C Y FOUNDATION GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1182)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

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 2011 together with the comparative figures for the last corresponding year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*5*	**145,075**	117,149
Cost of sales		**(91,349)**	(72,159)
Gross profit		**53,726**	44,990
Other income	*5*	**30,357**	20,761
Selling and distribution costs		**(4,768)**	(4,104)
Administrative expenses		**(161,777)**	(129,876)
Loss from operations		**(82,462)**	(68,229)
Change in fair value of investment properties		**36,080**	13,035
Change in fair value of convertible note receivables		**(61,612)**	6,042
Exchange gains		**1,521**	12,751
Impairment of various assets		**(164,011)**	(31,023)
Property, plant and equipment written off		**(10,220)**	(11,118)
Share of results of associates		**(12,118)**	35
Finance costs	*6*	**(989)**	(1,610)
Loss before tax		**(293,811)**	(80,117)
Income tax	*7*	**(10,549)**	(3,429)
Loss for the year	*8*	**(304,360)**	(83,546)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	NOTE	**2011** *HK$'000*	2010 *HK$'000*
Other comprehensive income:			
Change in fair value of owner-occupied properties when transferred to investment properties		**3,363**	–
Exchange differences on translating foreign operations		**7,369**	1,554
Income tax relating to components of other comprehensive income		**(841)**	–
Total comprehensive income for the year, net of tax		**9,891**	1,554
Total comprehensive loss for the year		**(294,469)**	(81,992)
Loss for the year attributable to:			
Owners of the Company		**(302,972)**	(78,594)
Non-controlling interests		**(1,388)**	(4,952)
		(304,360)	(83,546)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(293,148)**	(77,057)
Non-controlling interests		**(1,321)**	(4,935)
		(294,469)	(81,992)
Loss per share			
Basic (HK cents per share)	9	**(4.35)**	(1.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	**At 31 March 2011 HK$'000**	At 31 March 2010 HK$'000 (Restated)	At 1 April 2009 HK$'000 (Restated)
Non-current assets				
Investment properties		**110,937**	62,876	49,494
Property, plant and equipment		**43,057**	114,790	138,505
Intangible assets		**333**	19,580	31,685
Goodwill		**55,931**	101,280	107,130
Interests in associates		–	25,033	4,002
Convertible note receivables at fair value through profit or loss		–	48,616	20,471
Derivative financial instruments		–	193	–
Held-to-maturity investment		–	2,000	2,000
Deposits paid for acquisition of intangible assets		–	–	2,196
		210,258	374,368	355,483
Current assets				
Inventories		**29,796**	28,774	21,952
Trade and other receivables	*11*	**33,329**	58,427	41,608
Deposits paid for acquisition of property, plant and equipment		–	23,576	23,431
Convertible note receivables at fair value through profit or loss		–	12,996	4,020
Loans to non-controlling shareholders of a subsidiary		–	–	3,955
Due from a related party		**1,185**	20	–
Derivative financial instruments		–	1,149	850
Held-to-maturity investment		**2,000**	–	–
Current tax assets		**295**	214	–
Bank fiduciary deposit		–	–	12,102
Pledged bank deposits		**2,428**	22,050	18,051
Bank and cash balances		**36,638**	105,462	231,058
		105,671	252,668	357,027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	**At 31 March 2011** *HK$'000*	At 31 March 2010 *HK$'000* (Restated)	At 1 April 2009 *HK$'000* (Restated)
Current liabilities				
Trade and other payables	*12*	**37,585**	30,035	32,006
Derivative financial instruments		**46**	–	–
Due to directors		**–**	39	6
Due to related companies		**–**	15	24
Finance lease payables		**–**	356	356
Bank borrowings		**6,180**	43,556	59,307
Current tax liabilities		**–**	–	583
		43,811	74,001	92,282
Net current assets		**61,860**	178,667	264,745
Total assets less current liabilities		**272,118**	553,035	620,228
Non-current liabilities				
Finance lease payables		**–**	58	414
Convertible loan notes		**–**	–	13,597
Deferred tax liabilities		**14,929**	3,809	1,284
		14,929	3,867	15,295
NET ASSETS		**257,189**	549,168	604,933
Capital and reserves				
Share capital		**6,969**	6,969	4,853
Reserves		**247,921**	540,935	596,125
Equity attributable to owners of the Company		**254,890**	547,904	600,978
Non-controlling interests		**2,299**	1,264	3,955
TOTAL EQUITY		**257,189**	549,168	604,933

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 ultimate holding company is Luck Continent Limited ("Luck Continent"), a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 22/F, 200 Gloucester Road, Wanchai, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the trading in the shares of the Company has been suspended since 31 August 2010.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries comprise the manufacture and sale of packaging products, watch trading, as well as digital entertainment business.

2. BASIS OF PREPARATION

Suspension of trading in the shares of the Company

At the request of the Company, trading in its shares on the Stock Exchange has been suspended since 31 August 2010. Reference is made to the Company's public announcement ("announcement") dated 31 August 2010 in respect of suspension of trading (the "Suspension") in the shares of the Company and various announcements of the Company since the Suspension and up to the date of this result announcement, in particular, the announcements of the Company dated 13 September 2010, 7 October 2010, 6 December 2010, and 7 March 2011 in relation to the background leading to the Suspension of the trading in the shares of the Company on the Stock Exchange and the investigation conducted by the Independent Commission Against Corruption ("ICAC").

At the latest annual general meeting of the Company held on 6 April 2011, resolutions were passed by the shareholders of the Company to appoint Mr. Sneah Kar Loon, Mr. Lai Hock Meng, Mr. Law Chiu William, Dato Myhre Carl Gunnar, Mr. Balakrishnan Narayanan, Mr. Yong Peng Tak, Dato Lim Kim Wah (also known as Dato Lim Sze Guan), Mr. Io Rudy Cheok Kei and Mr. Ng Kwok Lun as directors of the Company. The board of Directors (the "Board") resolved to suspend the authorities and duties of Mr. Cheng Chee Tock, Theodore ("Mr. Cheng") as a director and all other position he may have in the Company and/or any of its subsidiaries and/or associates with effect from 8 April 2011, in view of Mr. Cheng's involvement in certain regulatory investigation/prosecution by relevant authorities (including but not limited to ICAC) and possible beaches of fiduciary duties until further determined by the Board.

2. BASIS OF PREPARATION (Continued)

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

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

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

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

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

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

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

The Company is in the progress of fulfilling the request of the Stock Exchange and will inform the public when there is any material development on the resumption process and the progress of the ICAC case.

Limited access to accounting books and records

Pursuant to the Company's announcement dated 16 June 2011, the Board noted that the company seals, chops, documents, accounting books and records of the Company's certain PRC subsidiaries (the "PRC Subsidiaries") were not in the possession or custody by the respective companies. Although relevant directors' and shareholders' resolutions had been passed by the Group's off-shore holding companies of the PRC Subsidiaries to change the legal representatives of the PRC Subsidiaries, the changes had not yet been effected as the corporate chops and documents were missing and the former legal representatives (including but not limited to Mr. Cheng) of those companies were not co-operative. As the missing of the corporate chops and documents affected the daily operation of the PRC Subsidiaries, the Company has engaged legal advisers in the PRC to assist the Company to take appropriate actions to repossess the full management control over the PRC Subsidiaries as soon as practicable.

2. BASIS OF PREPARATION (Continued)

Limited access to accounting books and records (Continued)

The consolidated financial statements have been prepared based on the accounting books and records maintained by the Company and its subsidiaries. In view of the circumstances as described in the preceding paragraph, the Directors have been unable to obtain the complete set of accounting books and records in respect of certain of the Company's PRC Subsidiaries ("these Subsidiaries") for the year ended 31 March 2011. Particularly, the names of these Subsidiaries are set out below:

(1) Hainan Treasure Way Enterprises Limited

(2) 海南佳瀛網絡科技有限公司 (Hainan Jiaying Internet Technology Company Limited*)

(3) Suzhou C Y Foundation Entertainment and Investment Management Limited

(4) CYC Investment Consultancy (Wuxi) Limited

(5) 龍品投資諮詢(上海)有限公司 (Longpin Investment Consultancy (Shanghai) Company Limited*)

(6) 上海巨豐網絡科技有限公司 (Shanghai Jufeng Internet Technology Company Limited*)

(7) 上海基豐投資管理有限公司 (Shanghai Jifeng Investment Management Company Limited*)

* The English names are for identification only

Due to the insufficiency of supporting documentation and explanations, the Directors were unable to ascertain whether the income, expenses, assets, liabilities and the related disclosure notes relating to these Subsidiaries, as included in the consolidated financial statements of the Group as stated below, have been accurately recorded and properly accounted for in the consolidated financial statements:

	HK$'000
Income and expenses for the year ended 31 March 2011:	
Turnover	8
Cost of sales	(29)
Other income	709
Administrative expenses	(29,315)
Exchange losses	(521)
Impairment of various assets	(36,748)
Property, plant and equipment written off	(6,410)
Loss for the year	(72,306)

	HK$'000
Assets and liabilities as at 31 March 2011:	
Trade and other payables	1,423

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2010. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below:

(a) Classification of land leases

Amendments to HKAS 17 "Leases" deleted the guidance in HKAS 17 that when the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term.

The Group reclassifies a land lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership to the Group e.g. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the land.

Amendments to HKAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in these financial statements as follows:

	At 31 March 2011	At 31 March 2010	At 1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase in property, plant and equipment	**23,158**	71,873	72,925
Decrease in prepaid land lease payments	**(23,158)**	(71,873)	(72,925)

The retrospective application of the amendments to HKAS 17 has resulted in the restatement of items in the consolidated statements of financial position as at 31 March 2010 and 1 April 2009. The related explanatory notes affected by the amendments have been re-presented in these financial statements to comply with the new requirements.

(b) Changes in accounting policies

In November 2010 the HKICPA issued Hong Kong Interpretation 5 "Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" (the "Interpretation"). The Interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 "Presentation of Financial Statements". It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

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

(b) Changes in accounting policies (Continued)

In order to comply with the requirements of the Interpretation, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new requirement, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The requirement of the Interpretation has been applied retrospectively by re-presenting the comparative figures in the consolidated statements of financial position as at 31 March 2010 and 1 April 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented. The related term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

Effect of the adoption of the Interpretation on the consolidated statement of financial position:

	At 31 March 2011	At 31 March 2010	At 1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
Reclassification of bank borrowings:			
– Increase in current liabilities	5,305	38,708	34,556
– Decrease in non-current liabilities	(5,305)	(38,708)	(34,556)

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

4. SEGMENT INFORMATION

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

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

4. **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							
	Digital entertainment business		Packaging products business		Watch business		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER:								
Revenue from external customers	**1,063**	2,631	**143,348**	103,857	**664**	10,661	**145,075**	117,149
RESULTS:								
Segment profit/(loss)	**(90,206)**	(77,609)	**(25,644)**	8,211	**(10,932)**	1,577	**(126,782)**	(67,821)
Interest income							**2,779**	2,957
Change in fair value of derivative financial instruments *							**(1,388)**	1,342
Change in fair value of investment properties							**36,080**	13,035
Change in fair value of convertible notes receivables							**(61,612)**	6,042
Exchange gain							**1,521**	12,751
(Loss)/gain on disposal derivative financial instruments *							**(1,557)**	739
Gain on disposal of subsidiaries							**–**	1,624
Impairment of other receivables							**–**	(3,000)
Impairment of interests in associates							**(12,915)**	(4,004)
Impairment of loans to non-controlling shareholders of a subsidiary							**(2,133)**	(4,197)
Reversal of impairment loss on other receivables							**581**	5,330
Waiver of other payables							**1,092**	1,168
Share of results of associates							**(12,118)**	35
Unallocated income							**19,652**	7,601
Unallocated corporate expenses							**(136,022)**	(52,109)
Finance costs							**(989)**	(1,610)
							(293,811)	(80,117)

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

4. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

There are no sales between the reportable segments for both years ended 31 March 2011 and 2010.

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

4. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

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

	At 31 March							
	Digital entertainment business		Packaging products business		Watch business		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS:								
Segment assets	**136,283**	98,596	**127,793**	159,114	**815**	4,116	**264,891**	261,826
Interests in associates							**–**	25,033
Convertible note receivables at fair value through profit or loss							**–**	61,612
Derivative financial instruments							**–**	1,342
Due from a related party							**1,185**	20
Held-to-maturity investment							**2,000**	2,000
Current tax assets							**295**	214
Pledged bank deposits							**2,428**	22,050
Bank and cash balances							**36,638**	105,462
Unallocated corporate assets							**8,492**	147,477
							315,929	627,036
LIABILITIES:								
Segment liabilities	**4,177**	4,329	**17,904**	15,390	**1,237**	2,730	**23,318**	22,449
Derivative financial instruments							**46**	–
Due to directors							**–**	39
Due to related companies							**–**	15
Finance lease payables							**–**	414
Bank borrowings							**6,180**	43,556
Deferred tax liabilities							**14,929**	3,809
Unallocated corporate liabilities							**14,267**	7,586
							58,740	77,868

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

– all assets are allocated to reportable segments other than interests in associates, convertible note receivables at fair value through profit or loss, derivative financial instruments, amount due from a related party, held-to-maturity investment, current tax assets, pledged bank deposits, and bank and cash balances; and

4. **SEGMENT INFORMATION (Continued)**

(b) Segment assets and liabilities (Continued)

– all liabilities are allocated to reportable segments other than amounts due to directors and related companies, finance lease payables, bank borrowings, and deferred tax liabilities.

(c) Geographical information

The Group's operations are located in Hong Kong and the PRC.

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

Turnover by geographical market

	2011	2010
	HK$'000	*HK$'000*
Brazil	**5,873**	–
Canada	**1,183**	906
The PRC (excluding HK)	**4,207**	4,166
England	**12,436**	9,458
Germany	**48,917**	42,495
Hong Kong	**24,667**	27,995
Italy	**16,223**	17,276
Singapore	**9,365**	917
United States of America	**8,880**	3,168
Other countries	**13,324**	10,768
	145,075	117,149

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
The PRC	**140,118**	149,303
Hong Kong	**70,140**	72,976
	210,258	222,279

Revenue from two (2010: one) customer(s) of the Group's packaging products business segment contributing over 10% of the total revenue of the Group represents approximately HK$47,893,000 (2010: HK$31,681,000) of the Group's total revenue.

4. SEGMENT INFORMATION (Continued)

(d) Other segment information

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

	For the year ended 31 March									
	Digital entertainment business		Packaging products business		Watch business		Unallocated		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**11,334**	3,918	**3,313**	582	**–**	–	**–**	25,671	**14,647**	30,171
Amortisation of intangible assets	**2,025**	1,788	**–**	–	**–**	–	**–**	–	**2,025**	1,788
Depreciation of property, plant and equipment	**4,903**	7,263	**2,879**	2,908	**–**	18	**3,445**	4,620	**11,227**	14,809
Impairment of goodwill	**–**	5,868	**45,349**	–	**–**	–	**–**	–	**45,349**	5,868
Impairment of intangible assets	**18,063**	13,954	**–**	–	**–**	–	**–**	–	**18,063**	13,954
Impairment of inventories	**467**	–	**–**	–	**8,795**	–	**–**	–	**9,262**	–
(Gain)/loss on disposal of property, plant and equipment	**(18,275)**	568	**(673)**	–	**–**	–	**–**	–	**(18,948)**	568
Property, plant and equipment written off	**6,223**	11,049	**89**	69	**–**	–	**3,908**	–	**10,220**	11,118
Inventories written off	**–**	–	**119**	114	**–**	–	**–**	–	**119**	114

5. TURNOVER AND OTHER INCOME

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

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

	2011	2010
	HK$'000	*HK$'000*
Turnover:		
Digital entertainment business	**1,063**	2,631
Manufacture and sale of packaging products	**143,348**	103,857
Trading of watches	**664**	10,661
	145,075	117,149
Other income:		
Change in fair value of derivative financial instruments	**–**	1,342
Gain on disposal of subsidiaries	**–**	1,624
Gain on disposal of derivative financial instruments	**–**	739
Gain on disposal of property, plant and equipment	**18,948**	–
Interest income	**2,779**	2,957
Reversal of impairment loss on other receivables	**581**	5,330
Rental income (note)	**6,252**	5,748
Sundry income	**705**	1,853
Waiver of other payables	**1,092**	1,168
	30,357	20,761

	2011	2010
	HK$'000	*HK$'000*
Note to rental income:		
Gross rental income	**6,252**	5,748
Less: outgoings	**(831)**	(784)
Net rental income	**5,421**	4,964

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
– Bank borrowings	**924**	1,497
– Imputed interest on convertible loan notes	**–**	56
– Finance lease payables	**65**	57
	989	1,610

7. INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– current	**714**	665
– (over)/under-provision	**(246)**	239
	468	904
PRC Enterprise Income Tax – current	**6**	16
Deferred tax	**10,075**	2,509
	10,549	3,429

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2011 and 2010. 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.

7. INCOME TAX (Continued)

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:

	2011	2010
	HK$'000	*HK$'000*
Loss before tax:	**(293,811)**	(80,117)
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**(48,479)**	(13,219)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,875)**	(2,136)
(Over)/under-provision of income tax in prior years	**(246)**	239
Tax effect of income not taxable	**(6,158)**	(3,772)
Tax effect of expenses not deductible	**62,737**	16,244
Tax effect of deductible temporary differences not recognised	**–**	5,779
Tax effect of taxes losses not recognised	**6,570**	1,956
Utilisation of tax losses previously not recognised	**–**	(330)
Utilisation of other deductible temporary difference not recognised	**–**	(1,332)
Tax at the Group's effective rate	**10,549**	3,429

8. LOSS FOR THE YEAR

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

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**89,793**	70,831
Inventories written off (included in cost of sales)	**119**	114
Depreciation of property, plant and equipment	**11,227**	14,809
Amortisation of intangible assets	**2,025**	1,788
(Gain)/loss on disposal of property, plant and equipment	**(18,948)**	568
Property, plant and equipment written off	**10,220**	11,118
Operating lease rentals in respect of land and buildings	**9,545**	10,900
Auditors' remuneration		
– Current year	**1,013**	1,701
– Under-provision in prior years	**–**	85
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	**69,846**	65,294
Equity-settled share-based payment	**134**	65
Pension scheme contributions	**1,634**	1,648
Total staff costs	**71,614**	67,007
Provision against various assets:		
Impairment of intangible assets	**18,063**	13,954
Impairment of goodwill	**45,349**	5,868
Impairment of interests in associates	**12,915**	4,004
Impairment of inventories	**9,262**	–
Impairment of other receivables deposits and prepayments	**51,677**	3,000
Impairment of deposit paid for acquisition of property, plant and equipment	**24,612**	–
Impairment of loans to non-controlling shareholders of a subsidiary	**2,133**	4,197
Total impairment of various assets	**164,011**	31,023

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the loss per share is based on the loss attributable to owners of the Company of approximately HK$302,972,000 (2010: HK$78,594,000) and the weighted average number of 6,968,711,000 (2010: 6,427,998,000) ordinary shares in issue during the year.

(b) Diluted loss per share

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

10. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2011 and 2010.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**22,772**	23,768
Other receivables	**13,074**	30,709
Less: Impairment loss	**(12,223)**	(23,352)
	851	7,357
Deposits and prepayments	**21,578**	15,302
Deposit paid for acquisition of convertible note receivable	**–**	12,000
Deposits paid for game software development and licenses	**30,000**	–
	51,578	27,302
Less: Impairment loss	**(41,872)**	–
	9,706	27,302
	33,329	58,427

11. TRADE AND OTHER RECEIVABLES (Continued)

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

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

	2011	2010
	HK$'000	*HK$'000*
Within 60 days	**15,081**	11,811
61-90 days	**2,750**	3,817
91-180 days	**4,406**	5,154
181-365 days	**496**	2,764
Over 365 days	**39**	222
	22,772	23,768

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

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**15,796**	15,563
Less than 60 days past due	**3,705**	1,877
61 to 90 days past due	**1,895**	2,861
91 to 180 days past due	**1,338**	2,121
Over 180 days past due	**38**	1,346
	22,772	23,768

Trade receivables that were neither past due nor impaired 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.

11. TRADE AND OTHER RECEIVABLES (Continued)

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

	2011	2010
	HK$'000	*HK$'000*
At 1 April	**23,352**	29,462
Exchange realignment	**882**	144
Disposal of subsidiaries	**–**	(3,924)
Written off against other receivables	**(21,235)**	–
Provided during the year	**51,677**	3,000
Reversal during the year	**(581)**	(5,330)
At 31 March	**54,095**	23,352

Included in the impairment loss of other receivables, deposits and prepayments are individually impaired other receivables and deposits with an aggregate balance of approximately HK$54,095,000 (2010: HK$23,352,000) which are due to long outstanding and/or default of payment. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against deposits and receivables when there was no expectation of recovering any amount.

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

	2011	2010
	HK$'000	*HK$'000*
EUR	**15,344**	16,378
RMB	**1,849**	6,688
US$	**3,629**	2,492
GBP	**934**	705
HK$	**11,573**	32,164
	33,329	58,427

12. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**9,493**	8,663
Accrued expenses and other payables	**28,092**	21,372
	37,585	30,035

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

	2011	2010
	HK$'000	*HK$'000*
Within 60 days	**7,707**	6,145
61 to 90 days	**7**	613
91 to 180 days	**15**	545
181-365 days	**90**	443
Over 365 days	**1,674**	917
	9,493	8,663

(b) The average credit period on purchase of goods is ranged from 30 to 90 days (2010: 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

(c) Included in accrued expenses and other payables are amounts in total of approximately HK$1,103,000 (2010: HK$1,541,000) representing accrued directors' fees payable to the Company's directors at the end of the reporting period.

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

	2011	2010
	HK$'000	*HK$'000*
RMB	**18,033**	5,096
HK$	**15,388**	24,343
Others	**4,164**	596
	37,585	30,035

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Company's auditor has qualified the report on the Group's consolidated financial statements for the year ended 31 March 2011, an extract of which is as follow:

BASIS FOR QUALIFIED OPINION

1. **Opening balances and corresponding figures**

   The consolidated financial statements of the Company for the year ended 31 March 2010 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. There were no satisfactory audit procedures for us to ascertain the existence, accuracy, presentation and completeness of the opening balances and corresponding figures as shown in the current year's consolidated financial statements.

2. **Change in fair value of convertible note receivables, impairment of various assets, write-off of property, plant and equipment and share of loss of associates recognised in the current year**

   Included in the consolidated financial statements are the amounts in respect of the change in fair value of convertible note receivables of approximately HK$61,612,000, impairment of various assets of approximately HK$63,047,000, write-off of property, plant and equipment of approximately HK$6,410,000 and share of loss of associates of approximately HK$12,118,000 (collectively "these amounts") recognised in consolidated profit or loss for the year ended 31 March 2011. In view of the circumstances as further described in other points as included in the basis of qualified opinion section of this report, we were unable to obtain sufficient evidence to ascertain whether these amounts should be accounted for and reported in the current year or prior years.

3. **Limited access to accounting books and records**

   The consolidated financial statements have been prepared based on the accounting books and records maintained by the Group. However, as further explained in note 2 to the consolidated financial statements, the Directors have been unable to obtain the complete set of accounting books and records in respect of certain of the Company's wholly-owned subsidiaries located in the People's Republic of China (collectively "these Subsidiaries") for the year ended 31 March 2011.

   Due to the insufficiency of supporting documentation and explanations, we were unable to carry out audit procedures to satisfy ourselves as to whether the loss of approximately HK$72,306,000 for the year ended 31 March 2011 and net liabilities of approximately HK$1,423,000 as at that date, and the related disclosure notes in relation to these Subsidiaries, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements. We were also unable to obtain sufficient reliable evidence to satisfy ourselves as to whether the Group has any significant contingent liabilities and commitments as at 31 March 2011 in respect of these Subsidiaries that need to be adjusted for or disclosed in the consolidated financial statements.

BASIS FOR QUALIFIED OPINION (Continued)

Any adjustments to the figures relating to points 1 to 3 above might have significant consequential effects on the Group's results and cash flows for the two years ended 31 March 2010 and 2011 and the financial position of the Group as at 31 March 2010, and the related disclosures thereof in the consolidated financial statements.

Any adjustments to the figures relating to point 3 above might also have significant consequential effects on the financial position of the Group as at 31 March 2011, and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the effects of the matters as described in the basis for qualified opinion paragraphs above, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2011, and of its results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without further qualifying our opinion, we draw attention to the disclosures made in note 39 to the consolidated financial statements concerning the possible outcome of various legal proceedings initiated by the Company, its subsidiaries and its controlling shareholder against certain directors of the Company (the "Defendant Directors"), mainly alleging that the Defendant Directors had breached their fiduciary duties in relation to various transactions entered into by the Group. In the opinion of the Directors, the Defendant Directors had retired or had the duties in the Group suspended, and the aforesaid legal proceedings would not have significant detrimental impact on the financial position and operations of the Group.

BUSINESS REVIEW AND OUTLOOK

Business Review

During the year, the Company's principal activity continued to be investment holding whilst its major subsidiary was mainly engaged in manufacturing and sales of packaging products.

The management is working aggressively on the resumption of trading of the company stocks on the Stock Exchange. If the resumption is successful, the Group will consider acquiring additional capital to strengthen its financial base.

Other than its existing core business, the management will continue put its best effort to explore new businesses to enhance value of the Group; to keep operating expenses at the minimum level and to maintain resources for future developments.

FINANCIAL REVIEW

Result

For the financial year ended 31 March 2011, the Group's revenue increased by 23.8% to approximately HK$145,075,000 (2010: HK$117,149,000). The increase in revenue for the year ended 31 March 2011 was mainly to the growth in business volume of the packaging product business.

During the year, the Group reported a loss attributable to owners of the Company of approximately HK$302,972,000, which was significant larger than last year's net loss of approximately HK$78,594,000.

The significant increase in loss of the Group for financial year ended 31 March 2011 was mainly attributable to change in fair value of convertible note receivables and impairment on various assets and investments.

Pledge of asset

As at 31 March 2011, the leasehold land and building of the Group with carrying amounts of approximately HK$13.5 million were pledged to secure for bank loans of the Group. In addition, the Group's banking facilities were secured by pledged bank deposits and held-to-maturity investment of approximately HK$2.4 million and HK$2 million respectively.

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.

Capital and other commitment (Continued)

(a) Commitments under operating leases (Continued)

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:

	2011	2010
	HK$'000	*HK$'000*
Within one year	**5,759**	4,867
In the second to fifth years, inclusive	**4,138**	1,299
	9,897	6,166

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 ten years (2010: 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:

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

	2011	2010
	HK$'000	*HK$'000*
Within one year	**10,477**	5,739
In the second to fifth years, inclusive	**24,500**	7,520
Over five years	**1,131**	–
	36,108	13,259

(b) Capital commitments

	2011	2010
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**–**	319
– Acquisition of intangible asset	**–**	432
	–	751

Capital and other commitment (Continued)

(c) Other commitments in respect of licensing payments

At 31 March 2010, the licensing arrangement is contracted for a term up of three years. Pursuant to the licensing arrangement, subject to the condition of obtaining certain online game licenses, the Group has to pay the licensor, a non-refundable minimum guarantee in the total sum of US$5,000,000, payable by three annual installments. As the respective condition of obtaining the online game licenses had not been fulfilled during the year, there were no corresponding commitments outstanding at the end of reporting period.

Contingent liabilities

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2010: Nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's corporate development, changes of the Company's directors, litigations involved, and details of which are stated in the consolidated financial statements and the related public announcements of the Company.

LITIGATIONS

(a) The Company and Billion Cosmos Investment Limited ("Billion Cosmos"), as plaintiffs

On 29 October 2008, Billion Cosmos (a wholly-owned subsidiary of the Company) as purchaser and Weike(S) Pte Limited ("Weike", a company owned as to 50% equity interest by Mr. Poh Po Lian ("Mr. Poh"), the then director and a controlling shareholder of the Company) as vendor, entered into an agreement relating to acquisition of gaming machines from Weike (collectively "Weike Machines") at the total consideration of HK$9,893,000.

On 13 June 2010, the Weike Machines were confiscated by the public security bureau of Shanghai for not having obtained the endorsement of the Shanghai Municipal Administration of Culture Radio Film & TV. Pursuant to the Agreement, the vendor is responsible for obtaining the endorsement. A wholly-owned subsidiary of the Company thereby instructed lawyers to submit to Shanghai No.2 Intermediate People's Court (the "Court") a claim ("Claim") against the vendor, in which the subsidiary sought orders for (i) refund of RMB 8,704,851 (being the full consideration in RMB for the purchase of the Weike Machines), (ii) damages of amount provisionally assessed at RMB5,000,000, (iii) vendor's delivery to the subsidiary materials in relation to the Weike Machines in respect of customs, commodity inspection and tax, and (iv) all costs of the claim to be borne by the vendor. On 26 July 2010, the Court issued to the subsidiary a notice of acceptance of lawsuit confirming its acceptance of the filing of the Claim.

LITIGATIONS (Continued)

(a) The Company and Billion Cosmos Investment Limited ("Billion Cosmos"), as plaintiffs (Continued)

On 7 March 2011, a writ of summons was issued in the Court of First Instance at the High Court of Hong Kong ("Court of First Instance") by the Company as 1st plaintiff and Billion Cosmos as 2nd plaintiff claiming against Weike as 1st defendant and Mr. Poh as 2nd defendant for, inter alia, breach of the Agreement and breach of director's duties owed by Mr. Poh towards the Company. The plaintiffs' claim against the defendants for the (i) the refund of HK$9,893,000 being the full purchase price of the Weike Machines; (ii) indemnity pursuant from Clause 7.1 of the Agreement; (iii) interest, cost and further or other relief. Details of this litigation were disclosed in the announcements of the Company dated 29 October 2008, 28 June 2010, 4 August 2010 and 10 March 2011.

(b) Luck Continent against Mr. Cheng and the Company

On 26 January 2011, being the returnable date of the summons issued by Luck Continent on 19 January 2011, the High Court of Hong Kong (the "High Court") granted an interim injunction order ("Interim Injunction Order") against the Company in respect of the summons. The Interim Injunction Order provides, among other things, that:

(1) until further order, Mr. Cheng and the Company, whether by himself or itself (as the case may be), its agents, servants or otherwise howsoever, be restrained from procuring or taking any steps to procure T-Matrix to:

   (i) dispose, assign, charge or otherwise deal with the property situate at 16th Floor, Bright China Chang An Property, No 7 Jian Guo Men Nei Da Jie, Beijing, PRC;

   (ii) act pursuant to, or otherwise carry out the matters contained in, the shareholder's resolutions of T-Matrix purportedly dated 15 December 2010, which is in relation to setting up of a Beijing branch company for T-Matrix; and

   (iii) take any further steps or enter into or perfect (including affixing a statutory chop on) the agreements or draft agreements in relation to T-Matrix for, inter alia, outsourcing the business of T-Matrix and use of property; and

LITIGATIONS (Continued)

(b) Luck Continent against Mr. Cheng and the Company (Continued)

(2) until further order, the Company, whether by itself, its agents, servant or otherwise howsoever, be restrained from acting pursuant to, or otherwise carrying out the matters contained in, the directors' resolution of the Company dated 8 July 2010 in respect of what was referred to as" Project T-Matrix".

The Interim Injunction Order was granted an undertaking as to damages by Luck Continent. Counsel for Luck Continent represented to the High Court of Hong Kong that:

(i) Luck Continent's shareholding in the Company is currently unencumbered.

(ii) Luck Continent shall give reasonable notice to the Company of its intention, if any, to encumber its shareholding in the Company in future.

Further details of which were disclosed in the announcement of the Company dated 27 January 2011.

(c) The Company against Mr. Cheng, Ms. Yung and others

In connection with the payment in the sum of HK$9,306,500 (the "Payment") made to Ms. Yung, the wife of Mr. Cheng and a former employee of the Company, purportedly for legal fees and expenses incurred by Mr. Cheng and Ms. Yung in relation to (i) the investigation conducted by the ICAC ("ICAC Investigation"), details to which were disclosed in the announcements of the Company dated 13 September 2010, 7 October 2010 and 7 March 2011; and (ii) petition under section 168A of the Hong Kong Companies Ordinance ("S168A Action"), details of which were disclosed in the announcements of the Company dated 21 April 2010, 24 January 2011 and 27 January 2011. 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 against Mr. Cheng, Ms. Yung, Mr. Ng Pui Lung (a former Director), Mr. Wang Shanchuan (a former Director) and Mr. Ho Chi Chung Joseph ("Joseph Ho", a former Director and the former acting chief executive officer of the Group) for, amongst other things, the following declarations and orders:

(1) a declaration that the board resolution of the Company in relation to the approval of reimbursement of the Payment to Mr. Cheng and Ms. Yung is void and of no effect (the" Board Resolution");

(2) a declaration that Mr. Cheng and/or Ms. Yung hold any sums paid by the Company to them pursuant to the Board Resolution, including but not limited to the sum of HK$9,306,500 on constructive trust for the Company; and

LITIGATIONS (Continued)

(c) The Company against Mr. Cheng, Ms. Yung and others (Continued)

(3) an order that Mr. Cheng and/or Ms. Yung do repay (i) any sums paid or reimbursed by the Company to them, or on their behalf, pursuant to the Board Resolution, including but not limited to the Payment; (ii) any sums paid or reimbursed by the Company to or on behalf of Mr. Cheng and Ms. Yung, and various companies being respondents under the S168A Action in relation to the legal fees and expenses incurred by them in the S168A Action; and (iii) any sums paid by the Company to or on behalf of Mr. Cheng and/or Ms. Yung in relation to the legal fees and expenses incurred by them in, amongst other things, the ICAC Investigation.

Further details of this litigation were disclosed in the announcement of the Company dated 18 April 2011.

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

On 5 May 2011, the Company and Highsharp, a wholly-owned subsidiary of the Company, as Plaintiffs, issued a writ of summons in the Court of First Instance against, among others, Mr. Cheng, Ms. Yung, the personal representatives of Mr. Kok Teng Nam (also known as Kenny Nam), deceased, Mr. Philip Yu and Agustus Investments Limited (collectively referred to as the "Defendants") in relation to (i) the sale of shares in Sino Joy Holdings Limited, the corporate vehicle holding the 17th Floor, Silver Base Centre, No. 200 Gloucester Road, Hong Kong (the "17th Floor Property") by China Entertainment Holdings Limited to Mansion Gains Holdings Limited ("Mansion Gains") in or around June 2007; and (ii) the acquisition by Highsharp of the shares in Mansion Gains, which indirectly held the 17th Floor Property (the "Transaction"), the details of the Transaction and the claims against the defendants were disclosed in the announcements of the Company dated 9 October 2007 and 11 May 2011, respectively.

(e) 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 Court of First Instance against Best Max Holdings Limited ("Best Max"), Mr. Lo Chun Cheong (also known as Ronald Lo) (sole director and registered shareholder of Best Max) ("Ronald Lo"), Mr. Cheng, Joseph Ho and Mr. Yeung Tak Hung Arthur ("Arthur Yeung", the former Chief Operating Officer of the Group) in relation to (i) the Subscription Agreement dated 3 December 2008 made between Ace Precise and Best Max for the subscription of the HK$12,000,000 zero coupon convertible bond due on 2 December 2010 issued by Best Max to Ace Precise; (ii) the guarantee and indemnity in respect of the obligations of Best Max dated 3 December 2008 executed by Ronald Lo as guarantor in favour of Ace Precise; (iii) the deed of release for the guarantee dated 18 June 2010 purportedly executed by Mr. Cheng on behalf of Ace Precise; and (iv) the conversion notice(s) dated 1 April 2011 purportedly executed by Joseph Ho on behalf of Ace Precise. The details of the claims against the defendants were disclosed in the announcement of the Company dated 11 May 2011.

LITIGATIONS (Continued)

(f) Subsidiaries of the Company against Mr. Cheng

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

(1) an order for the delivery up to the Company of the personnel files relating to Mr. Cheng and other documents and things of the Company wrongfully detained or removed by him;

(2) orders for the delivery up to Treasure Way, Jiaying, Suzhou C Y Foundation, CYC Wuxi or Longpin (as appropriate) their respective seals, chops, documents, records and other things wrongfully detained or removed by Mr. Cheng;

(3) an order that Mr. Cheng do sign all documents, do all things and take all steps necessary for the appointment of designated person(s) to take up the offices, titles and/or positions held by Mr. Cheng in Treasure Way, Jiaying, Suzhou C Y Foundation, CYC Wuxi and Longpin in the place and stead of Mr. Cheng, and for obtaining all necessary approvals of the governmental departments and authorities in China for the change of the said offices, titles and/or positions; and

(4) damages for breach of Mr. Cheng's duties as the agent of the Company, CYC Investments and/or Sincere Land.

Further details of this litigation were disclosed in the announcement of the Company dated 11 June 2011.

(g) 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, Joseph Ho, Arthur Yeung, Ms Kwok Pui Hung ("Stella Kwok", a former director of human resources of the Group), Mr. Tsang Heung Yip ("Wallace Tsang", a former financial controller of the Group) and other 6 former employees (collectively referred to as the "Defendants") in respect of various claims relating to the sums totalling HK$6,077,100, together with the related interests, costs and further and/or other relief, caused, procured and/or permitted by Mr. Cheng, Ms. Yung, Joseph Ho, Arthur Yung, Stella Kwok and/or Wallace Tsang, without any or proper authority or authorisation of the Plaintiff and in breach of their respective duties to the Plaintiff, to be paid or Arthur Yeung, Stella Kwok and Wallance Tsang themselves and other 6 employees in around late March 2011 under the guise or pretence of special bonuses to the recipients.

LITIGATIONS (Continued)

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

Ms. Yung and Kingbox (Asia) Limited ("Kingbox") (a wholly-owned subsidiary of the Company) entered into supplemental agreement dated 4 January 2010 (the "Supplemental Agreement") which provides that Kingbox would pay to Ms. Yung upon her termination of employment a remunerative payment which equaled her annual salary income multiplied by two years (the total amount should not exceed 28 months' salary). The amount payable pursuant to the Supplemental Agreement is approximately HK$2,520,000. Ms. Yung has tendered her resignation on 8 April 2011 with a six month notice and subsequently furnished an early termination notice on 22 May 2011.

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. The relief sought in the High Court Action for (i) a declaration that the Supplemental Agreement was null and void and/or did not constitute a valid, binding and/or enforceable contract between the Plaintiff and the Defendant; (ii) further or in the alternative, an order that the Supplemental Agreement be annulled and/or set aside; (iii) costs and (iv) further and/or other relief.

Further details of this proceeding were disclosed in the announcement of the Company dated 26 August 2011.

EMPLOYEE INFORMATION

At the end of the financial year under review, the Group employed 1,963 permanent employees, including 64 employees in Hong Kong and 1,899 in the PRC. The Group continued to review the remuneration packages of employees with reference to the level and composition of pay, general market condition and individual performance. Staff benefits include contribution to Mandatory Provident Fund Scheme and discretionary bonus, share option scheme, medical allowance and hospitalization scheme and housing allowance.

CORPORATE GOVERNANCE

The Board adopted a set of corporate governance principles ("CG Principles") which aligns with or is more restrictive than all requirements set out in the Code on Corporate Governance Practices ("CG Code") and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules. The Board had made specific written enquiry to each executive Director and independent non-executive Director ("INED") in respect of the due compliance of the rules and principles relevant to the Model Code.

CORPORATE GOVERNANCE (Continued)

The Company had duly complied with the CG Principles throughout the Year under Review with except for the deviations summarized as follows:

CG Code

A.3	Each INED must provide an annual confirmation of his independence to the listed issuer.	–	The Company has sent a letter to each of the three INEDs requesting for the written annual confirmation but one of them has not replied. However, the Company has stated in the said letter that it will assume that the INED confirms his annual independence during the Year under review if no such written confirmation is received by a specified deadline.

The Company's Audit Committee is composed of three INEDs. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls. The written terms of reference which describes the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The Audit Committee has discussed auditing, internal controls and financial reporting matters including the annual consolidated results of the Group for the year ended 31 March 2011.

REVIEW OF RESULTS

The above consolidated financial statements have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the year ended 31 March 2011 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, 31 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. SNEAH Kar Loon, Dato LIM Kim Wah (also known as "Dato LIM Sze Guan") and Mr. CHENG Chee Tock Theodore (duty suspended), the non-executive Directors are Mr. WOELM Samuel, Mr. IO Rudy Cheok Kei and Mr. NG Kwok Lun, the independent non-executive Directors are Mr. LAI Hock Meng, Mr. LAW Chiu William, Dato MYHRE Carl Gunnar, Mr. BALAKRISHNAN Narayanan and Mr. YONG Peng Tak.