C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

The audited consolidated results of C Y Foundation Group Limited ("Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2014 together with the comparative figures for the last corresponding year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**57,214**	54,002
Cost of sales		**(39,824)**	(53,900)
Gross profit		**17,390**	102
Other income	*4*	**24,006**	12,155
Selling and distribution costs		**(2,446)**	(1,413)
Operating, administrative and other expenses		**(51,983)**	(47,411)
Loss from operations		**(13,033)**	(36,567)
Impairment of goodwill		**–**	(15,138)
Impairment of various assets		**(931)**	(13,882)
Property, plant and equipment written off		**(99)**	(1,500)
Loss on dissolution of a subsidiary		**(739)**	–
Finance costs	*5*	**(4,915)**	(2,090)
Loss before tax		**(19,717)**	(69,177)
Income tax	*6*	**262**	30
Loss for the year from continuing operations		**(19,455)**	(69,147)
Discontinued operations			
Profit for the year from discontinued operations	*7*	**6,690**	3,941
Loss for the year	*8*	**(12,765)**	(65,206)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Notes	2014 *HK$'000*	2013 *HK$'000* (Restated)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**2,677**	260
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		**(30,713)**	–
Total other comprehensive (loss)/income for the year, net of tax		**(28,036)**	260
Total comprehensive loss for the year		**(40,801)**	(64,946)
(Loss)/profit for the year attributable to:			
Owners of the Company			
From continuing operations		**(19,455)**	(69,147)
From discontinued operations		**7,696**	3,944
Loss attributable to owners of the Company		**(11,759)**	(65,203)
Non-controlling interests			
From discontinued operations		**(1,006)**	(3)
		(12,765)	(65,206)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(39,812)**	(64,948)
Non-controlling interests		**(989)**	2
		(40,801)	(64,946)
(Loss)/earnings per share (HK cents per share)			
Basic (loss)/earnings per share			
From continuing operations	*10*	**(1.85)**	(8.22)
From discontinued operations	*10*	**0.73**	0.47
From continuing and discontinued operations		**(1.12)**	(7.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties		**–**	190,329
Property, plant and equipment		**76,865**	3,250
Intangible assets	*11*	**47,168**	–
Goodwill	*12*	**59,050**	–
		183,083	193,579
Current assets			
Inventories		**4,814**	4,813
Trade and other receivables	*14*	**23,207**	13,732
Bank and cash balances		**79,144**	28,754
		107,165	47,299
Current liabilities			
Trade and other payables	*15*	**20,720**	18,292
Due to related companies		**22,998**	–
Convertible notes		**2,070**	19,718
Current tax liabilities		**–**	94
		45,788	38,104
Net current assets		**61,377**	9,195
Total assets less current liabilities		**244,460**	202,774
Non-current liabilities			
Convertible notes		**50,001**	–
Deferred tax liabilities		**5,660**	32,216
		55,661	32,216
NET ASSETS		**188,799**	170,558
Capital and reserves			
Share capital		**10,538**	10,453
Reserves		**178,261**	158,997
Equity attributable to owners of the Company		**188,799**	169,450
Non-controlling interests		**–**	1,108
TOTAL EQUITY		**188,799**	170,558

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 single largest shareholder is Dato POH Po Lian (the "single largest shareholder"). 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 the Group are manufacturing and sale of packaging products, and the management of electronic gaming machines in Macau. In prior year, the Group was also engaged in property investment and digital entertainment business and these operations were ceased after 30 September 2013.

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 (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"), 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 consolidated financial statements and amounts reported for the current year and prior years except as stated below.

Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 1 "Presentation of Financial Statements" (Continued)

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. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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's operating segments and their principal activities are as follows:

Continuing operations:

Packaging products business – Manufacture and sale of packaging products

Electronic gaming business – Management of electronic gaming machines

Discontinued operations:

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.

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													
	Continuing operations						Discontinued operations							
	Packaging products business		Electronic gaming business		Total		Property investment		Digital entertainment business		Total		Consolidated total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***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	**47,658**	54,002	**9,556**	–	**57,214**	54,002	**5,794**	11,094	**667**	1,798	**6,461**	12,892	**63,675**	66,894
RESULTS:														
Segment profit/(loss)	**1,015**	(47,853)	**(9,655)**	–	**(8,640)**	(47,853)	**2,651**	3,403	**(1,909)**	(7,639)	**742**	(4,236)	**(7,898)**	(52,089)
Interest income #													**150**	225
Change in fair value of investment properties													**–**	13,842
Gain on disposal of subsidiaries													**8,263**	–
Loss on dissolution of a subsidiary													**(739)**	–
Recovery of other receivables previously written off/impaired#													**15,600**	–
Unallocated income													**38**	183
Unallocated corporate expenses													**(23,520)**	(21,141)
Finance costs													**(4,915)**	(2,090)
Loss before tax													**(13,021)**	(61,070)

These items were included in other income.

There are no sales between the reportable segments for both years ended 31 March 2014 and 2013.

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, gain on disposal of subsidiaries, loss on dissolution of a subsidiary, recovery of other receivables previously written off/impaired, 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.

3. 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													
	Continuing operations						Discontinued operations							
	Packaging products business		Electronic gaming business		Total		Property investment		Digital entertainment business		Total		Consolidated total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS:														
Segment assets	**14,161**	17,227	**183,152**	–	**197,313**	17,227	**–**	191,167	**–**	736	**–**	191,903	**197,313**	209,130
Bank and cash balances													**79,144**	28,754
Unallocated corporate assets													**13,791**	2,994
Total assets													**290,248**	240,878
LIABILITIES:														
Segment liabilities	**8,645**	9,057	**33,006**	–	**41,651**	9,057	**–**	4,839	**–**	2,398	**–**	7,237	**41,651**	16,294
Convertible notes													**52,071**	19,718
Current tax liabilities													**–**	94
Deferred tax liabilities													**5,660**	32,216
Unallocated corporate liabilities													**2,067**	1,998
Total liabilities													**101,449**	70,320

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 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, Macau 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

	2014	2013
	HK$'000	*HK$'000*
France	**671**	745
Slovakia	**686**	1,426
The PRC (excluding Hong Kong)	**6,461**	12,892
United Kingdom	**5,607**	5,628
Germany	**27,848**	20,772
Hong Kong	**6,725**	10,260
Italy	**719**	3,898
South Africa	**912**	991
United States of America	**1,122**	2,373
Macau	**9,556**	–
Other countries	**3,368**	7,909
Discontinued operations	**(6,461)**	(12,892)
	57,214	54,002

Revenue from one (2013: one) customer from the Group's packaging products business segment contributing over 10% of the total revenue of the Group represents approximately HK$23,295,000 (2013: HK$15,358,000) of the Group's total revenue.

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

3. SEGMENT INFORMATION (Continued)

(c) Geographical information (Continued)

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

	2014	2013
	HK$'000	*HK$'000*
The PRC	**3,491**	191,477
Hong Kong	**738**	2,102
Macau	**178,854**	–
	183,083	193,579

(d) Other segment information

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

	For the year ended 31 March											
	Continuing operations						Discontinued operations*					
	Packaging products business		Electronic gaming business		Total		Digital entertainment business		Unallocated		Consolidated total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***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	**2,266**	1,180	**44,509**	–	**46,775**	1,180	**3**	540	**245**	1,068	**47,023**	2,788
Amortisation of intangible assets	**–**	–	**3,022**	–	**3,022**	–	**–**	7	**–**	–	**3,022**	7
Depreciation of property, plant and equipment	**799**	2,035	**5,328**	–	**6,127**	2,035	**56**	657	**146**	232	**6,329**	2,924
Impairment of goodwill	**–**	15,138	**–**	–	**–**	15,138	**–**	–	**–**	–	**–**	15,138
Impairment of inventories	**931**	5,995	**–**	–	**931**	5,995	**–**	25	**–**	–	**931**	6,020
Impairment of trade receivables	**–**	6,248	**–**	–	**–**	6,248	**–**	3	**–**	–	**–**	6,251
Impairment of other receivables	**–**	–	**–**	1,857	**–**	1,857	**–**	–	**–**	–	**–**	1,857
Recovery of other receivables previously written off/impaired	**–**	–	**–**	–	**–**	–	**–**	–	**15,600**	–	**15,600**	–
Recovery of trade receivables previously impaired	**2,766**	–	**–**	–	**2,766**	–	**–**	–	**–**	–	**2,766**	–
Impairment of property, plant and equipment	**–**	1,639	**–**	–	**–**	1,639	**–**	459	**–**	–	**–**	2,098
Impairment of intangible assets	**–**	–	**–**	–	**–**	–	**–**	332	**–**	–	**–**	332
Gain on disposal of property, plant and equipment	**122**	11,118	**–**	–	**122**	11,118	**–**	–	**–**	–	**122**	11,118
Property, plant and equipment written off	**99**	1,500	**–**	–	**99**	1,500	**262**	–	**–**	–	**361**	1,500

* *No other segment information for property investment segment for the years ended 31 March 2014 and 2013.*

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:

	2014	2013
	HK$'000	*HK$'000*
Turnover:		
Manufacture and sale of packaging products	**47,658**	54,002
Management of electronic gaming equipment	**9,556**	–
Rental income *(Note)*	**5,794**	11,094
Digital entertainment business	**667**	1,798
	63,675	66,894
Representing:		
Continuing operations	**57,214**	54,002
Discontinued operations *(note 7(b))*	**6,461**	12,892
	63,675	66,894
Note to rental income:		
Gross rental income	**5,794**	11,094
Less: outgoings	**(669)**	(1,312)
Net rental income	**5,125**	9,782

4. TURNOVER AND OTHER INCOME (Continued)

	2014	2013
	HK$'000	*HK$'000*
Other income:		
Management fee income	**2,899**	–
Subcontracting income	**743**	–
Gain on disposal of property, plant and equipment	**122**	11,118
Interest income	**150**	225
Sundry income	**810**	831
Exchange gains	**924**	–
Recovery of trade receivables previously impaired *(note 14(e))*	**2,766**	–
Recovery of other receivables previously written off/impaired	**15,600**	–
	24,014	12,174
Representing:		
Continuing operations	**24,006**	12,155
Discontinued operations *(note 7(b))*	**8**	19
	24,014	12,174

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
– Bank borrowings	**–**	68
– Other borrowing	**–**	177
– Convertible notes	**4,915**	1,845
	4,915	2,090

No finance costs were incurred by the discontinued operations for the years ended 31 March 2014 and 2013.

6. INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current	**–**	–
– over-provision	**–**	(130)
	–	(130)
PRC Enterprise Income Tax – current	**107**	108
Deferred tax	**(363)**	4,158
	(256)	4,136
Representing:		
Continuing operations	**(262)**	(30)
Discontinued operations *(note 7(b))*	**6**	4,166
	(256)	4,136

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the years ended 31 March 2014 and 2013. Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the year. No provision for Macau Complementary Tax is required as the Company's subsidiary incurred tax losses for the year. 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. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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:

	2014	2013
	HK$'000	*HK$'000*
Loss before tax (from continuing operations)	**(19,717)**	(69,177)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**(3,253)**	(11,414)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**18**	(240)
Over-provision of tax in prior years	**–**	(130)
Tax effect of income not taxable	**(3,345)**	(1,827)
Tax effect of expenses not deductible	**4,444**	7,216
Tax effect of taxes losses not recognised	**2,572**	6,365
Utilisation of tax losses previously not recognised	**(698)**	–
Income tax for the year (relating to continuing operations)	**(262)**	(30)

7. DISCONTINUED OPERATIONS

On 30 September 2013, the Group disposed of its entire interest in a wholly-owned subsidiary, Expert Global Investments Limited (the "Disposed Company"), to an independent third party at a cash consideration of RMB110 million (equivalent to approximately HK$136,750,000) ("the Disposal"). Further details of the Disposal were published in the related circular of the Company dated 18 July 2013.

The Disposed Company and its subsidiaries (the "Disposed Group") were principally engaged in property investment and digital entertainment business. The major assets of the Disposed Group were investment properties located in Beijing of the PRC.

(a) The profit for the year from the discontinued operations is analysed as follows:

		2014	2013
	Notes	***HK$'000***	*HK$'000*
(Loss)/profit of discontinued operations	*7(b)*	**(1,573)**	3,941
Gain on disposal of discontinued operations	*7(c)*	**8,263**	–
		6,690	3,941

(b) The results of the discontinued operations for the period from 1 April 2013 to 30 September 2013, which have been included in the consolidated profit or loss for the year, are as follows:

		Period from 1 April 2013 to 30 September 2013	Year ended 31 March 2013
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**6,461**	12,892
Cost of sales		**(744)**	(1,447)
Gross profit		**5,717**	11,445
Other income	*4*	**8**	19
Selling and distribution costs		**(27)**	(71)
Other operating and administrative expenses		**(7,265)**	(14,452)
Loss from operations		**(1,567)**	(3,059)
Change in fair value of investment properties		**–**	13,842
Impairment of various assets		**–**	(2,676)
Loss before tax		**(1,567)**	8,107
Income tax	*6*	**(6)**	(4,166)
(Loss)/profit for the period/year		**(1,573)**	3,941

7. DISCONTINUED OPERATIONS (Continued)

(c) Net assets of the Disposed Group at the date of disposal were as follows:

	HK$'000
Investment properties	194,117
Property, plant and equipment	112
Trade and other receivables	1,434
Bank and cash balances	2,182
Trade and other payables	(5,603)
Current tax liabilities	(66)
Deferred tax liabilities	(32,857)
Net assets disposed of	159,319
Release of foreign currency translation reserve	(30,713)
Non-controlling interests	(119)
Gain on disposal of subsidiaries	8,263
Total consideration – satisfied by cash	136,750

8. LOSS FOR THE YEAR

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

	2014	2013
	HK$'000	*HK$'000*
Continuing operations:		
Cost of inventories sold	**36,544**	53,900
Depreciation of property, plant and equipment	**6,217**	2,155
Amortisation of intangible assets	**3,022**	–
Property, plant and equipment written off	**99**	1,500
Operating lease rentals in respect of land and buildings	**1,595**	2,945
Auditors' remuneration	**678**	650
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	**26,461**	23,041
Equity-settled share-based payment	**2,112**	1,183
Pension scheme contributions	**1,315**	1,672
Total staff costs	**29,888**	25,896
Provision against various assets:		
Impairment of inventories	**931**	5,995
Impairment of trade receivables	**–**	6,248
Impairment of property, plant and equipment	**–**	1,639
Total impairment of various assets	**931**	13,882
Exchange (gains)/losses*	**(924)**	1,843
Gain on disposal of property, plant and equipment **	**(122)**	(11,118)

8. LOSS FOR THE YEAR (Continued)

	Period from 1 April 2013 to 30 September 2013 HK$'000	Year ended 31 March 2013 HK$'000
Discontinued operations:		
Depreciation of property, plant and equipment	**112**	769
Property, plant and equipment written off	**262**	–
Amortisation of intangible assets	**–**	7
Operating lease rentals in respect of land and buildings	**674**	2,113
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	**2,862**	4,951
Pension scheme contributions	**195**	818
Total staff costs	**3,057**	5,769
Provision against various assets:		
Impairment of inventories	**–**	25
Impairment of trade receivables	**–**	3
Impairment of other receivables, deposits and prepayments	**–**	1,857
Impairment of property, plant and equipment	**–**	459
Impairment of intangible assets	**–**	332
Total impairment of various assets	**–**	2,676

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

** *This item was included in other income.*

9. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2014 and 2013.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

From continuing and discontinued operations

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$11,759,000 (2013: HK$65,203,000) and the weighted average number of 1,048,098,329 (2013: 841,467,560) ordinary shares in issue during the year.

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK$19,455,000 (2013: HK$69,147,000) and the denominator is the same as that used above for calculation of basic loss per share from continuing and discontinued operations.

From discontinued operations

The calculation of basic earning per share from the discontinued operations attributable to owners of the Company is based on the profit for the period from 1 April 2013 to 30 September 2013 (2013: year ended 31 March 2013) from discontinued operations attributable to the owners of the Company of approximately HK$7,696,000 (2013: HK$3,944,000) and the denominator is the same as that used above for calculation of basic loss per share from continuing and discontinued operations.

(b) Diluted loss per share

No diluted loss per share is presented for the years ended 31 March 2014 and 2013 as the exercise of the Company's outstanding convertible notes and share options would be anti-dilutive.

11. INTANGIBLE ASSETS

	Supply and maintenance agreement *HK$'000*	Service agreement *HK$'000*	License *HK$'000*	Software *HK$'000*	Total *HK$'000*
COST:					
At 1 April 2012	–	–	32,904	3,440	36,344
Exchange realignment	–	–	137	18	155
Written off during the year	–	–	(32,696)	–	(32,696)
At 31 March 2013 and 1 April 2013	–	–	345	3,458	3,803
Disposal of subsidiaries	–	–	(345)	(3,458)	(3,803)
Acquisition of a subsidiary *(note 13)*	47,952	2,238	–	–	50,190
At 31 March 2014	**47,952**	**2,238**	**–**	**–**	**50,190**
ACCUMULATED AMORTISATION AND IMPAIRMENTS:					
At 1 April 2012	–	–	32,566	3,440	36,006
Exchange realignment	–	–	136	18	154
Provided for the year	–	–	7	–	7
Impairment loss	–	–	332	–	332
Eliminated on written off	–	–	(32,696)	–	(32,696)
At 31 March 2013 and 1 April 2013	–	–	345	3,458	3,803
Provided for the year	2,547	475	–	–	3,022
Disposal of subsidiaries	–	–	(345)	(3,458)	(3,803)
At 31 March 2014	**2,547**	**475**	**–**	**–**	**3,022**
CARRYING AMOUNTS:					
At 31 March 2014	**45,405**	**1,763**	**–**	**–**	**47,168**
At 31 March 2013	–	–	–	–	–

12. GOODWILL

	2014	2013
	HK$'000	*HK$'000*
COST:		
At beginning of the reporting period	**107,467**	107,467
Disposal of subsidiaries	**(6,188)**	–
Acquisition of a subsidiary *(note 13)*	**59,050**	–
At 31 March	**160,329**	107,467
IMPAIRMENTS:		
At beginning of the reporting period	**107,467**	92,329
Impairment loss	**–**	15,138
Disposal of subsidiaries	**(6,188)**	–
At 31 March	**101,279**	107,467
CARRYING AMOUNTS:		
At 31 March	**59,050**	–

13. ACQUISITION OF A SUBSIDIARY

On 16 September 2013 ("Completion Date"), the Group acquired 100% equity interest in CY Management Limited ("CYML") from Dato POH Po Lian (the "Ultimate Vendor"), the single largest shareholder of the Company (the "Acquisition"). Further details of the Acquisition were published in the related circular of the Company dated 18 July 2013. CYML is principally engaged in the management of electronic gaming machines in Macau. The purchase consideration for the Acquisition was satisfied by issuance of convertible notes with an aggregate nominal value of HK$69 million payable to the Ultimate Vendor on the Completion Date.

The fair value of the identifiable assets and liabilities of CYML acquired as at its date of acquisition is as follows:

	Notes	*HK$'000*
Property, plant and equipment		32,251
Intangible assets	*11*	50,190
Inventories		27
Trade and other receivables		2,909
Bank and cash balances		937
Trade and other payables		(7,203)
Due to related companies		(27,429)
Deferred tax liabilities		(6,023)
		45,659
Goodwill on acquisition	*12*	59,050
		104,709
Satisfied by:		
Fair value of convertible notes issued		104,709

14. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**7,635**	14,562
Less: Impairment losses	**(3,220)**	(6,251)
	4,415	8,311
Other receivables	**17,086**	7,700
Less: Impairment losses	**(3,000)**	(5,976)
	14,086	1,724
Deposits and prepayments	**14,007**	13,887
Deposits paid for game software development and licenses	**30,000**	30,000
	44,007	43,887
Less: Impairment losses	**(39,301)**	(40,190)
	4,706	3,697
	23,207	13,732

(a) The Group grants a credit period normally ranging from cash on delivery to 30 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 2014, the Group's trade receivables of approximately HK$3,220,000 (2013: HK$6,251,000) 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.

14. TRADE AND OTHER RECEIVABLES (Continued)

(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:

	2014	2013
	HK$'000	*HK$'000*
Within 60 days	**2,717**	5,759
61 to 90 days	**150**	140
91 to 180 days	**215**	1,653
181 to 365 days	**1,333**	759
	4,415	8,311

(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:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,164**	6,112
Less than 60 days past due	**514**	422
61 to 90 days past due	**–**	437
91 to 180 days past due	**39**	922
Over 180 days past due	**1,698**	418
	4,415	8,311

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.

14. TRADE AND OTHER RECEIVABLES (Continued)

(e) The movements in impairment losses of trade receivables are as follows:

	2014	2013
	HK$'000	*HK$'000*
At beginning of the reporting period	**6,251**	–
Written off against trade receivables	**(265)**	–
Provided during the year	**–**	6,251
Reversal during the year *(note 4)*	**(2,766)**	–
At 31 March	**3,220**	6,251

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

	2014	2013
	HK$'000	*HK$'000*
At beginning of the reporting period	**46,166**	44,301
Exchange realignment	**60**	8
Written off against other receivables	**(105)**	–
Elimination on disposal of subsidiaries	**(3,220)**	–
Provided during the year	**–**	1,857
Reversal during the year	**(600)**	–
At 31 March	**42,301**	46,166

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$42,301,000 (2013: HK$46,166,000) 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.

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

	2014	2013
	HK$'000	*HK$'000*
EUR	**1,821**	1,404
RMB	**8,143**	2,106
USD	**5,753**	5,271
GBP	**317**	541
MOP	**4,261**	–
HK$	**2,912**	4,410
	23,207	13,732

15. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**1,984**	2,667
Accrued expenses and other payables	**18,736**	15,625
	20,720	18,292

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

	2014	2013
	HK$'000	*HK$'000*
Within 60 days	**1,501**	1,173
61 to 90 days	**64**	652
91 to 180 days	**37**	201
181-365 days	**–**	136
Over 365 days	**382**	505
	1,984	2,667

(b) The average credit period on purchase of goods ranges from 30 to 90 days (2013: 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) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
RMB	**4,007**	12,094
HK$	**3,440**	2,745
USD	**11,011**	1,180
EUR	**1,724**	2,112
GBP	**82**	161
MOP	**456**	–
	20,720	18,292

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the manufacturing and sale of packaging products, and management of electronic gaming equipment in Macau.

Last year was a "Year of transformation" for the Group. In previous year, the Group was engaged in the manufacturing and sale of packaging products, digital entertainment business and property investment. The Group recorded unsatisfactory financial performance with loss making. The Board continued to review the existing business and seek potential investment opportunities in order to enhance the return to the shareholders. On 16 September 2013, the Group completed the acquisition of CY Management Limited ("CY Management") (formerly known as Weike (G) Management Macau Limited), which is engaged in management of electronic gaming equipment in Macau. It is because the management consider Macau being one of the most rapidly growing economies in Asia since the liberalization of gaming industry in 2002 and it is also the only territory within China where casino operation is legalized. The management expects that the new business will bring a positive cash inflow and profit to the Group in future.

On 30 September 2013, the Group disposed the entire interest in a wholly-owned subsidiary, Expert Global Investments Limited (the "Disposal Company"), to an independent third party at a cash consideration of RMB110 million. The major assets of the Disposal Company and its subsidiaries were investment properties located in Beijing. The management expected the cash realized in this disposal would help the Group to develop new business opportunities as well as expand the existing gaming business in Macau and Asia.

FINANCIAL REVIEW

Results

For the financial year ended 31 March 2014, the Group's total revenue has decreased slightly by 4.8% from HK$66.9 million to HK$63.7 million. The continuing operations which consist of manufacturing and sale of packaging products and management of electronic gaming equipment and discontinuing operations which consist of property investment and digital entertainment contributed HK$57.2 million (2013: HK$54.0 million) and HK$6.5 million (2013: HK$12.9 million) to the Group respectively.

During the year, the packaging product business and the property investment business generated profits and the gaming 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. At the same time, the Group has been putting more resource to develop new business opportunities in Asia and Middle East.

The management was pleased to announce that the packaging product business has reached an operating breakeven for the financial year ended 31 March 2014. It represented an significant improvement as compare with an operating loss of HK$47.9 million in last year. The improvement was mainly resulted from the increase in gross margin and the recovery of bad debts.

Management of electronic gaming equipment

In September 2013, the Group successfully acquired the entire equity interest in CY Management which is a Macau-based casino service provider principally engaged in management of electronic gaming machines in casinos via service agreements. CY Management installs electronic gaming machines into the gaming destinations and provides full managerial support together with operational and technical staff to service the electronic gaming operations. In return, CY Management receives periodical performance bonus payments from each casino operator which is generally calculated based on a percentage of the revenue.

Currently, CY Management offers the aforesaid management services to three casinos in Macau, namely Casino VIP Legend, Casino Casa Real and Casino Grandview and also provides information technology services to another two casinos in Macau.

The Gaming Business has recorded a loss for the period since the date of acquisition to 31 March 2014. The Group incurred significant startup operating costs, amortization and depreciation charges for the Gaming Business, and such costs and charges outweighted the revenue during the period.

Going forward, CY Management will continue to procure new business relationship in Macau and extend its geographical coverage. It has a business plan to expand its operation to operate 3,000 or more slot and multi terminal machines throughout Asia in the coming three years. The management intend to develop the gaming business to become one of the core businesses of the Group in future.

Other segment business

The Group's property investment business and digital entertainment business have been ceased after the disposal of the entirely equity interest of Expert Global Investments Limited since 30 September 2013.

COMMITMENTS

(a) Commitments under operating leases

As lessor

During the year ended 31 March 2013, 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:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**–**	7,638
In the second to fifth years, inclusive	**–**	999
	–	8,637

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 three years (2013: one to five 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:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**4,504**	1,555
In the second to fifth years, inclusive	**4,537**	1,156
	9,041	2,711

(b) Capital commitments

As at 31 March 2014, 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 approximately HK$4,327,000 (2013: HK$Nil).

Contingent liabilities

At the end of the reporting period, the Group did not have any significant contingent liabilities (2013: Nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

Termination of The Agreement in respect of the First Acquisition and Lapse of the Offer in respect of the Second Acquisition

Three announcements regarding these proposed acquisitions were made on 14 March 2014, 22 April 2014 and 23 June 2014 respectively ("Announcements"). Capitalized terms used herein shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

Given that no acceptance to the Offer had been received by Science Power on or before 22 June 2014 and that the First Acquisition and the Second Acquisition are inter-conditional, the Offer in respect of the Second Acquisition had lapsed and the Agreement in respect of the First Acquisition had been terminated. No party shall have any further obligations in respect of the First Acquisition and/or the Second Acquisition.

The MOU in relation to the Proposed Acquisition

On 1 April 2014, the Company has entered into a non-binding MOU with Mr. Nguyen Ngoc My (the "Seller") for purpose of the furtherance of good faith negotiations on the Proposed Acquisition. The Proposed Acquisition is to acquire an effective equity interest of 49% on the Operating Companies. The proposed consideration is USD20 million which shall be payable by Consideration Shares.

At the end of each full year of operations in the first three years after Completion, the Seller is also eligible to receive a consideration equivalent to 10% of the EBITDA of the Operating Companies payable by way of Shares.

The Seller and the Operating Companies are currently the only licensed operator in Vietnam carrying on the business for betting on a computerised totalisator betting system for greyhound and horse racing.

In September 2013 the National Assembly of Vietnam passed a law allowing the government regulation of the business for betting on horse racing, dog racing and international football, as well as off-course betting through OCBs and telecommunication devices. Therefore, it is expected that each of the Operating Company is permitted to operate any and all of the following businesses at least in first line cities throughout Vietnam: (a) Betting in OCBs; (b) Betting by way of simulcast; (c) Betting by using mobile phones; and/or (d) Betting by using Internet. This is also one of the conditions precedent prior to the Completion.

By mutual agreement of the Seller and the Company dated 30 May 2014 and for the sake of providing more time to conduct the due diligence, the term (expiry on 30 June 2014) of the MOU has been extended for a period of three months, up to and inclusive of 30 September 2014. The relevant announcements had been issued on 1 April 2014 and 30 May 2014 respectively ("MOU Announcement"). Capitalized terms used herein shall have the same meanings as those defined in the MOU Announcements unless the context otherwise requires.

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE

As at 31 March 2014, the bank and cash balances of the Group amounted to HK$79.1 million. The Group had a liability component of the unsecured convertible notes of approximately HK$52.1 million. The convertible notes will be matured in September 2016.

The gearing ratio of loans against the total equity as at 31 March 2014 was 27.6%. As the majority of bank deposits and cash on hand were denominated in Hong Kong dollars, Renminbi, Macau Patacal 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

Save for the acquisition and disposal disclosed in note 13 and 7, respectively, the Company did not have any material acquisition, disposal and significant investment in subsidiaries and affiliated companies during the financial year ended 31 March 2014.

EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 493 permanent employees as at 31 March 2014, including approximately 22 employees in Hong Kong, approximately 449 in the PRC and approximately 22 in Macau. 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 (the "Payment") made to Ms. Yung, the spouse of Mr. Cheng (being a former Director) 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 old Hong Kong Companies Ordinance (alternative remedy to winding up in cases of unfair prejudice) 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 DCCC No. 476 of 2011 to the Court of Appeal. On 14 March 2014, the Court of Appeal handed down a judgment dismissing applications by Mr. Cheng and Mr. Philip Yu for leave to appeal against their conviction.

Post-event notes: By a notice of motion filed on 14 April 2014, Mr. Cheng sought leave to make an application out of time for a certificate under section 32(2) of the Hong Kong Court of Final Appeal Ordinance. On 12 June 2014, the Court of Appeal refused Mr. Cheng's application.

(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 DCCC No. 476 of 2011 to the Court of Appeal. On 14 March 2014, the Court of Appeal handed down a judgment dismissing applications by Mr. Cheng and Mr. Philip Yu for leave to appeal against their conviction.

Post-event notes: By a notice of motion filed on 14 April 2014, Mr. Cheng sought leave to make an application out of time for a certificate under section 32(2) of the Hong Kong Court of Final Appeal Ordinance. On 12 June 2014, the Court of Appeal refused Mr. Cheng's application.

(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 will continue instituting the claims against the Defendants. The pleadings stage had been completed and the stage of discovery was in progress.

(d) Subsidiaries of the Company against Mr. Cheng

On 11 June 2011, the Company, together with certain of its former 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. A case management conference was held on 12 March 2014.

Witness statements and expert report(s) had been exchanged between the Plaintiffs and Mr. Cheng.

(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.

Pre-trial review was held on 4 March 2014 and the trial was scheduled to be held from 27 May 2014 to 11 June 2014.

Post-event notes: This trial started on 27 May 2014 but after 6 days' hearing, the action was adjourned on 4 June 2014 to be heard on 21 July 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 a 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.

Pre-trial review was held on 16 April 2014 and the trial was scheduled to be held from 23 July 2014 to 30 July 2014.

Post-event notes: The parties came to a settlement of this action, such that Kingbox's costs of this action up to 26 May 2014 will be paid by Ms. Yung, to be taxed if not agreed.

(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 Ching 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 Cases"); 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 hearing held on 29 May 2013. It was mentioned in the said decision that the defendants of the CB Cases have to pay Lucky Zone all the sums of convertible notes plus interest up to 11 May 2012.

For one of the CB Case, on 22 July 2013, Lucky Zone and Mr. Leung entered into a Deed of Settlement in relation to the settlement of the award made under the said decision. Pursuant to the Deed of Settlement, Mr. Leung shall pay US$2,000,000 to Lucky Zone for the settlement of the respective judgment sum (equivalent to approximately US$2,614,270) plus legal fee of HK$100,000. Up to the end of the reporting period, the Company has received around HK$12.1 million and has HK$3.5 million receivable from Mr. Leung, and such amounts were included in other income of the consolidated profit or loss and presented as "Recovery of other receivables previously written off/impaired".

For the other CB case, Bankruptcy Petition was commenced on 6 December 2013 against Mr. Shek.

Post-event notes: Bankruptcy Order against Mr. Shek had been granted by the Court on 25 June 2014.

More details of the above litigations were disclosed in the 2010/11, 2011/12 and 2012/13 Annual Reports as well as 2011/12, 2012/13 and 2013/14 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 the Corporate Governance Code and Corporate Governance Report, Appendix 14 ("CG Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 ("Model Code") to the Listing Rules as the Company's Corporate Governance Code and as the Company's Code for Securities Transactions by Directors respectively. The Board updated the terms of reference of all committees of the Company and adopted various guidelines and policies during the financial year ended 31 March 2014 to enhance the Company's corporate governance and keep in line with prevailing regulatory requirements.

The Company 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 2014.

The Company has sent a written confirmation to each of the four independent non-executive directors of the Company ("INEDs") requesting for their confirmation of independence with reference to the factors set out in Rule 3.13 to the Listing Rules and other relevant factors. All INEDs confirmed that they have satisfied the independence requirements.

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 2014 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 a 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

During the financial year ended 31 March 2014, the Audit Committee of the Company comprises three INEDs. The committee members were Mr. LAI Hock Meng (Chairman), Mr. YONG Peng Tak and Mr. IO Rudy Cheok Kei. The Audit Committee had reviewed with the Company's management and the external auditors the accounting principles and practices adopted by the Group, and had discussed auditing, internal control and financial reporting matters, including the review of the annual results for the financial year ended 31 March 2014.

INTERNAL CONTROL

The Board has engaged Hanvic CPA Limited to perform an independent review on the internal control systems of the Group for the financial year ended 31 March 2014. 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 systems of the Group, taking into account the recommendations of the independent review and the prevailing regulatory requirements.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the financial year ended 31 March 2014 have been agreed with the Company's auditor, ZHONGHUI 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, 27 June 2014

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