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C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2013

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 2013 together with the comparative figures for the last corresponding year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Turnover	4	**66,894**	157,157
Cost of sales		**(55,347)**	(110,405)
Gross profit		**11,547**	46,752
Other income	4	**12,174**	9,214
Selling and distribution costs		**(1,484)**	(4,196)
Administrative expenses		**(61,863)**	(99,534)
Loss from operations		**(39,626)**	(47,764)
Change in fair value of investment properties		**13,842**	14,375
Gain on disposal of subsidiaries		**–**	389
Reclassification of foreign currency translation reserve upon disposal of subsidiaries		**–**	9,507
Impairment of goodwill		**(15,138)**	(40,793)
Impairment of various assets		**(16,558)**	(256)
Property, plant and equipment written off		**(1,500)**	(3,211)
Finance costs	5	**(2,090)**	(408)
Loss before tax		**(61,070)**	(68,161)
Income tax	6	**(4,136)**	(6,625)
Loss for the year	7	**(65,206)**	(74,786)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Notes	2013 HK$'000	2012 HK$'000
Other comprehensive income:			
Change in fair value of owner-occupied properties when transferred to investment properties		–	25,956
Exchange differences on translating foreign operations		**260**	4,988
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)
Total other comprehensive income for the year, net of tax		**260**	14,948
Total comprehensive loss for the year		**(64,946)**	(59,838)
Loss for the year attributable to:			
Owners of the Company		**(65,203)**	(73,521)
Non-controlling interests		**(3)**	(1,265)
		(65,206)	(74,786)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(64,948)**	(58,645)
Non-controlling interests		**2**	(1,193)
		(64,946)	(59,838)
Loss per share			
Basic *(HK cents per share)*	*8*	**(7.75)**	(9.96)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Investment properties		**190,329**	175,752
Property, plant and equipment		**3,250**	20,272
Intangible assets		**–**	338
Goodwill		**–**	15,138
		193,579	211,500
Current assets			
Inventories		**4,813**	13,661
Trade and other receivables	*10*	**13,732**	26,579
Bank and cash balances		**28,754**	19,725
		47,299	59,965
Current liabilities			
Trade and other payables	*11*	**18,292**	30,473
Bank and other borrowings		**–**	15,305
Convertible notes		**19,718**	–
Current tax liabilities		**94**	395
		38,104	46,173
Net current assets		**9,195**	13,792
Total assets less current liabilities		**202,774**	225,292
Non-current liabilities			
Deferred tax liabilities		**32,216**	27,941
NET ASSETS		**170,558**	197,351
Capital and reserves			
Share capital		**10,453**	6,969
Reserves		**158,997**	189,276
Equity attributable to owners of the Company		**169,450**	196,245
Non-controlling interests		**1,108**	1,106
TOTAL EQUITY		**170,558**	197,351

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, a company incorporated in the British Virgin Islands. 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").

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

2. 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 that are relevant to its operations and effective for its accounting year beginning on 1 April 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards 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.

3. SEGMENT INFORMATION

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

Packaging products business	–	Manufacture and sale of packaging products
Property investment	–	Generation of rental income
Digital entertainment business	–	Provision of internet cafe licenses, online game tournament services and online entertainment platforms

3. SEGMENT INFORMATION (Continued)

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. The Group's other operating segment represent the watch trading business. This segment does not meet any of the quantitative thresholds for determining reportable segments. The information of this other operating segment is included in the "other" column.

Information regarding the above segment is reported below.

(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									
	Packaging products business		Property investment		Digital entertainment business		Other		Consolidated total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER:										
Revenue from external customers	**54,002**	144,911	**11,094**	8,796	**1,798**	3,099	**–**	351	**66,894**	157,157
RESULTS:										
Segment profit/(loss)	**(47,853)**	(41,161)	**3,403**	(493)	**(7,639)**	(5,306)	**–**	(345)	**(52,089)**	(47,305)
Interest income									**225**	692
Change in fair value of investment properties									**13,842**	14,375
Loss on disposal of derivative financial instruments*									**–**	(829)
Gain on disposal of subsidiaries									**–**	389
Reclassification of foreign currency translation reserve upon disposal of subsidiaries									**–**	9,507
Reversal of impairment loss on other receivables#									**–**	972
Waiver of other payables#									**–**	954
Unallocated income									**183**	6,471
Unallocated corporate expenses									**(21,141)**	(52,979)
Finance costs									**(2,090)**	(408)
Loss before tax									**(61,070)**	(68,161)

* *This item was included in administrative expenses.*

\# *These items were included in other income.*

There are no sales between the reportable segments for both years ended 31 March 2013 and 2012.

3. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss of each segment without allocation of interest income, change in fair value of investment properties, loss on disposal of derivative financial instruments, reclassification of foreign currency translation reserve upon disposal of subsidiaries, gain on disposal of subsidiaries, reversal of impairment loss on other receivables, waiver of other payables, finance costs and unallocated income and expenses. 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.

(b) Segment assets and liabilities

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

	At 31 March									
	Packaging products business		Property investment		Digital entertainment business		Other		Consolidated total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS:										
Segment assets	**17,227**	70,267	**191,167**	176,931	**736**	1,546	**–**	468	**209,130**	249,212
Bank and cash balances									**28,754**	19,725
Unallocated corporate assets									**2,994**	2,528
Total assets									**240,878**	271,465
LIABILITIES:										
Segment liabilities	**9,057**	15,608	**4,839**	2,156	**2,398**	2,155	**–**	6	**16,294**	19,925
Bank and other borrowings									**–**	15,305
Convertible notes									**19,718**	–
Current tax liabilities									**94**	395
Deferred tax liabilities									**32,216**	27,941
Unallocated corporate liabilities									**1,998**	10,548
Total liabilities									**70,320**	74,114

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

– all assets are allocated to reportable segments other than bank and cash balances and unallocated corporate assets; and

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

3. SEGMENT INFORMATION (Continued)

(c) Geographical information

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

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

Turnover by geographical market

	2013	2012
	HK$'000	*HK$'000*
Japan	**1,635**	1,752
Slovakia	**1,426**	1,477
The PRC (excluding HK)	**12,892**	23,152
United Kingdom	**5,628**	13,995
Germany	**20,772**	58,191
Hong Kong	**10,260**	18,270
Italy	**3,898**	13,060
South Africa	**991**	892
United States of America ("USA")	**2,373**	1,875
Other countries	**7,019**	24,493
	66,894	157,157

Revenue from one (2012: one) customer of the Group's packaging products business segment contributing over 10% of the total revenue of the Group represents approximately HK$15,358,000 (2012: HK$42,601,000) of the Group's total revenue.

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

The Group's non-current assets by geographical location are detailed below:

	2013	2012
	HK$'000	*HK$'000*
The PRC	**191,477**	185,038
Hong Kong	**2,102**	26,462
	193,579	211,500

3. 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							
	Packaging products business		Digital entertainment business		Unallocated		Consolidated total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Addition to non-current assets	**1,180**	3,170	**540**	96	**1,068**	587	**2,788**	3,853
Amortisation of intangible assets	**–**	–	**7**	7	**–**	–	**7**	7
Depreciation of property, plant and equipment	**2,035**	2,494	**657**	725	**232**	370	**2,924**	3,589
Impairment of goodwill	**15,138**	40,793	**–**	–	**–**	–	**15,138**	40,793
Impairment of inventories	**5,995**	256	**25**	–	**–**	–	**6,020**	256
Impairment of other receivables, deposits and prepayments	**–**	–	**1,857**	–	**–**	–	**1,857**	–
Impairment of trade receivables	**6,248**	–	**3**	–	**–**	–	**6,251**	–
Impairment of property, plant and equipment	**1,639**	–	**459**	–	**–**	–	**2,098**	–
Impairment of intangible assets	**–**	–	**332**	–	**–**	–	**332**	–
Loss/(gain) on disposal of property, plant and equipment	**(11,118)**	37	**–**	–	**–**	521	**(11,118)**	558
Property, plant and equipment written off	**1,500**	–	**–**	134	**–**	3,077	**1,500**	3,211

4. TURNOVER AND OTHER INCOME

Turnover represents 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 and other income for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Turnover:		
Manufacture and sale of packaging products	**54,002**	144,911
Rental income *(Note)*	**11,094**	8,796
Digital entertainment business	**1,798**	3,099
Other	**–**	351
	66,894	157,157

4. TURNOVER AND OTHER INCOME (Continued)

	2013	2012
	HK$'000	*HK$'000*
Note to rental income:		
Gross rental income	**11,094**	8,796
Less: outgoings	**(1,312)**	(1,172)
Net rental income	**9,782**	7,624
Other income:		
Gain on disposal of property, plant and equipment	**11,118**	–
Interest income	**225**	692
Reversal of impairment loss on other receivables	**–**	972
Sundry income	**831**	5,068
Waiver of other payables	**–**	954
Exchange gains	**–**	1,528
	12,174	9,214

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
– Bank borrowings	**68**	151
– Other borrowing	**177**	257
– Convertible notes	**1,845**	–
	2,090	408

6. INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– current	**–**	635
– over-provision	**(130)**	(69)
	(130)	566
PRC Enterprise Income Tax – current	**108**	152
Deferred tax	**4,158**	5,907
	4,136	6,625

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the year. The amount provided for the year ended 31 March 2012 was calculated at 16.5% based on the assessable profit for that year. 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:

	2013	2012
	HK$'000	*HK$'000*
Loss before tax	**(61,070)**	(68,161)
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	**(10,076)**	(11,246)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**937**	1,261
Over-provision of tax in prior years	**(130)**	(69)
Tax effect of income not taxable	**(1,827)**	(5,948)
Tax effect of expenses not deductible	**8,867**	22,569
Tax effect of tax losses not recognised	**6,365**	58
Tax at the Group's effective rate	**4,136**	6,625

7. LOSS FOR THE YEAR

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

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**53,900**	109,037
Depreciation of property, plant and equipment	**2,924**	3,589
Amortisation of intangible assets	**7**	7
Loss on disposal of derivative financial instruments*	**–**	829
Property, plant and equipment written off	**1,500**	3,211
Operating lease rentals in respect of land and buildings	**5,058**	6,491
Auditors' remuneration	**650**	785
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	**27,992**	35,268
Equity-settled share-based payment	**1,183**	–
Pension scheme contributions	**2,490**	2,168
Total staff costs	**31,665**	37,436
Provision against various assets:		
Impairment of inventories	**6,020**	256
Impairment of trade receivables	**6,251**	–
Impairment of other receivables, deposits and prepayments	**1,857**	–
Impairment of property, plant and equipment	**2,098**	–
Impairment of intangible assets	**332**	–
	16,558	256
Exchange losses/(gains)**	**1,843**	(1,528)
(Gain)/loss on disposal of property, plant and equipment**	**(11,118)**	558

* *This item was included in administrative expenses.*

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

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately HK$65,203,000 (2012: HK$73,521,000) and the weighted average number of 841,467,560 (2012: 737,863,446 as restated) ordinary shares in issue during the year calculated as adjusted to reflect the share consolidation on 18 September 2012 and open offer on 29 November 2012.

(b) Diluted loss per share

No diluted loss per share is presented for the year ended 31 March 2013 as the exercise of the Company's outstanding convertible notes would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's outstanding share options for the year. No diluted loss per share is presented for the year ended 31 March 2012 as there were no dilutive potential ordinary shares outstanding for that year.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2013 and 2012.

10. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**14,562**	19,981
Less: Impairment losses	**(6,251)**	–
	8,311	19,981
Other receivables	**7,700**	6,356
Less: Impairment losses	**(5,976)**	(4,112)
	1,724	2,244
Deposits and prepayments	**13,887**	14,543
Deposits paid for game software development and licenses	**30,000**	30,000
	43,887	44,543
Less: Impairment losses	**(40,190)**	(40,189)
	3,697	4,354
	13,732	26,579

10. 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) Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At 31 March 2013, the Group's trade receivables of approximately HK$6,251,000 (2012: HK$Nil) was individually determined to be impaired. The individually impaired trade receivables mainly related to customers that had prolonged their repayment due to unexpected financial difficulties.

(c) At the end of the reporting period, the aging analysis of the trade receivables, based on invoice date and net of impairment losses, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 60 days	**5,759**	7,259
61 to 90 days	**140**	1,789
91 to 180 days	**1,653**	5,701
181 to 365 days	**759**	5,232
	8,311	19,981

(d) At the end of the reporting period, the aging analysis of trade receivables that were neither individually nor collectively considered to be impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,112**	8,211
Less than 60 days past due	**422**	2,299
61 to 90 days past due	**437**	2,548
91 to 180 days past due	**922**	4,673
Over 180 days past due	**418**	2,250
	8,311	19,981

10. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables that were not past due relate to a wide range of customers who has 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.

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

	2013	2012
	HK$'000	*HK$'000*
At beginning of the reporting period	**44,301**	54,095
Exchange realignment	**8**	1,183
Elimination on disposal of subsidiaries	**–**	(10,005)
Provided during the year	**1,857**	–
Reversal during the year	**–**	(972)
At 31 March	**46,166**	44,301

Included in the impairment losses of other receivables, deposits and prepayments are individually impaired other receivables and deposits with an aggregate balance of approximately HK$46,166,000 (2012: HK$44,301,000) 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.

10. TRADE AND OTHER RECEIVABLES (Continued)

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

	2013	2012
	HK$'000	*HK$'000*
EUR	**1,404**	15,829
RMB	**2,106**	1,863
USD	**5,271**	1,427
GBP	**541**	4,755
HK$	**4,410**	2,705
	13,732	26,579

11. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**2,667**	2,995
Accrued expenses and other payables	**15,625**	27,478
	18,292	30,473

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

	2013	2012
	HK$'000	*HK$'000*
Within 60 days	**1,173**	2,250
61 to 90 days	**652**	33
91 to 180 days	**201**	157
181 to 365 days	**136**	35
Over 365 days	**505**	520
	2,667	2,995

(b) The average credit period on purchase of goods is ranged from 30 to 90 days (2012: 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$Nil (2012: HK$1,172,000) representing accrued Directors' fees payable to the Directors at the end of the reporting period.

11. TRADE AND OTHER PAYABLES (Continued)

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

	2013	2012
	HK$'000	*HK$'000*
RMB	**12,094**	20,748
HK$	**2,745**	6,662
Others	**3,453**	3,063
	18,292	30,473

12. COMPARATIVE FIGURES

Following the completion of the transfer of the owner-occupied properties used by digital entertainment business to investment properties of the Group for the year ended 31 March 2012, the related properties and rental income, which were presented in the digital entertainment business in prior years, have been separately disclosed as property investment segment in the current year. Accordingly, the related comparative figures have been reclassified to conform with the current year's presentation. The Directors consider that the new classifications are more appropriate to reflect the financial results and position of the Group.

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the manufacturing and sale of packaging products, property investment and operating digital entertainment business.

Over the past few years, the Group recorded unsatisfactory financial performance with loss making results. The management of the Group has been reviewing the existing businesses of the Group from time to time and strives to improve the business operation and financial position of the Group. It has been the business strategy of the Group to proactively seek potential investment opportunities in order to enhance the return to the shareholders.

In this connection, the Group has signed a sales and purchase agreement and conditionally agreed to acquire the entire equity interest of Weike (G) Management Macau Limited ("Target Company"). The Target Company is principally engaged in the management of electronic gaming equipment in Macau. The Group expects that the target company will bring a positive cash inflow and profit to the Group.

FINANCIAL REVIEW

Results

For the financial year ended 31 March 2013, the Group's total revenue has significantly decreased by 57.4% from HK$157.2 million to HK$66.9 million. During the year, the manufacturing and sale of packaging product business contributed HK$54 million (2012: HK$144.9 million) and the digital entertainment business and property investment business generated HK$1.8 million (2012: HK$3.1 million) and HK$11.1 million (2012: HK$8.8 million) respectively. During the year, the property investment business generated profits and the packaging product business and digital entertainment business were at a loss.

Packaging product business

The Group's packaging product business continued to target the medium to high-end segment of the gift box markets in Europe, the United States and Southeast Asia. The economic downturns in Europe and USA continued to affect our packaging business negatively. During the year, we saw a few key customers significantly reduced their purchases orders and production prices. The appreciation of Renminbi and increase in minimum wages requirement further dampened the profit margin of the Group's packaging product business. The Group is proactively exploring business opportunities in Asia, Middle East as well as India.

Other segment business

The Group's investment properties located in Beijing were leased out during the year for generation of stable rental income.

The Group's revenue from digital entertainment business has decreased by 42% from HK$3.1 million to 1.8 million. The segment is not a core business of the Group and the Group has no plan for further expansion of the business.

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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**7,638**	9,945
In the second to fifth years, inclusive	**999**	3,952
	8,637	13,897

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 five years (2012: one to six 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**1,555**	3,981
In the second to fifth years, inclusive	**1,156**	17,877
Over five years	**–**	609
	2,711	22,467

(b) Capital commitments

At 31 March 2012, the Group's capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment amounted to HK$564,000.

Contingent liabilities

At the end of the reporting period, the Group did not have any significant contingent liabilities (2012: Nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, on 24 May 2013, the Company as the issuer, Perfect Ace and Ace Advantage (both being direct wholly-owned subsidiaries of the Company) as the purchasers entered into the Agreement with the Vendors, pursuant to which, among other things, the Purchasers have conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sale Shares at a total consideration of HK$69 million, which is to be satisfied by way of issue of the Convertible Notes to the Vendors (or their respective nominee(s)) upon Completion. The Target Company is principally engaged in the management of electronic gaming equipment in Macau. Upon Completion, it will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

Further details of the acquisition are described in the Company's announcements dated 5 April 2013 and 24 May 2013 respectively. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in those announcements.

(b) The Company entered into a letter of intent with an independent third party dated 6 May 2013 for the possible disposal of the entire issued share capital of Expert Global Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company (which together with its subsidiaries, the "Disposed Group"), at a consideration of not less than RMB110 million.

The Disposal Group carries out the Group's property investment and digital entertainment operation. The major assets of the Disposed Group are 22 office units on Level 16 of a 21-storey office building situated at No. 7 Jiaguo Mennei Dajie, Dongcheng District, Beijing, the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE

As at 31 March 2013, the bank and cash balances of the Group amounted to HK$28.8 million. The Group had a liability component of the unsecured convertible notes of approximately HK$19.7 million. The convertible notes will be matured in July 2013.

The gearing ratio of loans against the total equity as at 31 March 2013 was 11.6%. As the majority of bank deposits and cash on hand were denominated in Hong Kong dollars, Renminbi, and US dollars, the Group's exchange risk exposure depended on the movement of the exchange rate of the aforesaid currencies.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Company did not have any material acquisition, disposal and significant investment in subsidiaries and affiliated companies during the year ended 31 March 2013.

EMPLOYEES AND REMUNERATION POLICY

The Group employed 514 permanent employees as at 31 March 2013, including 29 employees in Hong Kong and 485 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.

LITIGATIONS

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

In connection with the payment in the sum of HK$9,306,500 made to Ms. Yung, the spouse 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 ICAC Investigation, 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 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 (being a former Director), Mr. Wang Shanchuan (being a former Director) and Mr. Ho Chi Chung ("Mr. Joseph Ho", being a former Director and the former acting chief executive officer of the Group).

Pursuant to the court order dated 18 March 2013, the proceedings are stayed until the determination of Mr. Cheng's appeal against his conviction in District Court No. 476 of 2011 to the Court of Appeal.

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

On 5 May 2011, the Company and Highsharp, a former 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 (deceased), Mr. Philip Yu and Agustus Investments Limited.

Pursuant to the court order dated 18 March 2013, the proceedings are stayed until the determination of Mr. Cheng's appeal against his conviction in District Court No. 476 of 2011 to the Court of Appeal.

(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 (being the sole director and registered shareholder of Best Max) ("Mr. Lo"), Mr. Cheng, Mr. Joseph Ho and Mr. Yeung Tak Hung Arthur ("Mr. Arthur Yeung", being the former chief operating officer of the Group (collectively referred to as the "Defendants")).

The hearing of Mr. Lo's striking out summons was heard on 7 February 2012. The judgment in respect of Mr. Lo's application to strike out his statement of claim was handed down on 3 June 2013.

According to the said judgment, it is ordered that the claim against Mr. Lo for restitution of the HK$12 million convertible bond be struck out, the Company has to file and serve an amended statement of claim based on the judgment as soon as practicable. The Company will continue processing the claims against other Defendants.

(d) Subsidiaries of the Company against Mr. Cheng

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

The first joint mediation session was held on 24 May 2013 and was concluded after both the Plaintiffs and Mr. Cheng failed to reach any settlement.

(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 (being a former director of human resources of the Group), Mr. Tsang Heung Yip (being a former financial controller of the Group) and other six former employees (collectively referred to as the "Defendants").

After the mediation session held on 19 July 2012, both the Company and the Defendants are not able to reach an agreement to settle the dispute, the mediation was therefore concluded on the same day.

The date of pre-trial review is fixed to be held on 4 March 2014; and the trial is scheduled to be held from 27 May 2014 to 11 June 2014.

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

Ms. Yung and Kingbox (Asia) Limited ("Kingbox") (an indirect wholly-owned subsidiary of the Company) purportedly 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). Ms. Yung had made a claim against Kingbox for arrears of wages and the remunerative payment under the Supplemental Agreement after her resignation. 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.

Both Kingbox and Ms. Yung agreed for mediation. The first joint mediation session was held on 30 April 2012 but ended on 7 May 2012, as Kingbox and Ms, Yung were not able to reach an agreement to settle the dispute.

The date of pre-trial review is fixed to be held on 16 April 2014 and the trial is scheduled to be held from 23 July 2014 to 30 July 2014.

(g) A subsidiary of the Company against Lucky Belt Holdings Limited ("Lucky Belt"), Mr. Shek Hiu Hung (Mr. Shek), BG Global Gaming Limited ("BG Global"), Winning Beauty Investments Limited ("Winning Beauty") and Mr. Leung Chung Yuen Ronald ("Mr. Leung")

On 11 May 2012, Lucky Zone Holdings Limited ("Lucky Zone"), a subsidiary of the Company issued three writs of summons in the High Court, respectively against Lucky Belt, Mr. Shek, BG Global, Winning Beauty and Mr. Leung (collectively referred to as the "Defendants") in respect of the convertible notes and deposit paid for software development and license agreement (Bingo) relating to sums of USD3.0 million and USD2.5 million for the convertible notes (the "CB Case"); and HK$15 million for the deposit (the "Deposit Case") respectively, together with the related interests, costs and further and/or other relief.

A decision was handed down at the decision hearing held on 29 May 2013. It was mentioned in the judgment that the defendants of the CB Case have to pay Lucky Zone all the sums of convertible notes plus interest up to 11 May 2012.

For the Deposit Case, the Company is negotiating with the legal adviser for taking further actions.

More details of the above litigations were disclosed in the 2010/11 and 2011/12 Annual Reports as well as 2011/12 and 2012/13 Interim Reports of the Company respectively, the Company will issue further announcements to update the status of the above outstanding litigations when appropriate.

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 complied with the required standard as set out in the Model Code during the financial year ended 31 March 2013.

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 2013 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. YONG Peng Tak 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 2013.

INTERNAL CONTROL

The Board has engaged Frederick C.Y. Wong & Company to perform an independent review on the internal control systems of the Group for the year ended 31 March 2013. The review report showed that the Group maintained an adequate and effective internal control system and no major control deficiency had been identified. The scope and findings of the review had been reported to and reviewed by the Audit Committee. The Board will continue to review and improve the internal control system of the Group, taking into account the recommendations of the independent review and the latest regulatory requirements.

SCOPE OF WORK OF ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the year ended 31 March 2013 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, 14 June 2013

As at the date of this announcement, the executive Directors of the Company are Mr. SNEAH Kar Loon, Mr. NG Kwok Lun, Mr. BALAKRISHNAN Narayanan and Mr. LIN Zheying, and the independent non-executive Directors are Mr. LAI Hock Meng, Mr. YONG Peng Tak and Mr. IO Rudy Cheok Kei and Mr. GOH Hoon Leum.