C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

The audited consolidated results of C Y Foundation Group Limited ("Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012 together with the comparative figures for the last corresponding year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	NOTES	**2012** ***HK$'000***	2011 *HK$'000*
Turnover	*5*	**148,361**	145,075
Cost of sales		**(110,405)**	(91,349)
Gross profit		**37,956**	53,726
Other income	*5*	**16,482**	30,357
Selling and distribution costs		**(4,196)**	(4,768)
Administrative expenses		**(99,534)**	(161,777)
Loss from operations		**(49,292)**	(82,462)
Change in fair value of investment properties		**14,375**	36,080
Change in fair value of convertible note receivables		**–**	(61,612)
Exchange gains		**1,528**	1,521
Gain on disposal of subsidiaries		**389**	–
Reclassification of foreign currency translation reserve upon disposal of subsidiaries		**9,507**	–
Impairment of goodwill		**(40,793)**	(45,349)
Impairment of various assets		**(256)**	(118,662)
Property, plant and equipment written off		**(3,211)**	(10,220)
Share of results of associates		**–**	(12,118)
Finance costs	*6*	**(408)**	(989)
Loss before tax		**(68,161)**	(293,811)
Income tax	*7*	**(6,625)**	(10,549)
Loss for the year	*8*	**(74,786)**	(304,360)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	NOTES	**2012** **HK$'000**	2011 *HK$'000*
Other comprehensive income:			
Change in fair value of owner-occupied properties when transferred to investment properties		**25,956**	3,363
Exchange differences on translating foreign operations		**4,988**	7,369
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		**(9,507)**	–
Income tax relating to components of other comprehensive income		**(6,489)**	(841)
Total other comprehensive income for the year, net of tax		**14,948**	9,891
Total comprehensive loss for the year		**(59,838)**	(294,469)
Loss for the year attributable to:			
Owners of the Company		**(73,521)**	(302,972)
Non-controlling interests		**(1,265)**	(1,388)
		(74,786)	(304,360)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(58,645)**	(293,148)
Non-controlling interests		**(1,193)**	(1,321)
		(59,838)	(294,469)
Loss per share			
Basic (HK cents per share)	9	**(1.06)**	(4.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**175,752**	110,937
Property, plant and equipment		**20,272**	43,057
Intangible assets		**338**	333
Goodwill		**15,138**	55,931
		211,500	210,258
Current assets			
Inventories		**13,661**	29,796
Trade and other receivables	*11*	**26,579**	33,329
Due from a related party		–	1,185
Held-to-maturity investment		–	2,000
Current tax assets		–	295
Pledged bank deposits		–	2,428
Bank and cash balances		**19,725**	36,638
		59,965	105,671
Current liabilities			
Trade and other payables	*12*	**30,473**	37,585
Derivative financial instruments		–	46
Bank and other borrowings		**15,305**	6,180
Current tax liabilities		**395**	–
		46,173	43,811
Net current assets		**13,792**	61,860
Total assets less current liabilities		**225,292**	272,118
Non-current liabilities			
Deferred tax liabilities		**27,941**	14,929
NET ASSETS		**197,351**	257,189
Capital and reserves			
Share capital		**6,969**	6,969
Reserves		**189,276**	247,921
Equity attributable to owners of the Company		**196,245**	254,890
Non-controlling interests		**1,106**	2,299
TOTAL EQUITY		**197,351**	257,189

Notes:

1. GENERAL INFORMATION

C Y Foundation Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act. In the opinion of the directors of the Company ("the Directors"), the Company's controlling shareholder is Luck Continent Limited ("Luck Continent"), a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 3503B-05, 35/F, 148 Electric Road, North Point, Hong Kong respectively. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") but have been suspended from trading since 31 August 2010.

The principal activity of the Company is investment holding and the principal activities of its major subsidiaries comprise manufacturing and sales of packaging products, operating digital entertainment business and watch trading.

2. BASIS OF PREPARATION

Suspension of trading in the shares of the Company

At the request of the Company, trading in its shares on the Stock Exchange has been suspended since 31 August 2010. Reference is made to the Company's public announcement dated 31 August 2010 in respect of suspension of trading (the "Suspension") in the shares of the Company and various subsequent announcements of the Company since the Suspension.

On 6 April 2011, the Company received a letter from the Stock Exchange, in which the Stock Exchange stated the following conditions in relation to the resumption of trading in the shares of the Company:

(a) inform the market all material information that is necessary to appraise the Group's position in light of Mr. Cheng Chee Tock Theodore ("Mr. Cheng")'s involvement of the charges by the Independent Commission Against Corruption as mentioned in the Company's announcement of 7 March 2011;

(b) inform the market the findings of the independent reviews over the financial position of the Group;

(c) demonstrate that there is no regulatory concern about management integrity which will pose a risk to investors and damage market confidence; and

(d) demonstrate that there are adequate internal control systems to meet obligations under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. BASIS OF PREPARATION (Continued)

Suspension of trading in the shares of the Company (Continued)

The Company should also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The Stock Exchange may modify any of the above and/or impose further conditions at its discretion.

In response to the resumption conditions above, the Company's financial advisor has made various submissions on behalf of the Company to the Stock Exchange with a view to seek the approval for the resumption of trading in the shares of the Company. The Company will inform the public once there is further significant development of the resumption process.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

For management purpose, the Group has three operating and reportable segments as follows:

Packaging products business	–	Manufacture and sale of packaging products
Digital entertainment business	–	Provision of internet café licenses, online game tournament services and online entertainment platforms
Watch business	–	Trading of watches

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results

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

	For the year ended 31 March							
	Digital entertainment business		Packaging products business		Watch business		Consolidated total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER:								
Revenue from external customers	**3,099**	1,063	**144,911**	143,348	**351**	664	**148,361**	145,075
RESULTS:								
Segment profit/(loss)	**(3,781)**	(90,206)	**(41,161)**	(25,644)	**(345)**	(10,932)	**(45,287)**	(126,782)
Interest income							**692**	2,779
Change in fair value of derivative financial instruments*							**–**	(1,388)
Change in fair value of investment properties							**14,375**	36,080
Change in fair value of convertible notes receivables							**–**	(61,612)
Exchange gain							**1,528**	1,521
Loss on disposal of derivative financial instruments*							**(829)**	(1,557)
Gain on disposal of subsidiaries							**389**	–
Reclassification of foreign currency translation reserve upon disposal of subsidiaries							**9,507**	–
Impairment of interests in associates							**–**	(12,915)
Impairment of loans to non-controlling shareholders of a subsidiary							**–**	(2,133)
Reversal of impairment loss on other receivables							**972**	581
Waiver of other payables							**954**	1,092
Share of results of associates							**–**	(12,118)
Unallocated income							**4,943**	19,652
Unallocated corporate expenses							**(54,997)**	(136,022)
Finance costs							**(408)**	(989)
Loss before tax							**(68,161)**	(293,811)

* These items were included in other income or administrative expenses.

4. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

There are no sales between the reportable segments for both years ended 31 March 2012 and 2011.

Segment loss represents the profit or loss of each segment without allocation of interest income, change in fair value of derivative financial instruments, change in fair value of investment properties, change in fair value of convertible note receivables, exchange gain, loss on disposal of derivative financial instruments, gain on disposal of subsidiaries, reclassification of foreign currency translation reserve upon disposal of subsidiaries, impairment loss recognised in respect of other receivables, impairment of interests in associates, impairment loss of loans to non-controlling shareholders of a subsidiary, reversal of impairment loss on other receivables, waiver of other payables, share of results of associates, centralised administrative expenses, Directors' remunerations and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

4. **SEGMENT INFORMATION (Continued)**

(b) **Segment assets and liabilities**

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

	At 31 March							
	Digital entertainment business		Packaging products business		Watch business		Consolidated total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS:								
Segment assets	**178,477**	136,283	**70,267**	127,793	**468**	815	**249,212**	264,891
Due from a related party							**–**	1,185
Held-to-maturity investment							**–**	2,000
Current tax assets							**–**	295
Pledged bank deposits							**–**	2,428
Bank and cash balances							**19,725**	36,638
Unallocated corporate assets							**2,528**	8,492
Total assets							**271,465**	315,929
LIABILITIES:								
Segment liabilities	**4,311**	4,177	**15,608**	17,904	**6**	1,237	**19,925**	23,318
Derivative financial instruments							**–**	46
Bank and other borrowings							**15,305**	6,180
Current tax liabilities							**395**	–
Deferred tax liabilities							**27,941**	14,929
Unallocated corporate liabilities							**10,548**	14,267
Total liabilities							**74,114**	58,740

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

– all assets are allocated to reportable segments other than amount due from a related party, held-to-maturity investment, current tax assets, pledged bank deposits, bank and cash balances and unallocated corporate assets; and

– all liabilities are allocated to reportable segments other than derivative financial instruments, bank and other borrowings, current tax liabilities, deferred tax liabilities and unallocated corporate liabilities.

4. SEGMENT INFORMATION (Continued)

(c) Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers by geographical location of revenue from external customers is detailed below:

Turnover by geographical market

	2012	2011
	HK$'000	*HK$'000*
Brazil	**2,635**	5,873
Canada	**755**	1,183
The PRC (excluding HK)	**5,199**	4,207
England	**13,060**	12,436
Germany	**58,191**	48,917
Hong Kong	**23,151**	24,667
Italy	**18,270**	16,223
Singapore	**3,880**	9,365
United States of America	**10,905**	8,880
Other countries	**12,315**	13,324
	148,361	145,075

Revenue from two (2011: two) customers of the Group's packaging products business segment contributing over 10% of the total revenue of the Group represents approximately HK$42,601,000 and HK$14,819,000 (2011: HK$30,276,000 and HK$17,617,000) of the Group's total revenue respectively.

In presenting the geographical information, revenue is based on the location of the customers.

The Group's non-current assets, other than financial instruments, by geographical location are detailed below:

	2012	2011
	HK$'000	*HK$'000*
The PRC (excluding HK)	**185,038**	140,118
Hong Kong	**26,462**	70,140
	211,500	210,258

4. SEGMENT INFORMATION (Continued)

(d) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	For the year ended 31 March									
	Digital entertainment business		Packaging products business		Watch business		Unallocated		Consolidated total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Addition to non-current assets	**96**	11,334	**3,170**	3,313	**–**	–	**587**	–	**3,853**	14,647
Amortisation of intangible assets	**7**	2,025	**–**	–	**–**	–	**–**	–	**7**	2,025
Depreciation of property, plant and equipment	**725**	4,903	**2,494**	2,879	**–**	–	**370**	3,445	**3,589**	11,227
Impairment of goodwill	**–**	–	**40,793**	45,349	**–**	–	**–**	–	**40,793**	45,349
Impairment of intangible assets	**–**	18,063	**–**	–	**–**	–	**–**	–	**–**	18,063
Impairment of inventories	**–**	467	**256**	–	**–**	8,795	**–**	–	**256**	9,262
Loss/(gain) on disposal of property, plant and equipment	**–**	(18,275)	**37**	(673)	**–**	–	**521**	–	**558**	(18,948)
Property, plant and equipment written off	**134**	6,223	**–**	89	**–**	–	**3,077**	3,908	**3,211**	10,220
Inventories written off	**–**	–	**–**	119	**–**	–	**–**	–	**–**	119

5. TURNOVER AND OTHER INCOME

Turnover represents net amounts received and receivable for services provided and goods sold by the Group to outside customers, less discounts and sales related taxes.

An analysis of the Group's turnover for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Turnover:		
Manufacture and sale of packaging products	**144,911**	143,348
Digital entertainment business	**3,099**	1,063
Trading of watches	**351**	664
	148,361	145,075
Other income:		
Gain on disposal of property, plant and equipment	**–**	18,948
Interest income	**692**	2,779
Reversal of impairment loss on other receivables	**972**	581
Rental income (note)	**8,819**	6,252
Sundry income	**5,045**	705
Waiver of other payables	**954**	1,092
	16,482	30,357

	2012	2011
	HK$'000	*HK$'000*
Note to rental income:		
Gross rental income	**8,819**	6,252
Less: outgoings	**(1,289)**	(831)
Net rental income	**7,530**	5,421

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
– Bank borrowings	**151**	924
– Other borrowing	**257**	–
– Finance lease payables	**–**	65
	408	989

7. INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– current	**635**	714
– over-provision	**(69)**	(246)
	566	468
PRC Enterprise Income Tax – current	**152**	6
Deferred tax:	**5,907**	10,075
	6,625	10,549

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2012 and 2011. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

The reconciliation between the income tax for the year and the loss before tax multiplied by the Hong Kong profits tax rate is as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss before tax:	**(68,161)**	(293,811)
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	**(11,246)**	(48,479)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,261**	(3,875)
Over provision of tax in prior years	**(69)**	(246)
Tax effect of income not taxable	**(5,948)**	(6,158)
Tax effect of expenses not deductible	**22,569**	62,737
Tax effect of taxes losses not recognised	**58**	6,570
Tax at the Group's effective rate	**6,625**	10,549

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**109,037**	89,793
Inventories written off (included in cost of sales)	**–**	119
Depreciation of property, plant and equipment	**3,589**	11,227
Amortisation of intangible assets	**7**	2,025
Loss/(gain) on disposal of property, plant and equipment	**558**	(18,948)
Loss on disposal of derivative financial instruments	**829**	1,557
Property, plant and equipment written off	**3,211**	10,220
Operating lease rentals in respect of land and buildings	**6,491**	9,545
Auditors' remuneration	**785**	1,013
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	**35,268**	69,846
Equity-settled share-based payment	**–**	134
Pension scheme contributions	**2,168**	1,634
Total staff costs	**37,436**	71,614
Provision against various assets:		
Impairment of intangible assets	**–**	18,063
Impairment of interests in associates	**–**	12,915
Impairment of inventories	**256**	9,262
Impairment of other receivables, deposits and prepayments	**–**	51,677
Impairment of deposit paid for acquisition of property, plant and equipment	**–**	24,612
Impairment of loans to non-controlling shareholders of a subsidiary	**–**	2,133
Total impairment of various assets	**256**	118,662

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the loss per share is based on the loss attributable to owners of the Company of approximately HK$73,521,000 (2011: HK$302,972,000) and the weighted average number of 6,968,711,000 (2011: 6,968,711,000) ordinary shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as there were no dilutive potential ordinary shares outstanding for both years.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2012 and 2011.

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**19,981**	22,772
Other receivables	**6,356**	13,074
Less: Impairment loss	**(4,112)**	(12,223)
	2,244	851
Deposits and prepayments	**14,543**	21,578
Deposits paid for game software development and licenses	**30,000**	30,000
	44,543	51,578
Less: Impairment loss	**(40,189)**	(41,872)
	4,354	9,706
	26,579	33,329

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) The Group grants a credit period normally ranging from cash on delivery to 90 days to its trade customers. For those customers who have established good relationships with the Group, the credit period may be extended to 120 days.

(b) At the end of the reporting period, the aging analysis of the trade receivables, based on invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 60 days	**7,259**	15,081
61-90 days	**1,789**	2,750
91-180 days	**5,701**	4,406
181-365 days	**5,232**	496
Over 365 days	**–**	39
	19,981	22,772

(c) At the end of the reporting period, the aging analysis of trade receivables that were past due but not impaired is as follows:

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**8,211**	15,796
Less than 60 days past due	**2,299**	3,705
61 to 90 days past due	**2,548**	1,895
91 to 180 days past due	**4,673**	1,338
Over 180 days past due	**2,250**	38
	19,981	22,772

Trade receivables that were neither past due nor impaired relate to a wide range of customers who have no recent history of default. The Group does not hold any collateral over these balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER RECEIVABLES (Continued)

(d) The movements in impairment losses of other receivables, deposits and prepayments are as follows:

	2012	2011
	HK$'000	*HK$'000*
At beginning of the reporting period	**54,095**	23,352
Exchange realignment	**1,183**	882
Elimination on disposal of subsidiaries	**(10,005)**	–
Written off against other receivables	**–**	(21,235)
Provided during the year	**–**	51,677
Reversal during the year	**(972)**	(581)
At 31 March	**44,301**	54,095

Included in the impairment loss of other receivables, deposits and prepayments are individually impaired other receivables and deposits with an aggregate balance of approximately HK$44,301,000 (2011: HK$54,095,000) which are due to long outstanding and/or default of payment. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against deposits and receivables when there was no expectation of recovering any amount.

(e) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2012	2011
	HK$'000	*HK$'000*
EUR	**15,829**	15,344
RMB	**1,863**	1,849
US$	**1,427**	3,629
GBP	**4,755**	934
HK$	**2,705**	11,573
	26,579	33,329

12. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**2,995**	9,493
Accrued expenses and other payables	**27,478**	28,092
	30,473	37,585

(a) At the end of the reporting period, the aging analysis of trade payables, presented based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 60 days	**2,250**	7,707
61 to 90 days	**33**	7
91 to 180 days	**157**	15
181-365 days	**35**	90
Over 365 days	**520**	1,674
	2,995	9,493

(b) The average credit period on purchase of goods is ranged from 30 to 90 days (2011: 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

(c) Included in accrued expenses and other payables are amounts in total of approximately HK$1,172,000 (2011: HK$1,103,000) representing accrued directors' fees payable to the Company's directors at the end of the reporting period.

(d) The carrying amounts of the Group's trade and other payables are denominated in the following currencies

	2012	2011
	HK$'000	*HK$'000*
RMB	**20,748**	18,033
HK$	**6,662**	15,388
Others	**3,063**	4,164
	30,473	37,585

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Company's auditor has given qualified opinion on the corresponding figures of the Group's consolidated financial statements for the year ended 31 March 2012, an extract of which is as follow:

"BASIS FOR QUALIFIED OPINION ON THE CORRESPONDING FIGURES

The consolidated financial statements of the Group for the year ended 31 March 2011, which formed the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified by us because of the significance of the possible effects of the limitations on the scope of the audit including (i) Opening balances and corresponding figures; (ii) Change in fair value of convertible note receivables, impairment of various assets, write-off of property, plant and equipment and share of loss of associates recognised in that year; and (iii) Limited access to accounting books and records. Details of these qualified audit opinions are set out in our independent auditor's report dated 31 August 2011 and included in the Company's annual report for the year ended 31 March 2011. Our opinion on the current year's consolidated financial statements is also qualified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

QUALIFIED OPINION

In our opinion, except for the possible effects on the corresponding figures of the matter in basis for qualified opinion on corresponding figures paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance."

BUSINESS REVIEW AND OUTLOOK

During the year, the Company's principal activity continued to be investment holding whilst its major subsidiaries were mainly engaged in manufacturing and sales of packaging products, operating digital entertainment business and watch trading.

The management continued to work proactively on the resumption of trading of the Company's shares on the Stock Exchange. When the resumption is approved by the Stock Exchange, the Group will consider acquiring additional capital to strengthen its financial base.

Facing with the challenging business and market environment, the management will continue to adopt stringent cost control measures and to manage the Company's financial position in a prudent manner. The management will also put its best effort to explore ways to expand and/or turnaround the Group's existing businesses so as to enhance the value of the Group.

FINANCIAL REVIEW

Results

For the financial year ended 31 March 2012, the Group's turnover increased 2.3% to HK$148.4 million (2011: HK$145.1 million). During the year, the manufacturing and sales of packaging products business ("Packaging Products") grew by 1.1%. Loss for the year attributable to owners of the Company amounted to HK$73.5 million (2011: HK$303 million). The significant decrease in loss of the Group for the year was mainly attributable to the significant reduction in impairment provisions as well as reduced management and administrative expenses.

Pledge of assets

As at 31 March 2012, the leasehold land and building of the Group with carrying amounts of HK$13.4 million were pledged to secure for bank borrowings of the Group. The Group's other borrowing is secured by a share charge over the entire issued share capital of a wholly-owned subsidiary of the Company.

Capital and other commitment

At the end of the reporting period, the Group had the following commitments:

(a) Commitments under operating leases

As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**9,945**	5,759
In the second to fifth years, inclusive	**3,952**	4,138
	13,897	9,897

Capital and other commitment (Continued)

(a) Commitments under operating leases (Continued)

As lessee

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases are negotiated for a term ranging from one to six years (2011: one to seven years). The Group does not have an option to purchase the leased asset at the expiry of the leased period.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**3,981**	10,477
In the second to fifth years, inclusive	**17,877**	24,500
Over five years	**609**	1,131
	22,467	36,108

(b) Capital commitments

	2012	2011
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**564**	–

Contingent liabilities

At the end of the reporting period, the Group did not have any significant contingent liabilities (2011: Nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 6 April 2012, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement with an independent third party in relation to the disposal of a leasehold land and building at a consideration of approximately HK$6,980,000. This transaction contributed to the Group a gain on disposal of approximately HK$2,113,000.

LITIGATIONS

(a) The Company against Mr. Cheng, Ms. Leonora Yung ("Ms. Yung") and others

In connection with the payment in the sum of HK$9,306,500 (the "Payment") made to Ms. Yung, the wife of Mr. Cheng and a former employee of the Company, purportedly for legal fees and expenses incurred by Mr. Cheng and Ms. Yung in relation to (i) the investigation conducted by the Independent Commission Against Corruption, details of which were disclosed in the announcements of the Company dated 13 September 2010, 7 October 2010, 7 March 2011 and 6 October 2011; and (ii) petition under section 168A of the Hong Kong Companies Ordinance ("S168A Petition"), details of which were disclosed in the announcements of the Company dated 21 April 2010, 24 January 2011, 27 January 2011, 27 April 2012 and 11 May 2012. In relation to the Payment, on 14 April 2011, the Company, as plaintiff, has issued an originating summons in the Court of First Instance at the High Court of Hong Kong (the "High Court") against Mr. Cheng, Ms. Yung, Mr. Ng Pui Lung ("Mr. Ng", a former Director), Mr. Wang Shanchuan (a former Director) and Mr. Ho Chi Chung Joseph ("Mr. Joseph Ho", a former Director and the former acting chief executive officer of the Group). Details of this litigation were disclosed in 2011 Annual Report and 2011/12 Interim Report of the Company.

Pursuant to a court order granted on 18 November 2011, a further hearing will be held on a day to be fixed by the court not earlier than 2 weeks after delivery of verdict in the criminal proceedings.

(b) The Company and Highsharp Investments Limited ("Highsharp"), as plaintiffs

On 5 May 2011, the Company and Highsharp, a wholly-owned subsidiary of the Company, as plaintiffs, issued a writ of summons in the High Court against, among others, Mr. Cheng, Ms. Yung, the personal representatives of Mr. Kok Teng Nam (also known as Kenny Nam), deceased, Mr. Philip Yu and Agustus Investments Limited ("Agustus"). Details of this litigation were disclosed in the announcements of the Company dated 9 October 2007, 11 May 2011, 2011 Annual Report and 2011/12 Interim Report of the Company, respectively.

On 15 September 2011, upon the joint application of the Company, Highsharp, Mr. Cheng, Ms. Yung and Mr. Philip Yu by way of Consent Summons, the proceeding be stayed pending the conclusion of the criminal proceedings in District Court No. 476 of 2011. A directions hearing be fixed within 14 days after delivery of the verdict in the said criminal proceedings. Agustus has failed to file any Acknowledgement of Service by 27 October 2011.

LITIGATIONS (Continued)

(c) The Company and Ace Precise International Limited ("Ace Precise"), as plaintiffs

On 6 May 2011, the Company and Ace Precise, a wholly-owned subsidiary of the Company, as plaintiffs, issued a writ of summons in the High Court against Best Max Holdings Limited ("Best Max"), Mr. Lo Chun Cheong (also known as Ronald Lo) (sole director and registered shareholder of Best Max) ("Mr. Lo"), Mr. Cheng, Mr. Joseph Ho and Mr. Yeung Tak Hung Arthur ("Mr. Arthur Yeung", the former chief operating officer of the Group). Details of this litigation were disclosed in 2011 Annual Report and 2011/12 Interim Report of the Company.

By the court order granted on 23 November 2011, the time for Mr. Lo to comply with Unless Order dated 28 October 2011 for filing and service of Defence be extended until 2 weeks after disposal of Mr. Lo's summons for striking out. The hearing of Mr. Lo's striking out summons was heard on 7 February 2012 and the Company is now awaiting court judgment.

(d) Subsidiaries of the Company against Mr. Cheng

On 11 June 2011, the Company, together with certain of its wholly-owned subsidiaries, namely CYC Investments Limited, Sincere Land Holdings Limited, Hainan Treasure Way Enterprises Limited ("Treasure Way"), Hainan Jiaying Internet Technology Company Limited ("Jiaying"), Suzhou C Y Foundation Entertainment and Investment Management Limited ("Suzhou C Y Foundation"), CYC Investment Consultancy (Wuxi) Limited ("CYC Wuxi"), and Longpin Investment Consultancy (Shanghai) Company Limited ("Longpin"), as plaintiffs, issued an originating summons in the High Court to claim against Mr. Cheng. Details of this litigation were disclosed in 2011 Annual Report and 2011/12 Interim Report of the Company.

The hearing of Mr. Cheng's summons dated 19 December 2011 for striking out was heard on 15 May 2012 and the Company is now awaiting court judgment.

(e) The Company against former management and employees

On 3 June 2011, the Company, as plaintiff, issued a writ of summons in the High Court against, among others, Mr. Cheng, Ms. Yung, Mr. Joseph Ho, Mr. Arthur Yeung, Ms. Kwok Pui Hung ("Ms. Stella Kwok", a former director of human resources of the Group), Mr. Tsang Heung Yip ("Mr. Wallace Tsang", a former financial controller of the Group) and other 6 former employees (collectively referred to as the "Defendants"). Details of this litigation were disclosed in 2011 Annual Report and 2011/12 Interim Report of the Company.

A mediation notice was filed by the Company on 12 January 2012 to attempt mediation to resolve all of its disputes with the Defendants. Mediation responses were filed by the Defendants on 20 January 2012 and 26 January 2012 respectively, all of the Defendants agree with the mediation which is expected to commence in July 2012.

LITIGATIONS (Continued)

(f) A subsidiary of the Company against Ms. Yung

Ms. Yung and Kingbox (Asia) Limited ("Kingbox") (an indirect wholly-owned subsidiary of the Company) entered into supplemental agreement dated 4 January 2010 (the "Supplemental Agreement") which provides that Kingbox would pay to Ms. Yung upon her termination of employment a remunerative payment which equaled her annual salary income multiplied by two years (the total amount should not exceed 28 months' salary). On 17 August 2011, Kingbox, as plaintiff, commenced a legal proceeding in the High Court against Ms. Yung, as defendant, in respect of the Supplemental Agreement. Details of this litigation were disclosed in 2011 Annual Report and 2011/12 Interim Report of the Company.

Kingbox filed a mediation notice on 16 February 2012 to attempt mediation to resolve all of its disputes with Ms. Yung. Ms. Yung filed a mediation response on 1 March 2012 in agreement with the mediation. The first joint mediation session was held on 30 April 2011 but ended on 7 May 2012, as Kingbox and Ms. Yung were not able to reach an agreement to settle the dispute.

(g) Section 168A Petition (Luck Continent against Mr. Cheng and the Company)

On 14 April 2010, the Company was served, among other respondents, with a petition issued pursuant to S168A Petition by Luck Continent, a substantial shareholder of the Company (the"Petitioner"). Under the S168A Petition, the Petitioner is seeking from the court, among other things, (i) an order against the Company requiring it to amend its Bye-law 86(4) such that the Company may by ordinary resolution remove a director at any time before the expiration of his period of office provided that a statement of the intention to remove a director be served on such director 14 days before the meeting; (ii) an order against the Company requiring it to amend its Bye-law 86(1) such that the members in general meeting may themselves fill or, authorize the board to fill any vacancy in their number left unfilled at any general meeting; (iii) injunction restraining the respondents from voting against the resolution to amend Bye-law 86(4) at the special general meeting of the Company held on 30 April 2010 or any adjournment thereof; (iv) an order that the Company do cause Suzhou C Y Foundation not to proceed with the Suzhou Caidebao Transaction and to demand the repayment of the earnest money; (v) a declaration that the purported appointment of Messrs. Joseph Ho, Yu Ping, Zhang Yiwei and Tang Ming as executive directors with effect from 16 November 2009 was invalid and of no effect; and (vi) an order for the appointment of a receiver and/or manager for the purposes of conducting an independent investigation and/or audit of the matters complained of in the S168A Petition. Details of this litigation were disclosed in 2011/12 Interim Report of the Company.

LITIGATIONS (Continued)

(g) Section 168A Petition (Luck Continent against Mr. Cheng and the Company) (Continued)

The judgment (the "Judgment") for the S168A Petition hearing was handed down on 25 April 2012. It was mentioned in the Judgment that: (i) the consequence of the various respondents (other than the Company) voting against the resolution for the Bye-law Amendment at the general meetings held by the Company in the past was that the Company thereby failed to amend its bye-laws so as to bring them into line with the requirements of paragraph 4(3) of Appendix 3 of the Listing Rules; and (ii) the failure of the Company to amend its bye-law to allow for removal of director by ordinary resolution was a matter which was unfair and prejudicial in the sense required by section 168A of the Companies Ordinance. Accordingly, an order was handed down that the bye-laws of the Company be amended so as to enable a director to be removed by an ordinary resolution. Details of the Judgement were disclosed in the Company's announcements dated 27 April 2012 and 11 May 2012. The respondents (other than the Company) intend to appeal the Judgement.

EMPLOYEE INFORMATION

At the end of the financial year under review, the Group employed 1,057 permanent employees, including 39 employees in Hong Kong and 1,018 in the PRC. The Group continued to review the remuneration packages of employees with reference to the level and composition of pay, general market condition and individual performance. Staff benefits include contribution to Mandatory Provident Fund Scheme and discretionary bonus, share option scheme, medical allowance and hospitalization scheme and housing allowance.

CORPORATE GOVERNANCE

The Board adopted a set of corporate governance principles ("CG Principles") which aligns with or is more restrictive than all requirements set out in the Code on Corporate Governance Practices ("CG Code") and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 14 and Appendix 10 respectively to the Listing Rules. The Board updated the CG Principles on 12 March 2012 to comply with the amendments to the Listing Rules effective from 1 April 2012.

The Board had made specific enquiry of all the Directors and confirmed that all the Directors have compiled with the required standard as set out in the Model Code during the financial year ended 31 March 2012.

The Board is satisfied that the Company has complied with the applicable code provisions of the CG Code to the Listing Rules throughout the financial year ended 31 March 2012 except for the following deviation:

Code Provision A.4.1

Code Provision A.4.1 provides, inter alia, that non-executive Directors should be appointed for a specific term and subject to re-election.

Non-executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Company's Bye-laws and the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors. The current committee members are Mr. LAI Hock Meng (Chairman), Mr. BALAKRISHNAN Narayanan and Mr. IO Rudy Cheok Kei. The Audit Committee has reviewed with the Company's management and the external auditors the accounting principles and practices adopted by the Group, and has discussed auditing, internal control and financial reporting matters, including the review of the annual results for the year ended 31 March 2012.

SCOPE OF WORK OF ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the year ended 31 March 2012 have been agreed with the Company's auditor, ANDA CPA Limited ("ANDA"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by ANDA 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 ANDA on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year under review, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board
Sneah Kar Loon
Chairman

Hong Kong, 1 June 2012

As at the date of this announcement, the executive Directors of the Company are Mr. SNEAH Kar Loon and Mr. SIK Siu Kwan, the non-executive Director is Mr. NG Kwok Lun, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. BALAKRISHNAN Narayanan, Mr. YONG Peng Tak and Mr. IO Rudy Cheok Kei.