



**NEWAY GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00055)**

**INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive directors:**

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

#### **Non-executive directors:**

Dr. NG Wai Kwan  
Mr. CHAN Kwing Choi, Warren  
Mr. WONG Sun Fat

#### **Independent non-executive directors:**

Mr. TSE Tin Tai  
Mr. CHENG Chi Wai  
(resigned on 26 November 2013)  
Ms. LUI Lai Ping, Cecily  
Mr. LEE Kwok Wan  
(appointed on 5 April 2013)

#### **Alternate director:**

Mr. LAU Kam Cheong  
(*Alternate director to Dr. NG Wai Kwan*)

### **COMPANY SECRETARY**

Ms. CHEUNG Yuk Shan

### **REGISTERED OFFICE**

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Chung Tai Printing Group Building  
11 Yip Cheong Street  
On Lok Tsuen, Fanling  
New Territories  
Hong Kong

### **PRINCIPAL BANKERS**

The Hongkong and Shanghai  
Banking Corporation Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited  
Industrial and Commercial  
Bank of China (Asia) Limited  
China Citic Bank International Limited  
Standard Chartered Bank  
(Hong Kong) Limited

### **LEGAL ADVISER AS TO HONG KONG LAW**

Leung & Lau

### **AUDITOR**

Deloitte Touche Tohmatsu

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

HSBC Securities Services  
(Bermuda) Limited  
6 Front Street  
Hamilton HM 11 Bermuda

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Secretaries Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### **COMPANY'S WEBSITE**

<http://www.newaygroup.com.hk>

### **STOCK CODE**

00055



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF NEWAY GROUP HOLDINGS LIMITED**

**Introduction**

We have reviewed the condensed consolidated financial statements of Neway Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 3 to 23, which comprise the condensed consolidated statement of financial position as at 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
22 November 2013

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	<i>Notes</i>	<b>Six months ended</b>	
		<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.9.2012 (Unaudited) HK\$'000
Revenue	3	<b>358,681</b>	369,291
Cost of sales		<b>(268,925)</b>	(294,756)
Gross profit		<b>89,756</b>	74,535
Interest income		<b>2,127</b>	2,409
Other income		<b>565</b>	1,093
Distribution costs		<b>(17,853)</b>	(15,219)
Administrative expenses		<b>(56,043)</b>	(47,342)
Other gains and losses		<b>(4,638)</b>	13,982
Finance costs		<b>(78)</b>	(53)
Profit before taxation		<b>13,836</b>	29,405
Taxation	4	<b>(2,520)</b>	(2,141)
Profit for the period	5	<b>11,316</b>	27,264
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>4,895</b>	1,800
Total comprehensive income for the period		<b>16,211</b>	29,064
Profit for the period attributable to:			
Owners of the Company		<b>11,430</b>	27,285
Non-controlling interests		<b>(114)</b>	(21)
		<b>11,316</b>	27,264
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>16,113</b>	29,085
Non-controlling interests		<b>98</b>	(21)
		<b>16,211</b>	29,064
			(restated)
Basic earnings per share (HK cents)	7	<b>1.12</b>	2.68

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30 SEPTEMBER 2013

	<i>Notes</i>	<b>30.9.2013 (Unaudited) HK\$'000</b>	31.3.2013 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>8</i>	<b>242,157</b>	244,948
Prepaid lease payments		<b>32,728</b>	32,687
Deposits for land use right		<b>18,315</b>	18,291
Intangible assets		<b>5,318</b>	5,892
Available-for-sale investments	<i>9</i>	<b>30,257</b>	13,010
Loan to an available-for-sale investee	<i>9</i>	<b>29,586</b>	–
Derivative financial instruments	<i>9</i>	<b>6,268</b>	–
Interest in a joint venture		<b>2,000</b>	–
Deposits for investments		–	24,227
Advances to potential investees	<i>10</i>	<b>25,342</b>	75,009
		<b>391,971</b>	414,064
<b>Current assets</b>			
Inventories and record masters		<b>80,907</b>	78,852
Properties under development for sale	<i>11</i>	<b>46,273</b>	–
Held-for-trading investments	<i>12</i>	<b>56,481</b>	899
Trade receivables, other receivables and prepayments	<i>13</i>	<b>175,335</b>	132,729
Prepaid lease payments		<b>726</b>	718
Amounts due from a related company	<i>13</i>	<b>6,718</b>	6,466
Tax recoverable		<b>304</b>	870
Short-term bank deposits		<b>80,344</b>	103,732
Cash and cash equivalents		<b>150,811</b>	143,668
		<b>597,899</b>	467,934
<b>Current liabilities</b>			
Trade payables, other payables and accruals	<i>14</i>	<b>114,362</b>	74,034
Tax liabilities		<b>5,617</b>	3,496
Bank borrowings	<i>15</i>	<b>34,607</b>	1,607
		<b>154,586</b>	79,137

	<i>Notes</i>	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2013 (Audited) HK\$'000
Net current assets		<u>443,313</u>	<u>388,797</u>
Total assets less current liabilities		<b>835,284</b>	802,861
Non-current liability			
Deferred taxation	<i>16</i>	<u>8,605</u>	<u>8,700</u>
Net assets		<u><b>826,679</b></u>	<u>794,161</u>
Capital and reserves			
Share capital	<i>17</i>	<b>50,968</b>	50,968
Reserves		<u>759,502</u>	<u>743,389</u>
Total attributable to owners of the Company		<b>810,470</b>	794,357
Non-controlling interests		<u>16,209</u>	<u>(196)</u>
Total equity		<u><b>826,679</b></u>	<u>794,161</u>

The condensed consolidated financial statements on pages 3 to 23 were approved and authorised for issue by the Board of Directors on 22 November 2013 and are signed on its behalf by:

**SUEK KA LUN, ERNIE**  
*CHAIRMAN*

**SUEK CHAI HONG**  
*DIRECTOR*

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Attributable to owners of the Company									
	Share capital	Share premium	Deemed		Capital redemption reserve	Translation reserve	Retained profits	Total	Non- controlling interests	Total
			Put option reserve	contribution from a shareholder						
	HKS' 000	HKS' 000	HKS' 000	HKS' 000	HKS' 000	HKS' 000	HKS' 000	HKS' 000	HKS' 000	HKS' 000
At 1 April 2012	50,968	210,950	(14,222)	33,783	63	48,488	456,391	786,421	(177)	786,244
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,800	-	1,800	-	1,800
Profit for the period	-	-	-	-	-	-	27,285	27,285	(21)	27,264
Total comprehensive income for the period	-	-	-	-	-	1,800	27,285	29,085	(21)	29,064
Transfer to retained profits upon the expiry of Put Option ended on 1 July 2012	-	-	14,222	-	-	-	(14,222)	-	-	-
Recognition of shareholder contribution upon the extension of the Put Option Period	-	-	(58,103)	58,103	-	-	-	-	-	-
At 30 September 2012	50,968	210,950	(58,103)	91,886	63	50,288	469,454	815,506	(198)	815,308
At 1 April 2013	50,968	210,950	(53,533)	145,419	63	54,752	385,738	794,357	(196)	794,161
Exchange differences arising on translation of foreign operations	-	-	-	-	-	4,683	-	4,683	212	4,895
Profit for the period	-	-	-	-	-	-	11,430	11,430	(114)	11,316
Total comprehensive income for the period	-	-	-	-	-	4,683	11,430	16,113	98	16,211
Transfer to retained profits upon the expiry of Put Option ended on 30 September 2013	-	-	53,533	-	-	-	(53,533)	-	-	-
Recognition of shareholder contribution upon the extension of the Put Option Period (Note 19)	-	-	(43,538)	43,538	-	-	-	-	-	-
Acquisition of a subsidiary (Note 18)	-	-	-	-	-	-	-	-	16,307	16,307
At 30 September 2013	50,968	210,950	(43,538)	188,957	63	59,435	343,635	810,470	16,209	826,679

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	<i>Note</i>	<b>Six months ended</b> <b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.9.2012 (Unaudited) HK\$'000
Net cash (used in) from operating activities		<b>(43,599)</b>	15,825
Net cash from (used in) investing activities:			
Interest received		<b>718</b>	2,409
Deposits paid for investments		–	(74,058)
Purchases of property, plant and equipment		<b>(5,498)</b>	(4,128)
Disposal of property, plant and equipment		<b>1,304</b>	30
Purchases of available-for-sale investments		<b>(1,008)</b>	(15,490)
Acquisition of a subsidiary	<i>18</i>	<b>187</b>	–
Investment in a joint venture		<b>(2,000)</b>	–
Disposal of a subsidiary		–	29,754
Placement of short term bank deposits		<b>(139,713)</b>	(53,273)
Withdraw of short term bank deposits		<b>163,542</b>	113,544
		<b>17,532</b>	(1,212)
Net cash from financing activities:			
New bank borrowings raised		<b>34,607</b>	15,954
Repayment of bank import loans		<b>(1,607)</b>	(10,232)
Other financing cash flows		<b>(78)</b>	(53)
		<b>32,922</b>	5,669
Net increase in cash and cash equivalents		<b>6,855</b>	20,282
Cash and cash equivalents			
at the beginning of the period		<b>143,668</b>	122,604
Effect of foreign exchange differences		<b>288</b>	404
Cash and cash equivalents at the end of the period represented by		<b>150,811</b>	143,290
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		<b>150,811</b>	143,290



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

### 1. GENERAL AND BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2013.

In the Period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the Period.

#### **New and revised Standards on consolidation, joint arrangements, associates and disclosures**

In the Period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

#### **HKFRS 10 Consolidated financial statements**

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK(SIC) – INT 12 “Consolidation – special purpose entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors reviewed and assessed the Group’s investees in accordance with the requirements of HKFRS 10 and concluded that there was no impact on the Group’s condensed consolidated financial statements upon the adoption of HKFRS 10.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **HKFRS 11 Joint Arrangements**

HKFRS 11 replaces HKAS 31 “Interests in joint ventures” and the guidance contained in a related interpretation, HK(SIC)-Int 13 “Jointly controlled entities – non-monetary contributions by venturers”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a jointly arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of the control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised on the condensed consolidated statement of financial position at cost and adjusted thereafter with the Group’s share of the profit or loss and other comprehensive income of the joint venture.

The requirements of HKAS 39 “Financial Instruments: Recognition and Measurement” are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 “Impairment of Assets” as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

HKFRS 11 is applicable to the joint arrangement entered into by the Group in the Period.

The Directors reviewed and assessed the Group’s interest in a joint arrangement in accordance with the requirement of HKFRS 11, and concluded that it should be classified as joint venture.

### **Amendments to HKAS 1 Presentation of items of other comprehensive income**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Upon application of the amendments to HKAS 1, the Group’s statement of comprehensive income is renamed as statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **Amendments to HKAS 1 Presentation of items of other comprehensive income (Continued)**

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

### **HKFRS 13 Fair value measurement**

HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information is in accordance with the consequential amendments of HKAS 34 are set out in note 22. The application of HKFRS 13 has had no impact on the fair value measurements of the Group's assets and liabilities.

Except as described above, the application of other new and revised HKFRSs in the Period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

In addition, the Group has applied the following accounting policies during the Period.

### **Acquisitions of assets through purchase of a subsidiary**

When the Group acquires a subsidiary that does not constitute the acquisition of a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed, and the cost of the acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

### **Properties under development for sale**

Properties under development for sale are stated at lower of cost and net realisable value. Cost comprises both the land use rights and development cost of the property. Net realisable value takes into account the price ultimately expected to be realised, less applicable selling expenses and the anticipated costs to completion.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Properties under development for sale (Continued)

Development cost of property comprises construction costs, borrowing costs capitalised according to the Group's accounting policy and directly attributable cost incurred during the development period. On completion, the properties are transferred to properties held for sale.

### Derivative financial instruments

Derivative is initially recognised at fair value and is subsequently measured at cost less any identified impairment losses at the end of each reporting period, when such derivative is linked to and must be settled by delivery of equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

## 3. SEGMENT INFORMATION

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 operations as follows:

During the first half of the year ended 31 March 2013, the reportable and operating segment of sale of printing products ("**Printing**") included 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 the Trading segment's result became more significant to the Group and, therefore, the Trading segment was separately assessed.

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

Figures in segment information for the six months ended 30 September 2012 have been re-presented for comparative purposes.

Moreover, the property business is a new operating and reportable segment subsequent to the Group's acquisition of a subsidiary (details of which are set out in note 18) and completion of the acquisition of available-for-sale investment in 四川英華房地產有限公司 ("**英華房地產**") during the Period (details of which are disclosed in note 9).

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**");
- (d) Property development and investment ("**Property business**"); and
- (e) Securities trading ("**Securities trading**").

**3. SEGMENT INFORMATION (Continued)**

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

	Revenue		Segment profit (loss)	
	Six-month period ended 30.9.2013 HK\$'000	30.9.2012 HK\$'000 (restated)	Six-month period ended 30.9.2013 HK\$'000	30.9.2012 HK\$'000 (restated)
Manufacturing and sales	<b>335,818</b>	348,462	<b>17,733</b>	16,868
Trading	<b>15,117</b>	14,070	<b>1,006</b>	1,349
Music and entertainment	<b>7,746</b>	6,759	<b>2,405</b>	(1,153)
Property business	–	–	<b>(291)</b>	–
Securities trading	–	–	<b>(4,502)</b>	(25)
Total	<b><u>358,681</u></b>	<u>369,291</u>	<b><u>16,351</u></b>	<u>17,039</u>
Interest income			<b>2,127</b>	2,409
Unallocated corporate expenses			<b>(4,606)</b>	(5,081)
Gain on disposal of a subsidiary			–	14,432
Unallocated net foreign exchange (loss) gain			<b>(36)</b>	606
Profit before taxation			<b><u>13,836</u></b>	<u>29,405</u>

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

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of interest income, unallocated corporate expenses, gain on disposal of a subsidiary and unallocated net foreign exchange (loss) gain. This is the measure reported to the Group's executive Directors for the purposes of resource allocation and assessment of segment performance.

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

	30.9.2013 HK\$'000	31.3.2013 HK\$'000
Manufacturing and sales	<b>511,911</b>	476,730
Trading	<b>13,044</b>	10,867
Music and entertainment	<b>21,771</b>	20,504
Property business	<b>98,366</b>	–
Securities trading	<b>56,481</b>	899
Total segment assets	<b>701,573</b>	509,000
Unallocated assets	<b>288,297</b>	372,998
Consolidated assets	<b><u>989,870</u></b>	<u>881,998</u>

**4. TAXATION**

	<b>Six months ended</b>	
	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.9.2012 (Unaudited) HK\$'000
The charge comprises:		
Current tax for the period:		
Hong Kong	2,615	2,297
Other jurisdictions	—	34
	<u>2,615</u>	<u>2,331</u>
Deferred taxation:		
Current period ( <i>Note 16</i> )	(95)	(190)
	<u>2,520</u>	<u>2,141</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Period and the interim period ended 30 September 2012.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**5. PROFIT FOR THE PERIOD**

	<b>Six months ended</b>	
	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.9.2012 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets	574	1,149
Depreciation of property, plant and equipment	10,348	14,628
Amortisation of prepaid lease payments	469	369
Reversal of written down of inventory (included in cost of sales)	—	(1,239)
	<u>—</u>	<u>(1,239)</u>
Included in other gains and losses:		
Net foreign exchange loss (gain)	36	(606)
Allowance for bad and doubtful debts	109	905
Change in fair value in held-for-trading investment	4,502	25
(Gain) loss on disposal of property, plant and equipment	(9)	126
Gain on disposal of a subsidiary	—	(14,432)
	<u>4,638</u>	<u>(13,982)</u>
Included in interest income:		
Bank interest income	718	2,409
Effective interest income from loan to an available-for-sale investee	1,409	—
	<u>2,127</u>	<u>2,409</u>

**6. DIVIDENDS**

No dividends were paid, declared or proposed during both interim periods. The Directors have determined that no dividend will be paid in respect of the Period.

**7. EARNINGS PER SHARE**

The calculation of the basic earnings per share attributable to the owners of the Company for the Period is based on the following data:

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings for the purpose of basic earnings per share (profit for the period)	<u><b>11,430</b></u>	<u>27,285</u>
	<b>30.9.2013</b>	30.9.2012 (restated)
<b>Number of shares</b>		
Number of shares in issue for the purpose of basic earnings per share	<u><b>1,019,354,560</b></u>	<u>1,019,354,560</u>

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding during the current or prior interim period.

The number of ordinary shares for the calculation of the basic earnings per share for the interim period ended 30 September 2012 has been adjusted to reflect the impact of share consolidation effected during the current interim period as disclosed in note 17.

**8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT**

During the Period, the Group spent approximately HK\$5,498,000 (for the six months period ended 30 September 2012: HK\$2,230,000) to acquire property, plant and equipment.

In addition, the Group disposed of certain plant and equipment with an aggregate carrying amount of HK\$1,295,000 for proceeds of HK\$1,304,000, resulting in a gain of HK\$9,000 on disposal.

**9. AVAILABLE-FOR-SALE INVESTMENTS/LOAN TO AN AVAILABLE-FOR-SALE INVESTEE/DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>30.9.2013</b>	31.3.2013
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Available-for-sale investments comprise:		
Unlisted equity securities of a company incorporated in Republic of Korea ( <i>note i</i> )	<b>14,018</b>	13,010
Unlisted equity securities of a company incorporated in the People Republic of China ("PRC") ( <i>note ii</i> )	<u><b>16,239</b></u>	<u>–</u>
	<u><b>30,257</b></u>	<u>13,010</u>

## 9. AVAILABLE-FOR-SALE INVESTMENTS/LOAN TO AN AVAILABLE-FOR-SALE INVESTEE/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

### Notes:

- i. On 13 June 2013, the Group paid HK\$1,008,000 to subscribe for shares in the rights issue of this entity. Upon the completion of rights issue, the Group's equity interest is increased by 1.5%.
- ii. During the year ended 31 March 2013, the Group signed a capital injection agreement with shareholders of 英華房地產, which are all independent third parties, to inject RMB10,000,000 (equivalent to HK\$12,502,000) in 英華房地產, representing approximately 16.67% equity interest of the enlarged paid-in capital of 英華房地產. 英華房地產 is principally engaged in the property development in the PRC. The capital injection was already made during the year ended 31 March 2013 and classified as "advance to potential investees".

On the same date of the capital injection agreement by the Group, the Group signed a loan agreement with 英華房地產 that the Group granted an unsecured interest-free loan of RMB30,000,000 (equivalent to HK\$37,504,000) ("Shareholder's Loan") to 英華房地產 during the year ended 31 March 2013, repayable within three years from loan advance date. At initial recognition, the fair value of the loan is HK\$28,177,000 which is measured at an effective interest rate of 10% per annum.

On the same date, the Group signed a put option deed with the immediate holding company, who has indirectly held 61.67% equity interest in 英華房地產, of the major shareholder of 英華房地產, pursuant to which a put option was granted to the Group to dispose the Group's entire equity interest in 英華房地產 through the disposal of 英華房地產's intermediate holding company and the remaining 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 Shareholder's Loan. The performance target is based on cumulative sales proceeds accrued by 英華房地產 in respect of a specific real estate project during the period from 27 February 2013 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 Shareholder's Loan. The put option can be exercised within 6 months from 26 February 2016.

As at 30 September 2013, the Group completed capital injection process and 英華房地產 became an associate of the Group. The put option deed became effective upon the completion of the capital injection in 英華房地產 and advancement of Shareholder's Loan.

In the totality of the above, the Group completed its investment in 英華房地產 with the total consideration of RMB40 million, comprising of:

- (i) the 16.67% equity interest in 英華房地產 of HK\$16,239,000 classified as "available-for-sale investments";
- (ii) Shareholder's Loan with initial fair value of HK\$28,177,000 carried at amortised costs and classified as "loan to an available-for-sale investee"; and



## 9. AVAILABLE-FOR-SALE INVESTMENTS/LOAN TO AN AVAILABLE-FOR-SALE INVESTEE/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

ii. (Continued)

- (iii) put option to dispose the Group's entire equity interest in 英華房地產 with the fair value of the put option at the date of initial recognition of HK\$6,268,000 and classified as "derivative financial instrument".

The fair value of put option is measured by the Black-Scholes option pricing model based on the fair value of 16.67% equity interest in 英華房地產 at initial recognition and the following assumptions.

Exercise price (Note i)	RMB22,000,000
Expected life of options	2.5 years
Expected volatility (Note ii)	30.43%
Expected dividend yield	0%
Risk free rate	3.84%

The Black-Scholes option pricing model requires the input of highly subjective assumption, including the volatility of share price. The changes in subjective input assumptions can materially affect the fair value estimate.

Notes:

- (i) The exercise price is based on RMB52 million less the principal amount of the Shareholder's Loan of RMB30 million as the exercise price is deemed to include a guarantee for the repayment of Shareholder's Loan.
- (ii) The expected volatility of the put option based on the historical daily share price movements of a set of comparable companies over a historical period of 2.5 years.

## 10. ADVANCES TO POTENTIAL INVESTEES

During the year ended 31 March 2013, the Group signed a sale and purchase agreement with one of the shareholders of 匯金泛亞(福建)有限公司 ("匯金泛亞"), an independent third party, to acquire 40% equity interest in 匯金泛亞 with zero consideration. The acquisition process was not completed as at 30 September 2013 and 31 March 2013 and is subject to the approval from the Ministry of Commerce of the PRC. Subsequent to entering the sale and purchase agreement, the Group injected RMB20,000,000 (equivalent to HK\$25,342,000) to 匯金泛亞 based on its proportion of shareholdings and such advance will become its paid-up capital upon the completion of acquisition. Accordingly, the capital injection is recognised as advance to a potential investee and will become investment cost upon completion of the acquisition. 匯金泛亞 has not yet commenced business as at 30 September 2013.

## 11. PROPERTIES UNDER DEVELOPMENT FOR SALE

The Group's properties under development for sale are situated in the PRC. All the properties under development for sale are expected to be realised over twelve months.

## 12. HELD-FOR-TRADING INVESTMENTS

	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
Equity securities listed in Hong Kong	<b>56,481</b>	899

**13. FINANCIAL ASSETS**

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 for artistes management, production and distribution of music albums. An ageing analysis of the trade receivables net of allowance for doubtful debts is presented based on the invoice date at the end of the Period.

	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2013 (Audited) HK\$'000
<hr/>		
Manufacturing and sales and trading of printing products operation:		
0 – 30 days	<b>125,172</b>	75,922
31 – 60 days	<b>19,167</b>	21,031
61 – 90 days	<b>5,859</b>	6,752
Over 90 days	<b>3,011</b>	5,208
	<hr/> <b>153,209</b> <hr/>	<hr/> 108,913 <hr/>
Music and entertainment operation:		
0 – 45 days	<b>703</b>	1,682
46 – 90 days	<b>140</b>	82
91 – 180 days	<b>1,340</b>	21
	<hr/> <b>2,183</b> <hr/>	<hr/> 1,785 <hr/>
Total trade receivables	<b>155,392</b>	110,698
Deposits, prepayments and other receivables	<b>19,943</b>	22,031
	<hr/> <b>175,335</b> <hr/>	<hr/> 132,729 <hr/>

The period from June to September is the high season for the printing operation. As a result, trade receivables as at 30 September 2013 were significantly higher than that as at 31 March 2013.

During the Period, trade receivables of printing operation of HK\$109,000 (six months ended 30 September 2012: HK\$905,000) are individually impaired as the debtors have been in financial difficulties in repaying the outstanding balances. The Group does not hold any collateral over these balances.

Amounts due from a related company are of a trade nature, unsecured and interest-free. Dr. Suet Chai Kit, Christopher, who can exercise significant influence over the Company, is the controlling shareholder and a director of the related company. The Group's credit terms to the related company are 30 days.

**14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS**

An aged analysis of the trade and other payables is as follows:

	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2013 (Audited) HK\$'000
0 – 30 days	<b>47,799</b>	41,559
31 – 60 days	<b>27,160</b>	4,898
61 – 90 days	<b>5,818</b>	874
Over 90 days	<b>5,053</b>	–
	<b>85,830</b>	47,331
Accrued expenses and other payables	<b>28,532</b>	26,703
	<b>114,362</b>	74,034

As at 30 September 2013, payable for machinery of approximately HK\$4,430,000 (31 March 2013: HK\$4,430,000) was included in accrued expenses and other payables.

**15. BANK BORROWINGS**

The bank borrowings are secured bank import loans denominated in United States dollars. They carry interest at market rates ranging from 1.8% to 2.2% (31 March 2013: 1.8 to 2.2%) per annum and are repayable within one year.

During the Period, the Group raised and repaid bank borrowings of approximately HK\$34,607,000 and HK\$1,607,000 (six months ended 30 September 2012: HK\$15,954,000 and HK\$10,232,000) respectively.

**16. DEFERRED TAXATION**

The following are the major deferred tax liabilities and asset recognised and movements thereon during the current and prior periods:

	<b>Accelerated tax depreciation</b> HK\$'000	<b>Tax losses</b> HK\$'000	<b>Intangible assets</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2012	11,196	(161)	1,351	12,386
Credit to profit and loss for the period	–	–	(190)	(190)
At 30 September 2012	11,196	(161)	1,161	12,196
Credit to profit and loss for the period	(3,307)	–	(189)	(3,496)
At 31 March 2013	7,889	(161)	972	8,700
Credit to profit and loss for the period	–	–	(95)	(95)
At 30 September 2013	<u>7,889</u>	<u>(161)</u>	<u>877</u>	<u>8,605</u>

**16. DEFERRED TAXATION (Continued)**

At 30 September 2013, the Group has estimated unused tax losses of approximately HK\$55,262,000 (31 March 2013: HK\$54,935,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$976,000 (31 March 2013: HK\$976,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$54,286,000 (31 March 2013: HK\$53,959,000) due to the unpredictability of future profit streams. Included in unused tax losses are approximately HK\$13,233,000 (31 March 2013: HK\$15,718,000) that will expire by 2018 (31 March 2013: 2017). Other losses may be carried forward indefinitely.

**17. SHARE CAPITAL**

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.05 (31 March 2013: HK\$0.005) each		
Authorised:		
At 1 April 2012, 30 September 2012 and 1 April 2013	100,000,000,000	500,000
Share consolidation ( <i>note</i> )	<u>(90,000,000,000)</u>	<u>–</u>
At 30 September 2013	<u>10,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 April 2012, 30 September 2012 and 1 April 2013	10,193,545,600	50,968
Share consolidation ( <i>note</i> )	<u>(9,174,191,040)</u>	<u>–</u>
At 30 September 2013	<u>1,019,354,560</u>	<u>50,968</u>

*Note:* Pursuant to a special resolution passed on 3 April 2013, the Company's every 10 issued shares of par value of HK\$0.005 each are consolidated into 1 consolidated share of par value of HK\$0.05 each with effect from 5 April 2013.

## 18. ACQUISITIONS OF ASSETS AND LIABILITIES THROUGH PURCHASE OF A SUBSIDIARY

During the six months ended 30 September 2013, the Group completed the acquisition of 60% equity interest in 清遠市中清房地產開發有限公司 (“中清房地產”). 中清房地產 is principally engaged in the property development in the PRC. This transaction was for the purpose of acquiring properties under development for sale in the ordinary course of business, and has been accounted for as a purchase of assets and the associated liabilities rather than as a business combination. The Group has already paid for the consideration of RMB19,379,000 (approximately HK\$24,227,000) and was classified as “Deposits for investments” as at 31 March 2013.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	23
Other receivables	1,210
Properties under development for sale	40,880
Bank balances and cash	187
Other payables and accrued charges	(1,533)
	<u>40,767</u>

Total consideration satisfied by:

	HK\$'000
Consideration paid	24,460
<i>Plus: Non-controlling interests (note)</i>	<u>16,307</u>
Net assets acquired	<u>40,767</u>

*Note:* The non-controlling interests are determined by reference to proportionate share of recognised amounts of assets acquired and liabilities recognised of 中清房地產 at the date of acquisition.

Net cash inflow arising on acquisition:

	HK\$'000
Cash consideration paid	–
<i>Less: Bank balances and cash acquired</i>	<u>187</u>
	<u>187</u>

## 19. EXTENSION OF PUT OPTION PERIOD

On 16 June 2009, the Group acquired the entire equity interest in Neway Entertainment Limited (“**Neway Entertainment**”) and its subsidiaries (collectively referred to as the “**Neway Entertainment Group**”) from Neway Enterprise Holdings Limited (“**Neway Enterprise**”). At the same time, Dr. SUEK Chai Kit, Christopher, who controlled Neway Enterprise prior to the Group’s acquisition, granted a put option (“**Put Option**”) to the Group, exercisable at any time from the completion of the acquisition (“**Completion**”) to 1 July 2011 to require Dr. SUEK Chai Kit, Christopher to buy back the entire equity interest in Neway Entertainment Group at a consideration of HK\$65,000,000 plus any investment cost contributed by the Group after the Completion less the aggregate of any dividend or distribution declared and paid by Neway Entertainment Group to the Group. The option has been subsequently extended to 30 September 2013 by Dr. SUEK Chai Kit, Christopher. On 30 September 2013, Dr. SUEK Chai Kit, Christopher, agreed to extend the Put Option to 31 March 2014. All other terms of the Put Option remained unchanged.

The fair value of the Put Option has been re-measured on the date of extension using the Black-Scholes option pricing model at HK\$43,538,000. The fair value of the Put Option upon the extension of the Put Option period is considered as a deemed contribution from the shareholder and is credited to reserve.

The following assumptions were used to calculate the fair value of Put Option:–

Share price ( <i>Note i</i> )	HK\$21,391,000
Exercise price	HK\$65,000,000
Expected life of options	0.5 year
Expected volatility ( <i>Note ii</i> )	30%
Expected dividend yield	0%
Risk free rate	0.22%

The Black-Scholes option pricing model requires the input of highly subjective assumption, including the volatility of share price. The changes in subjective input assumptions can materially affect the fair value estimate.

*Notes:*

- (i) The share price is the estimated fair value of Neway Entertainment, which is determined based on the future discounted cashflow of Neway Entertainment.
- (ii) The expected volatility of the Put Option based on the historical daily share price movements of a set of comparable companies over a historical period of 0.5 year.

**20. CAPITAL COMMITMENTS**

	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2013 (Audited) HK\$'000
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	–	3,168
– prepaid lease payments in the PRC	<b>13,143</b>	13,143
– capital injection in a jointly controlled entity	<b>38,000</b>	–
	<b>51,143</b>	16,311

**21. RELATED PARTY TRANSACTIONS**

- (a) During each of the six month periods ended 30 September 2013 and 2012, the Group had entered into the following significant transactions with related companies:

	<b>Six months ended</b> <b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.9.2012 (Unaudited) HK\$'000
Income:		
Sales of goods ( <i>Note i</i> )	<b>54</b>	229
Song license fee income ( <i>Note i</i> )	<b>470</b>	1,605
Promotion income ( <i>Note i</i> )	<b>4,000</b>	746
Expenses:		
Office rental expenses ( <i>Note i</i> )	<b>180</b>	180
Premise rental expenses ( <i>Note ii</i> )	<b>500</b>	500

*Notes:*

- (i) The transactions were carried out with related companies which are beneficially owned and controlled by Dr. SUEK Chai Kit, Christopher, a shareholder who can exercise significant influence over the Company.
- (ii) The transaction was carried out with another related company, which are beneficially owned and controlled by the spouse and sons of Dr. SUEK Chai Kit, Christopher.

**21. RELATED PARTY TRANSACTIONS (Continued)****(b) Compensation of key management personnel**

The remuneration of directors and other members of key management during the Period was as follows:

	<b>Six months ended</b>	
	<b>30.9.2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.9.2012 <b>(Unaudited)</b> <b>HK\$'000</b>
Short-term benefits	<b>2,973</b>	3,111
Post-employment benefits	<b>79</b>	77
	<b>3,052</b>	3,188

**22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS****Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

<b>Financial assets</b>	<b>Fair value as at 30.9.2013 HK\$'000</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key input(s)</b>
Investments in listed equity securities classified as held for trading investments in the condensed consolidated statement of financial position	Listed equity securities – HK\$56,481,000	Level 1	Quoted bid prices in an active market

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.



## **INTERIM DIVIDEND**

The board (“**Board**”) of directors of the Company (“**Directors**”) did not recommend the payment of an interim dividend for the Period (2012: Nil).

## **REVIEW OF FINANCIAL RESULTS**

For the Period, turnover of the Group amounted to HK\$358.7 million (six months ended 30 September 2012: HK\$369.3 million), dropped by 2.9% as compared with the same period last year.

Gross profit for the Period amounted to HK\$89.8 million (six months ended 30 September 2012: HK\$74.5 million). Gross margin grew by 4.8 percentage points to 25.0% from 20.2% for the same period last year.

Administrative expenses increased by 18.4% to HK\$56.0 million from HK\$47.3 million for the same period last year. The increase was mainly attributable to the rises in staff costs and professional fees. Net profit decreased by 58.5% to HK\$11.3 million from HK\$27.3 million. Net profit margin for the Period was 3.2% (six months ended 30 September 2012: 7.4%). The decrease was mainly attributable to the absence of a one-off gain of approximately HK\$14.4 million from the disposal of a subsidiary of the Company which was principally engaged in cultural and entertainment business in the PRC and the unrealised loss arising from change in fair value of held-for-trading investments of approximately HK\$4.5 million in the Period.

## **REVIEW OF OPERATIONS AND PROSPECTS**

### **Manufacturing and sales and trading businesses**

During the Period, turnover decreased by 3.6% to HK\$335.8 million as compared with the same period last year. Such decrease was attributable to the decline in both export and domestic sales during the Period. The decline in export sales was mainly due to the decrease in sales orders placed by overseas customers caused by the lowered market demand in overseas countries, while the decline in domestic sales was mainly due to the decrease of sales orders placed by a single customer.

During the Period, the Group exerted greater effort in sourcing alternative materials in the PRC and enhancing the material requirement planning of its factory, which has lowered the material costs of the manufacturing and sales businesses. Therefore, segment profit for the Period increased to HK\$17.7 million (six months ended 30 September 2012: HK\$16.9 million).

In view of the rising cost of operation in the PRC and the volatile global market, the Group will continue to enhance its quality and cost control policy to reduce operating costs, and to boost the production efficiency of its PRC factories. Besides, the management will evaluate the performance of the newly acquired press machine and plan to replace existing old press machines gradually in the foreseeable future to reduce the pressure of increasing labour cost and increase the productivity as a whole.

For the trading business, the profit margin decreased by 2.9 percentage points to 6.7% as compared with the same period last year. Such decrease was mainly due to the increase in material cost.

## **REVIEW OF OPERATIONS AND PROSPECTS (Continued)**

### **Manufacturing and sales and trading businesses (Continued)**

The management will closely monitor and regularly evaluate the effectiveness of these tightened policies and strategies, and make necessary adjustments in a timely manner.

### **Music and entertainment businesses**

Revenue for the Period increased by 14.6% to HK\$7.7 million as compared with the same period last year. The revenue and direct operating cost of music and entertainment segment for the six months ended 30 September 2012 has been restated as the management would like to present certain revenue items in a way consistent with the presentation in the audited financial statement for the year ended 31 March 2013. The increase in revenue for the Period was mainly attributable by the increase in promotion income notwithstanding that there was no investment income from teleplays and a decrease in song licensing income due to the delay in new songs release schedule in the Period.

Segment profit increased by 308.6% to HK\$2.4 million from a loss of HK\$1.2 million for the same period last year. The increase in profit of the music and entertainment segment was mainly attributable to the increase in promotion service income from the related company. The operation of music and entertainment business was stable during the Period.

During the Period, the Group contracted more established artists and it was expected that the revenue base will be broadened accordingly. Besides, the Group will continue to identify new artistes with high potential and deliver high quality production to strengthen the asset base of the business. The Group will also devote more resources to developing the new media market and the promotion service. Meanwhile, the Group is also actively seeking and identifying high quality teleplays and dramas as well as different investment opportunities in the music, media and cultural tourism businesses in Hong Kong and the PRC.

### **Property development and investment business**

During the Period, the Group completed two business acquisition transactions in respect of 四川英華房地產有限公司 (“英華房地產”), which is classified as available-for-sale investment of the Group as at 30 September 2013, and 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 respectively. Both of the acquired businesses are engaged in property development and investment in the PRC. 英華房地產 and 中清房地產 hold the land use rights of certain commercial land in Chengdu province and Qing Yuen city respectively. Both of their development plans cover residential units for sales and a shopping mall which will be either for sale or for rent depending on the market condition upon the completion of the properties. The construction work on land held by 英華房地產 and 中清房地產 are expected to commence early of financial year 2014 which are expected to be financed by the capital contributed by shareholders and bank borrowings. The management will closely monitor the development progress of these two projects. Besides, the Group will continue to look for potential projects in a cautious manner.

### **Securities trading business**

During the Period, the Group subscribed shares of two companies which are newly listed on the Main Board of the Stock Exchange in a total amount of HK\$60.1 million. For the Period, an unrealised loss arising from fair value change in securities trading of HK\$4.5 million was recorded. Such unrealised loss had no impact on the cash flow of the Group.

## **REVIEW OF OPERATIONS AND PROSPECTS (Continued)**

### **Other business**

For the year ended 31 March 2013, the Group has entered into an investment agreement with an independent third party to set up a joint venture company to engage the investment holdings business in Hong Kong and overseas. As at 30 September 2013, the Company has contributed HK\$2 million to the joint venture and the total committed investment amount of the Group is HK\$40 million. The management of the joint venture still seeking the potential investment opportunities and the business of joint venture has not yet commenced as at 30 September 2013. Details of the set-up of the joint venture company were disclosed in the announcement of the Company dated 31 May 2013.

In addition, during the Period, the Group has established a new indirectly wholly-owned subsidiary 上海中星富達融資有限公司 in Shanghai with registered capital of US\$20 million and the details of which were disclosed in the announcement of the Company dated 22 July 2013. The business scope of the subsidiary includes financial leasing, leasing services, acquisition, maintenance and disposal of for lease properties located in the PRC and/or abroad, and provision of consultation and guarantees for lease transaction. As at 30 September 2013, the subsidiary has not commenced business. The management is seeking business opportunities in a cautious manner.

### **Other gains and losses**

For the Period, the Group recorded other losses of HK\$4.6 million as compared to other gains of HK\$14.0 million for the same period last year. This was mainly attributable to the absence of a gain on disposal of a subsidiary principally engaged in cultural and entertainment businesses in the PRC in the Period.

## **LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL POSITION**

As at 30 September 2013, the Group had cash and cash equivalents of approximately HK\$150.8 million. Current ratio stood at 3.9, indicating an ample cash flow and a stable liquidity position during the Period. The Group's bank balances and cash and short-term bank deposits, after deducting bank borrowings of HK\$34.6 million (31 March 2013: HK\$1.6 million), amounted to HK\$196.5 million (31 March 2013: HK\$245.8 million). Gearing ratio, which is calculated on the basis of the Group's total borrowings of HK\$34.6 million (31 March 2013: HK\$1.6 million) and shareholders' fund of HK\$810.5 million (31 March 2013: HK\$794.4 million), was 4.3% (31 March 2013: 0.2%).

The bank borrowings are secured bank import loans denominated in United States dollars. They carry interest at market rates ranging from 1.8% to 2.2% (31 March 2013: 1.8 to 2.2%) per annum and are repayable within one year.

As at 30 September 2013, the Group had a working capital of HK\$443.3 million (31 March 2013: HK\$388.8 million), which primarily comprised inventories of HK\$80.9 million, trade and other receivables of HK\$175.3 million, and cash and cash equivalents and short-term deposits of HK\$231.2 million, less trade and other payables of HK\$114.4 million, tax liabilities of HK\$5.6 million and bank borrowings of HK\$34.6 million.

The treasury and funding policy of the Group has not changed materially from that disclosed in its annual report for the year ended 31 March 2013.

### **FOREIGN EXCHANGE RISK**

The Group's transactions are mainly denominated in Hong Kong dollars, Renminbi and United States dollars. Except for Renminbi, the foreign currency risk exposure for Hong Kong dollars and United States dollars was not significant during the Period. The management monitors the foreign exchange exposure for Renminbi and will consider hedging significant foreign exchange exposure should the need arises. During the Period, the Group did not use any financial instruments for hedging purpose and did not have any outstanding hedging instruments as at 30 September 2013.

## **CAPITAL EXPENDITURE**

For the Period, capital expenditure of the Group for property, plant and equipment amounted to approximately HK\$5.5 million (31 March 2013: HK\$15 million). Such addition arose from the addition of motor vehicles and machinery used in production.

## **CAPITAL COMMITMENTS**

As at 30 September 2013, the Group had capital commitments of approximately HK\$51.1 million (31 March 2013: HK\$16.3 million) for the acquisition of property, plant and equipment, prepaid lease payments and capital injection in a jointly controlled entity which had been contracted for but had not been provided for in the financial statements. The Group did not have any capital commitment for the acquisition of property, plant and equipment which had been authorised but had not been contracted for in both the Period and the year ended 31 March 2013.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2013 (31 March 2013: Nil).

## **PLEDGE OF ASSETS**

As at 30 September 2013, the Group has pledged a leasehold building with a carrying value of approximately HK\$28.6 million to secure general banking facilities granted to the Group (31 March 2013: HK\$29.0 million).

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

During the Period, the Group has completed two major acquisition transactions, which included the i) subscription of 16.67% equity interest in 英華房地產, details of which were disclosed in the announcement of the Company dated 27 February 2013; and ii) subscription of 60% equity interest in 中清房地產. Both companies are engaging property development business in the PRC.

During the Period, the Group further invested HK\$1,008,000 in a private entity incorporated in the Republic of Korea by subscribing its shares during rights issue and upon completion, the Group's shareholding in this private entity will be increased by 1.5%.

## **HUMAN RESOURCES**

As at 30 September 2013, the Group had approximately 2,670 full time employees (30 September 2012: 2,550).

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 performances of the staff and the Group. Apart from salary payments, other staff benefits include contribution to retirement benefit scheme and medical insurance for eligible employees. In-house and external training programmes are provided as and when required.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2013, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

### (i) Long positions of ordinary shares of HK\$0.05 each of the Company

Name of director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Mr. SUEK Ka Lun, Ernie	Other interests ( <i>Note</i> )	371,320,000	36.43%
Mr. SUEK Chai Hong	Beneficial owner	7,000,000	0.69%
Dr. NG Wai Kwan	Beneficial owner	80,000	0.01%
Mr. WONG Sun Fat	Beneficial owner	800,000	0.08%

*Note:* These shares are beneficially owned by CNA Company Limited (“CNA”) which in turn is beneficially owned by the CNA Trust, a discretionary trust whose beneficiaries include Mr. SUEK Ka Lun Ernie.

### (ii) Long positions of shares in associated corporations

At 30 September 2013, CNA beneficially owned deferred non-voting shares in the following subsidiaries of the Company:

Name of subsidiary	Name of owner	Number and par value of deferred non-voting shares
Chung Tai Management Limited	CNA	2 shares of HK\$1 each
Chung Tai Printing (China) Company Limited	CNA	100 shares of HK\$100 each
Chung Tai Printing Company Limited	CNA	3,000 shares of HK\$100 each
Profit Link Investment Limited	CNA	2 shares of HK\$1 each
The Greatime Offset Printing Company, Limited	CNA	9,500 shares of HK\$100 each

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 September 2013.

## SUBSTANTIAL SHAREHOLDERS

At 30 September 2013, the interests or short positions of the substantial shareholders (other than the directors of the Company) in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance were as follows:

### Long Positions

Name of shareholder	Capacity	Number of shares held	Percentage of the issued share capital of the Company
CNA	Beneficial owner	371,320,000 <sup>1</sup>	36.43%
Fiducia Suisse SA	Trustee	371,320,000 <sup>2</sup>	36.43%
David Henry Christopher Hill	Interest in a controlled corporation	371,320,000 <sup>2</sup>	36.43%
Rebecca Ann Hill	Interest of spouse	371,320,000 <sup>2,3</sup>	36.43%
Dr. SUEK Chai Kit, Christopher	Founder of trust	398,720,000 <sup>4</sup>	39.11%
Dr. NG Wai Yung	By attribution	398,720,000 <sup>5</sup>	39.11%

#### Notes:

1. CNA is beneficially owned by a discretionary trust.
2. Out of these shares, 371,320,000 shares duplicate with those held by CNA.
3. Spouse of Mr. David Henry Christopher Hill.
4. Out of these shares, 371,320,000 shares are beneficially owned by CNA which in turn is beneficially owned by a discretionary trust set up by Dr. SUEK Chai Kit, Christopher, who is also one of the beneficiaries; 27,400,000 shares are beneficially owned by Dr. SUEK Chai Kit, Christopher.
5. Spouse of Dr. SUEK Chai Kit, Christopher, a substantial shareholder.

## CHANGE IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the changes in information of directors since the publication of the 2013 Annual Report of the Company are set out below:

### Change of Directors and positions held with board committee of the Company

<b>Positions</b>	<b>Appointment Date</b>	<b>Resignation Date</b>
Mr. CHENG Chi Wai		
– independent non-executive Director	–	26 November 2013
– Audit Committee – member	–	26 November 2013
– remuneration committee for the Board (“ <b>Remuneration Committee</b> ”) – chairman	–	26 November 2013
Mr. LEE Kwok Wan		
– independent non-executive Director	5 April 2013	–
– Audit Committee – member	5 April 2013	–
– Remuneration Committee – chairman	26 November 2013	–

Save as disclosed above, there is no other changes in the directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”), as set out in Appendix 10 of the Listing Rules as 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 Period.

## AUDIT COMMITTEE

The audit committee for the Board (“**Audit Committee**”) comprises one non-executive Director and three independent non-executive Directors (including Mr. CHENG Chi Wai who has subsequently resigned as independent non-executive Director on 26 November 2013). The Audit Committee has reviewed the Group’s accounting policies and discussed auditing, internal controls and financial reporting matters with the Board, and has also reviewed the interim results and the condensed consolidated financial statement of the Group for the Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

## **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 complied with the code provisions of the Corporate Governance Code (“**CG Code**”) set out in Appendix 14 of the Listing Rules throughout the Period, except for the following deviations:

### **Provision A.2.1 of the CG Code**

Under provision A.2.1 of the CG Code, the roles of the chairman of the Board (“**Chairman**”) and the chief executive officer of the Company (“**Chief Executive**”) should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the Chief Executive should be clearly established and set out in writing.

The position of the Chairman and the Chief Executive 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 Board meetings, 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.

### **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 during the Period, namely Mr. Suek Ka Lun, Ernie, was himself an executive Director 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.



## **CORPORATE GOVERNANCE (Continued)**

### **Provision D.1.2 of the CG Code**

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

The Company has not formalised and adopted any written terms on the division of functions reserved to the Board functions and delegated to the management. In practice, the Board takes responsibility for making decision on major matters of the Company while the day-to-day management, administration and operation are delegated to the senior executives of the Company. The delegated functions and tasks are reviewed periodically.

## **REVIEW OF INTERIM RESULTS**

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee and the Group's auditors, Messrs. Deloitte Touche Tohmatsu.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere thanks to our shareholders, customers, suppliers, business partners and all staff for their continuous support and trust to the Group during the Period.

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

Hong Kong, 22 November 2013