" in the consolidated financial statements of the Group for the Year.

On 14 December 2015, the Group has entered into a sales and purchase agreement with the same independent third party to dispose of the entire equity interest in Marble Arch for a consideration of approximately HK$25.0 million. The consideration had been paid in cash by the purchaser before signing the sales and purchase agreement and a loss on disposal of Marble Arch of HK$1.2 million was recognised, which was recorded as "other gains and losses" in the consolidated financial statements of the Group for the Year. Viewing the transactions abovementioned as a whole, the Group has received HK$29.5 million from the disposal of Marble Arch and a net gain of HK$3.3 million was made.

Property business

Property development business

The Group had two property development projects as at 31 December 2015, one of which involved 四川英華房地產有限公司 ("英華房地產"). The property was classified as an available-for-sale investment in the consolidated statement of financial position of the Group as at 31 December 2015. The other property involved 清遠市中清房地產開發有限公司 ("中清房地產"), a non-wholly-owned subsidiary of the Group.

英華房地產 holds the land use rights of a parcel of commercial land in Chengdu. The related property consisted of both residential and commercial units. The construction work commenced in 2014 and is progressing as scheduled. It is expected to be completed by the end of 2016. The pre-sale of the project started in mid-March 2015 and approximately 33.0% of residential units was pre-sold as at the date of this announcement. The second phase of pre-sale has started in March 2016 and more residential units are expected to be sold.

Subsequent to year-end date, the Group has entered into a supplemental put option deed with the major shareholder of 英華房地產, pursuant to which both parties agreed to amend the put option period to a period commencing from 1 January 2017 to 30 June 2017 and to defer the cut-off date to 31 December 2016. On the same day, the Group has also entered into a supplemental shareholder's loan agreement with 英華房地產 and agreed to extend the repayment date of the shareholder's loan to 31 December 2016.

中清房地產 holds the land use rights of two parcels of commercial land in Qingyuan. On 18 June 2014, 深圳中星國盛投資發展有限公司 ("中星國盛"), a wholly-owned subsidiary of the Company, initiated civil proceedings against 中清房地產 in 深圳市寶安區人民法院 (the "People's Court of Baoan District") for, among other matters, the repayment of the shareholder's loan contributed by 中星國盛 in the amount of RMB23,479,330 (the "Litigation"). On 19 June 2014, pursuant to an application made by 中星國盛 to freeze and preserve the assets of 中清房地產 in the total value of RMB23,400,000, an order was granted by the People's Court of Baoan District to freeze and preserve the two parcels of land owned by 中清房地產 during the Year from 24 June 2014 to 23 June 2016 (the "Freeze Order"). The Freeze Order aims to ensure that 中清房地產 has sufficient assets of value to repay the shareholder's loan to the Group.

Two hearings of the Litigation were held on 18 August 2014 and 25 September 2014 respectively. On 15 October 2014, the Group received the civil mediation document (民事調解書) issued by the People's Court of Baoan District, confirming that (i) the Group and 中清房地產 confirmed that 中清房地產 was indebted to 中星國盛 in the sum of RMB23,479,330; (ii) 中清房地產 agreed to repay to 中星國盛 the sum of RMB23,479,330, together with the interest accrued from 18 June 2014 to the date of repayment within 15 days of the effective date of the civil mediation document; and (iii) if 中清房地產 fails to repay the agreed amount, 中星國盛 shall have the right to request 中清房地產 to pay default interests calculated at two times of the lending rate of the PRC over the same period.

As advised by the Group's PRC legal advisers, the effective date of the civil mediation document was 15 October 2014 and the deadline for repayment by 中清房地產 was 30 October 2014. On 20 November 2015, 中星國盛 submitted the mandatory execution application letter（強行執行申請書）to the People's Court of Baoan District to enforce the repayment of 中清房地產. The application was accepted by the People's Court of Baoan District on 23 November 2015. On 26 November 2015, the Group submitted another application to on hold the execution application and the application was accepted by the People's Court of Baoan District. Up to the date of this report, 中清房地產 has not repaid the outstanding shareholder's loan nor any interest to 中星國盛. The management will monitor the situation continuously and may take further legal actions to protect the Group's interest as and when appropriate. The Company will make further announcement should there be any further action in the future.

Property investment business

The property investment business included the mini storage business operated by a wholly-owned subsidiary of the Company and the office leasing business operated by a joint venture.

Mini storage business

As mentioned in the 2014 annual report, the Group has started the mini storage business since the end of 2014 and renovated the ground floor, 1st floor, 2nd floor and half of the floor area of the 4th floor of a self-owned industrial building in Fanling (the "Fanling Building"). As at 31 December 2015, the occupancy rate increased to approximately 42% (the Period: approximately 30%). The Group will continue its marketing efforts in the mini storage business to increase the occupancy rate of the Fanling Building in the future.

Office leasing business

During the Year, a joint venture named Estate Summit Limited ("Estate Summit") was formed with an independent third party with extensive management and operating experiences for the sake of operating the office leasing business in Hong Kong. Estate Summit entered into a four-year tenancy agreement for the whole 29th floor of One Pacific Centre located in Kwun Tong district. The renovation work of the business center was completed in August 2015, and it was put into market in September 2015. A brand name of "Prime Business Centres" was built and approximately 41% of units were rented out as at 31 December 2015.

In view of the increasing rental expenses of office premises and the large demand for small-sized offices of small enterprises in Hong Kong, the Group believes that there is huge potential in the industry of running office leasing business in Hong Kong. Our business service center in Kwun Tong is the first trial of the Group in this industry, and the Group will consider expanding this business after evaluating the performance of the business center in Kwun Tong.

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

Trading business

Revenue from the Trading Business was approximately HK$35.1 million (the Period: HK$27.1 million) and a segment profit of approximately HK$2.2 million (the Period: HK$1.3 million) was reported. The segment profit margin has increased by approximately 1.5% to approximately 6.3% for the Year, as compared with approximately 4.8% for the Period. During the Year, the Group has established a new subsidiary in China to engage in the trading business of printing products within the country which pushed up the overall segment profit by approximately 0.9% for the Year. For the trading business in Hong Kong, the profit margin was slightly increased by 0.6% as compared with that of the Period.

Securities trading business

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

The Group will closely monitor the market and any information related to prospective investees before committing to any securities investment. Unless it becomes aware of any securities investment with great market potential, the Group will maintain the current portfolio size.

Other businesses

Gaming business

As mentioned in the 2014 annual report, the Group has commenced the new gaming business which included the slot machine business and the internet gaming business. The slot machine business is positioned to capitalise on the abundant opportunities identified in the Asian gaming landscape. The Group sees an exciting future for the gambling and gaming industry in regions including, but not limited to, Japan, Taiwan, Macau, Singapore, Malaysia, and Korea. During the Year, the Group has actively recruited the talents into our new business and expanded the working teams in both Hong Kong and China. Subsequent to year-end date, the Group has despatched the first batch of slot machines to Mexico. In 2016, more marketing efforts will be devoted to the business and it is expected that more games and slot machines will be despatched in 2016. The Group will continue to execute the strategy as planned and capture any opportunity emerged in the gaming industry. It will also closely monitor the development progress of the business and keep a close watch over the market situation in a cautious manner.

"Internet + community" business in the PRC

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

OTHER GAINS AND LOSSES

Other gains and losses comprised the following major items:

	Year ended 31 December 2015	Nine months ended 31 December 2014
	HK$'000	*HK$'000*
Change in fair value of derivative financial instrument	**4,101**	–
Change in fair value of held-for-trading investments	**(6,673)**	2,457
Fair value changes in investment properties	**2,265**	3,882
Impairment loss recognised on available-for-sale investment *(Note 1)*	**(7,765)**	–
Impairment loss recognised in respect of intangible assets *(Note 2)*	**(5,318)**	–
Impairment loss recognised in respect of property, plant and equipment *(Note 3)*	**(9,157)**	(33,952)
Loss on disposal of property, plant and equipment	**(3)**	(24)
Loss on disposal of subsidiaries	**(1,183)**	–
Net foreign exchange gains (losses)	**3,102**	(963)
Reversal of (allowance for) bad and doubtful debts	**269**	(1,253)
Total	**(20,362)**	(29,853)

Note:

(1) The Group has entered into a share subscription agreement on 11 February 2015 to subscribe for 4.41% of the total issued shares capital of Soliton Holdings Limited ("Soliton"), which principally engaged in cloud-based and cross-device enabled digital music streaming service with over 1,700,000 music tracks and videos. Soliton was providing the digital music streaming service to the wholly-owned subsidiaries of the Group. During the Year, the management of Soliton failed to execute the investment plan as planned and the return on investment was uncertain. In view of the uncertainty on the recoverability of the investment, full impairment was considered.

(2) During the Year, the Group has recognised an impairment loss in respect of the trademarks, which was classified as intangible assets, of the Music and Entertainment business.

(3) During the Year, the Group has recognised an impairment loss in respect of the property, plant and equipment of the Manufacturing and Sales business.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The following table sets out the Group's current ratio, quick ratio and gearing ratio as at 31 December 2015 and 31 December 2014:

	Notes	**As at 31 December 2015**	As at 31 December 2014
Current ratio	*(i)*	**4.4**	5.0
Quick ratio	*(ii)*	**3.9**	4.6
Gearing ratio *(%)*	*(iii)*	**0.7**	1.3

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 (including properties under development for sale) by total current liabilities as at the end of the year.

(iii) Gearing ratio is calculated by dividing total borrowings by total equity as at the end of the year and then multiplying it by 100%.

As at 31 December 2015, the Group had short-term bank deposits and cash and cash equivalents of approximately HK$234.1 million (31 December 2014: approximately HK$248.8 million) and short-term borrowings of approximately HK$6.0 million (31 December 2014: approximately HK$10.5 million). The liquidity of the Group remained strong and healthy as compared with 2014. The gearing ratio decreased by 50% as compared with 31 December 2014 mainly because the amounts which had been previously classified as "borrowings" were reclassified as "amount due to a related company" as at 31 December 2015 as that company was acquired by a related party by the end of 2015.

The current ratio and quick ratio decreased as at 31 December 2015 as compared with the respective figures as at 31 December 2014. It is mainly attributable to the increase in the current liabilities with the amount due to a related company, which was reclassified from "borrowings" as mentioned above. This was in line with the expansion of the Lending business as the amount was due to another money lending company incorporated in Hong Kong and we have some loan transactions cooperated with this money lending company during the Year.

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

FUND RAISING ACTIVITIES

Set out below are fund raising activities conducted by the Company during the Period and the usage of the net proceeds up to 31 December 2015.

(i) On 15 April 2015, the Company and a placing agent entered into a placing agreement pursuant to which the Company has appointed the placing agent to procure, on best effort basis, not less than six placees to subscribe for 293,560,000 shares of the Company at a price of HK$0.146 per share. The aggregate nominal value of the placing shares is HK$14,678,000. The net issue price is approximately HK$0.142 per share. The placing price of HK$0.146 per share represents a discount of approximately 17.98% to the closing price of HK$0.178 per share as quoted on the Stock Exchange on 15 April 2015, which is the date of the placing agreement. Completion of the placing took place on 30 April 2015. The net proceeds from the placing were approximately HK$41.69 million and were intended to be utilised for general working capital of the Group. As at the date of this announcement, approximately HK$40 million out of the net proceeds were utilised for general working capital in the Lending business and approximately HK$1.2 million out of the net proceeds were utilised for potential equity investment.

(ii) On 18 June 2015, the Company and a placing agent entered into a placing agreement pursuant to which the Company has appointed the placing agent to procure, on a fully underwritten basis, not less than six placees to subscribe, failing which the placing agent itself shall subscribe, for 352,280,000 shares of the Company at a price of HK$0.24 per share. The aggregate nominal value of the placing shares is HK$17,614,000. The net issue price is approximately HK$0.23 per share. The placing price of HK$0.24 per share represents a discount of approximately 14.29% to the closing price of HK$0.28 per share as quoted on the Stock Exchange on 18 June 2015, which is the date of the placing agreement. Completion of the placing took place on 2 July 2015. The net proceeds from the placing were approximately HK$82.2 million and were intended to be utilised as general working capital of the Group (including but not limited to working capital for the Group's loan business), acquisition of machinery and potential equity investment. As at the date of this announcement, approximately HK$20 million was utilised in the Lending business, approximately HK$22 million was utilised in equity investments and approximately HK$16 million was utilised as general working capital of the Group.

Save as disclosed above, there was no change in the share capital and capital structure of the Company for the Year.

FUTURE OUTLOOK

The Group will continue to strengthen, develop and diversify its portfolio to further establish a sustainable business growth. The Manufacturing and Sales business continues to be the core of the Group's portfolio. The newly developed and establishing businesses such as the Lending business, the Music and Entertainment business, the Property business, the Securities trading business, the Trading business, the gaming business and the "internet + community" business continue to develop and contribute in the Group's portfolio. The Group will remain committed to this diversification strategy to generate a stable return and promising business growth to its shareholders.

Lending business

High growth rate is expected and the Group will allocate more financial resources to expand the lending business in the coming year. After a full year of operation, we have successfully built up our networks with money lending agents and we will continue to expand the network to meet up with more money lending agents for loan referral. The Group may consider putting certain marketing efforts to promote our brand through various public media. In the coming year, we will expand the mortgage business to corporate clients and expand the personal loan market. In view of the uncertain economy outlook, the Group will operate and expand in a cautious and risk-balanced manner to maintain a balanced portfolio.

Manufacturing and Sales and Trading businesses

Cost reduction, quality management and efficiency enhancement continue to be the major initiatives of the segments in the coming year. To further enhance the segments' competitiveness in the market, the Group continues its investment in talent recruitment, value adding services and the upgrade of its technology infrastructure in the coming year. The management has commenced the internal restructuring by merging departments to streamline the whole work processes in all levels in 2015 and expect to be continued in 2016. The Group believes that the restructuring process will further reduce the wastage and enhance the efficiency of our factories. Furthermore, the Group has continued to invest in automating the production line to improve the quality stability and efficiency and to reduce the staff costs of the factories.

The Group will continue to increase the overall efficiency, expand customer networks, increase its value proposition and improve its business model to overcome the uncertainty in the PRC and global economy in the coming year in a prudent manner.

Music and Entertainment business

In the coming year, the Group will continue to broaden its artistes base and target to sign up two to three more artistes in 2016. More financial resources will be allocated in talent cultivation and concerts and shows. In additions, since 2015, the Group has devoted more resources in searching for entertainment projects especially in the film market. The Group will continue to invest in the film and entertainment market and expand its investments in new media entertainment.

Securities trading business and Property business

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

For the Property business, the Group will devote more resources in developing the mini storage business and business service center business and increase the occupancy rate of the properties of both businesses by implementing various promotion and marketing activities.

Other businesses

Gaming business

The gaming business is developed aiming to become a leading developer of land-based casino gaming machines by integrating the broadest gaming contest portfolio in the industry into casino-grade Linux based gaming platform. The Group has successfully despatched the first batch of slot machines to Mexico subsequent to the year-end date. In the coming year, the Group expects to increase its games distribution network and to introduce games to more parts of the world, such as Columbia, Serbia and Holland. The Group will continue to invest in the designing and developing of new games for the new generation and further develop its distribution network to expand its global reach. The Group will also study the market of internet gaming, evaluate the potential and plan to pursue opportunities with partners to cross-sell and cross-utilise the portfolio across multiple distribution channels in order to enhance the revenue, while selectively pursuing new verticals and strategic alliances.

"Internet + community" business in the PRC

For the new business commenced by the end of 2015, the Group has entered into an exclusive operator agreement with Vinux and developed neighborhood stores. The Group has currently started the stores' operation in two locations, Weifang city and Kumming city. More stores are expected to be opened within these two cities in the coming years. The Group will allocate more resources to this new business to expand the sourcing teams in different types of commodities and put more marketing effort to promote the Vinux brand. It will also develop the franchising business models to increase the penetration rate of the Vinux brand to every places within the cities.

Besides the existing and newly developed businesses, the Group will continue to devote resources to search for more projects with high potentials and to improve the operating performance of newly developed businesses by introducing new ideas and expanding collaboration with business partners.

FOREIGN EXCHANGE RISK

The Group's sales and purchases are principally denominated in Renminbi, HK dollar and US dollar. Except for Renminbi, there was no significant fluctuation in the exchange rate of HK dollar and US dollar throughout the year. The management will closely monitor the foreign exchange rate risk of Renminbi, and identify any significant adverse impact on the PRC operations as caused by such risk. If necessary, the Group will consider using appropriate hedging solutions. During the Year, the Group has not used any financial instruments for hedging purpose and it did not have any outstanding hedging instruments as at 31 December 2015.

CAPITAL EXPENDITURE

For the Year, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$7.6 million (the Period: approximately HK$17.7 million). The capital expenditure for the Year was mainly attributable to the acquisition of machinery for production in the PRC.

CAPITAL COMMITMENTS

As at 31 December 2015, the Group had capital commitments of approximately HK$12.9 million (31 December 2014: approximately HK$13.2 million) for the acquisition of property, plant and equipment and prepaid lease payments, which had been contracted for but had not been provided for in the financial statements. The Group did not have any capital commitments for the acquisition of property, plant and equipment that had been authorised but not contracted for in both reporting periods.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2015 (31 December 2014: Nil).

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged a leasehold building and investment properties with an aggregate carrying value of approximately HK$87.3 million to secure the general banking facilities granted to the Group (31 December 2014: approximately HK$86.5 million).

As at 31 December 2015, none of the Group's property, plant and equipment was pledged to secure other borrowings granted to the Group (31 December 2014: Nil).

HUMAN RESOURCES

As at 31 December 2015, the Group had approximately 1,740 full-time employees (31 December 2014: approximately 1,920). Total staff costs (including directors' remuneration) for the Year was approximately HK$176.2 million (the Period: approximately HK$142.9 million). The remuneration schemes are generally determined with reference to market conditions and the qualifications of the employees. The reward packages for the staff member in the Group are generally reviewed on an annual basis, depending on the staff member's and the Group's performance. Apart from salary payments, other staff benefits consist of contributions to the retirement benefit scheme, participation in share option scheme, and medical insurance for eligible employees. In-house and external training programmes are provided as and when required.

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

On 7 September 2015, Magic Mark Investments Limited ("Magic Mark"), a wholly-owned subsidiary of the Company, entered into the subscription agreement with the general partner of Zhong Wei Capital, L.P. ("Zhong Wei"), pursuant to which Magic Mark agreed to subscribe for an interest in Zhong Wei as a limited partner with a subscription amount of US$2 million. The principal focus of Zhong Wei is to invest in innovative companies with high growth potential that have operations in, contacts in or potential expansion into the PRC. Details of which are set out in the announcement dated 7 September 2015.

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

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

EVENTS AFTER REPORTING PERIOD

(A) Proposed Capital reorganisation and proposed change in board lot size

On 22 February 2016, the Board proposed to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details and definitions of which are as follows:

(1) Share Consolidation:

Every 10 issued and unissued existing ordinary shares of par value of HK$0.05 each in the share capital of the Company (the "Existing Shares") will be consolidated into 1 ordinary share of par value of HK$0.50 (the "Consolidated Share") and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

(2) Capital Reduction:

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which the par value of each of the then issued Consolidated Shares will be reduced from HK$0.50 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$0.49 on each of the then issued Consolidated Shares, the credits arising from (a) such reduction of the paid-up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company which may arise from the Share Consolidation (if any) will be credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

(3) Share Sub-division:

Immediately following the Capital Reduction, each of the then authorised but unissued Consolidated Shares of par value of HK$0.50 each will be sub-divided into 50 ordinary shares of par value of HK$0.01 each in the share capital of the Company (the "New Shares").

On the same date, the Board also proposed to change the board lot size for trading in the shares of the Company from 20,000 Existing Shares to 10,000 New Shares subject to and upon the Capital Reorganisation becoming effective.

The special general meeting will be convened and held on 1 April 2016 (Friday) for the shareholders of the Company (the "Shareholders") to consider and approve the Capital Reorganisation comprising the Share Consolidation, the Capital Reduction and the Share Sub-division (each as described and defined in the circular of the Company dated 9 March 2016).

(B) Updates in relation to a discloseable transaction involving provision of shareholder's loan to a PRC Company and the put option deed

As mentioned above, on 26 February 2016, 英華房地產 and the Group (through its wholly-owned subsidiary, 深圳市中星國隆投資發展有限公司 (Shenzhen Zhongxing Guolong Investment Development Co., Ltd.,) entered into a supplemental shareholder's agreement pursuant to which the Group agreed to extend the repayment date of the shareholder's loan in the principal amount of RMB30,000,000 advanced to 英華房地產 (the "Shareholder's Loan") to 31 December 2016. On the same date, Dream Class Limited, a wholly-owned subsidiary of the Company and the major shareholder of 英華房地產 entered into a supplemental put option deed pursuant to which Dream Class Limited agreed to amend the put option period to a period commencing from 1 January 2017 to 30 June 2017 and to defer the cut-off date to 31 December 2016. Save as aforesaid, all the other terms of the put option deed shall remain unchanged and shall continue with full force and effect.

On 11 March 2016, 英華房地產 partially repaid the Shareholder's Loan in the amount of RMB2,000,000 to the Group. Accordingly, the outstanding amount of the Shareholder's Loan is RMB28,000,000 and is repayable on or before 31 December 2016 according to the supplemental shareholder's loan agreement. Details of the Shareholder's Loan and the put option deed abovementioned can be found in the announcements of the Company dated 27 February 2013 and 26 February 2016 and 4 March 2016.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (the Period: Nil).

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Thursday, 30 June 2016, notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's Bye-laws and the Rules Governing the Listing of Securities on the Stock Exchange (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.

CORPORATE GOVERNANCE

The Board is collectively responsible for performing the corporate governance duties. The Board recognises that good corporate governance practices are vital to the maintenance and promotion of shareholder value and investor confidence. In the opinion of the Board, the Company has met the code provisions set out in the the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules for the year ended 31 December 2015, except for the following deviations:

Provision A.2.7 of the CG Code

Provision A.2.7 of the CG Code requires the Chairman to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. The Chairman namely Mr. Suek Ka Lun, Ernie, was himself an executive Director during the Year and as such, compliance with this code provision was infeasible.

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

The Board has not established a nomination committee. The Board is responsible for reviewing the structure, size and composition of the Board from time to time, and the appointment and removal of Directors are subject to the Board's collective decision. The Board will identify individuals suitably qualified to be appointed to the Board when necessary. The Board considers potential candidates based on their qualifications, expertise, experience and knowledge as well as the requirements under the Listing Rules.

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 to 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.

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 inside information.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board comprises two independent non-executive Directors and one non-executive Director. The audit committee of the Board has reviewed with the management the accounting principles and policies adopted by the Group, discussed the auditing and financial reporting matters and reviewed the results for the Year. In addition, the consolidated financial statements of the Group for the Year 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 profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2015 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 ended 31 December 2015. 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 this 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 despatched 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.

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

Hong Kong, 23 March 2016

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, 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.