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## **C Y FOUNDATION GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1182)

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015**

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 2015 together with the comparative figures for the preceding financial year are as follows:

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

*FOR THE YEAR ENDED 31 MARCH 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	4	<b>180,022</b>	81,603
Cost of sales		<b>(131,575)</b>	(64,213)
Gross profit		<b>48,447</b>	17,390
Other income	4	<b>11,073</b>	24,006
Selling and distribution costs		<b>(6,082)</b>	(2,446)
Operating, administrative and other expenses		<b>(91,812)</b>	(51,983)
<b>Loss from operations</b>		<b>(38,374)</b>	(13,033)
Impairment of goodwill		<b>(10,819)</b>	–
Impairment of inventories		<b>(222)</b>	(931)
Property, plant and equipment written off		<b>(9)</b>	(99)
Settlement sum in respect of a legal proceeding		<b>8,890</b>	–
Loss on dissolution of a subsidiary		<b>–</b>	(739)
Finance costs	5	<b>(7,461)</b>	(4,915)
<b>Loss before tax</b>		<b>(47,995)</b>	(19,717)
Income tax	6	<b>676</b>	262
<b>Loss for the year from continuing operations</b>		<b>(47,319)</b>	(19,455)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations		<b>–</b>	6,690
<b>Loss for the year</b>	7	<b>(47,319)</b>	(12,765)

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

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>56</b>	2,677
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		<u>–</u>	<u>(30,713)</u>
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<u><b>56</b></u>	<u>(28,036)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(47,263)</b></u>	<u>(40,801)</u>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company			
From continuing operations		<b>(47,319)</b>	(19,455)
From discontinued operations		<u>–</u>	<u>7,696</u>
Loss attributable to owners of the Company		<b>(47,319)</b>	(11,759)
Non-controlling interests			
From discontinued operations		<u>–</u>	<u>(1,006)</u>
		<u><b>(47,319)</b></u>	<u>(12,765)</u>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		<b>(47,263)</b>	(39,812)
Non-controlling interests		<u>–</u>	<u>(989)</u>
		<u><b>(47,263)</b></u>	<u>(40,801)</u>
<b>(Loss)/earnings per share (HK cents per share)</b>			
<i>Basic (loss)/earnings per share</i>			
From continuing operations	<i>9</i>	<b>(4.30)</b>	(1.85)
From discontinued operations	<i>9</i>	<u>–</u>	<u>0.73</u>
From continuing and discontinued operations		<u><b>(4.30)</b></u>	<u>(1.12)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>57,817</b>	76,865
Intangible assets	<i>10</i>	<b>41,496</b>	47,168
Goodwill	<i>11</i>	<b>48,231</b>	59,050
		<u><b>147,544</b></u>	<u>183,083</u>
<b>Current assets</b>			
Inventories		<b>4,669</b>	4,814
Trade and other receivables	<i>12</i>	<b>16,960</b>	23,207
Bank and cash balances		<b>73,650</b>	79,144
		<u><b>95,279</b></u>	<u>107,165</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>10,453</b>	20,720
Due to related companies		<b>18,717</b>	22,998
Convertible notes		<b>1,865</b>	2,070
		<u><b>31,035</b></u>	<u>45,788</u>
<b>Net current assets</b>		<u><b>64,244</b></u>	<u>61,377</u>
<b>Total assets less current liabilities</b>		<u><b>211,788</b></u>	<u>244,460</u>
<b>Non-current liabilities</b>			
Convertible notes		<b>50,456</b>	50,001
Deferred tax liabilities		<b>4,980</b>	5,660
		<u><b>55,436</b></u>	<u>55,661</u>
<b>NET ASSETS</b>		<u><b>156,352</b></u>	<u>188,799</u>
<b>Capital and reserves</b>			
Share capital		<b>11,051</b>	10,538
Reserves		<b>145,301</b>	178,261
<b>TOTAL EQUITY</b>		<u><b>156,352</b></u>	<u>188,799</u>

*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 provision of services on management of electronic gaming equipment in Macau and manufacturing of packaging products for luxury goods in the People’s Republic of China (the “PRC”). In prior year, the Group also engaged in property investment and digital entertainment business and these operations 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 2014. 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.

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:**

- Electronic gaming business – Provision of services on management of electronic gaming equipment in Macau
- Packaging products business – Manufacture of packaging products for luxury goods in the PRC

#### **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				
	Electronic gaming business		Packaging products business		Total		Digital Property entertainment			Total	
	2015	2014	2015	2014	2015	2014	investment	business	Total	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>REVENUE:</b>											
Revenue from external customers	132,881	33,945	47,141	47,658	180,022	81,603	5,794	667	6,461	180,022	88,064
<b>RESULTS:</b>											
Segment profit/(loss)	(21,588)	(9,655)	996	1,015	(20,592)	(8,640)	2,651	(1,909)	742	(20,592)	(7,898)
Interest income <sup>#</sup>										277	150
Gain on disposal of subsidiaries										-	8,263
Loss on dissolution of a subsidiary										-	(739)
Recovery of other receivables previously written off/ impaired <sup>#</sup>										-	15,600
Settlement sum in respect of a legal proceeding										8,890	-
Unallocated income										-	38
Unallocated corporate expenses										(29,109)	(23,520)
Finance costs										(7,461)	(4,915)
Loss before tax										(47,995)	(13,021)

<sup>#</sup> These items were included in other income.

There are no sales between the reportable segments for both years ended 31 March 2015 and 2014.

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, gain on disposal of subsidiaries, loss on dissolution of a subsidiary, recovery of other receivables previously written off/impaired, settlement sum in respect of a legal proceeding, 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				Total	
	Electronic gaming business		Packaging products business		2015	2014
	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS:</b>						
Segment assets	<u>150,551</u>	<u>183,152</u>	<u>13,041</u>	<u>14,161</u>	163,592	197,313
Bank and cash balances					73,650	79,144
Unallocated corporate assets					<u>5,581</u>	<u>13,791</u>
Total assets					<u>242,823</u>	<u>290,248</u>
<b>LIABILITIES:</b>						
Segment liabilities	<u>20,665</u>	<u>33,006</u>	<u>6,569</u>	<u>8,645</u>	27,234	41,651
Convertible notes					52,321	52,071
Deferred tax liabilities					<u>4,980</u>	<u>5,660</u>
Unallocated corporate liabilities					<u>1,936</u>	<u>2,067</u>
Total liabilities					<u>86,471</u>	<u>101,449</u>

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, 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 PRC.

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

#### Revenue by geographical market

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Macau	132,881	33,945
Germany	29,957	27,848
United States of America	4,256	1,122
United Kingdom	3,624	5,607
Hong Kong	3,344	6,725
South Africa	1,705	912
The PRC (excluding Hong Kong)	1,634	6,461
Italy	518	719
Switzerland	484	303
Other countries	1,619	4,422
Discontinued operations	—	(6,461)
	<u>180,022</u>	<u>81,603</u>

Revenue from one (2014: one) customer from the Group's packaging products business segment contributing over 10% of the total revenue of the Group represents approximately HK\$23,763,000 (2014: HK\$23,295,000) 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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	3,049	3,491
Hong Kong	504	738
Macau	143,991	178,854
	<u>147,544</u>	<u>183,083</u>

#### (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*					
	Electronic gaming business		Packaging products business		Total		Digital entertainment business		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2014	2015	2014	2015	2014	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Addition to non-current assets	1,337	44,509	662	2,266	1,999	46,775	3	55	245	2,054	47,023	
Amortisation of intangible assets	5,672	3,022	-	-	5,672	3,022	-	-	-	5,672	3,022	
Depreciation of property, plant and equipment	15,141	5,328	1,194	799	16,335	6,127	56	162	146	16,497	6,329	
Impairment of goodwill	10,819	-	-	-	10,819	-	-	-	-	10,819	-	
Impairment of inventories	-	-	222	931	222	931	-	-	-	222	931	
Recovery of other receivables previously written off/impairment	-	-	-	-	-	-	-	-	15,600	-	15,600	
Recovery of trade receivables previously impaired	-	-	1,549	2,766	1,549	2,766	-	-	-	1,549	2,766	
Gain on disposal of property, plant and equipment	586	-	-	122	586	122	-	-	-	586	122	
Property, plant and equipment written off	6	-	3	99	9	99	262	-	-	9	361	
	<u>6</u>	<u>-</u>	<u>3</u>	<u>99</u>	<u>9</u>	<u>99</u>	<u>262</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>361</u>	

\* *No other segment information for property investment segment for the year ended 31 March 2014.*

#### 4. REVENUE AND OTHER INCOME

Revenue 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 revenue and other income for the year is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue:		
Provision of services on management of electronic gaming equipment in Macau	<b>132,881</b>	33,945
Manufacturing of packaging products for luxury goods in the PRC	<b>47,141</b>	47,658
Rental income	–	5,794
Digital entertainment business	–	667
	<u><b>180,022</b></u>	<u>88,064</u>
Representing:		
Continuing operations	<b>180,022</b>	81,603
Discontinued operations	–	6,461
	<u><b>180,022</b></u>	<u>88,064</u>

#### 4. REVENUE AND OTHER INCOME (Continued)

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other income:		
Management fee income	5,578	2,899
Subcontracting income	–	743
Technical service income	279	–
Mould and sample income	1,201	–
Gain on disposal of property, plant and equipment	586	122
Interest income	277	150
Sundry income	970	810
Exchange gains	–	924
Recovery of trade receivables previously impaired ( <i>note 12(e)</i> )	1,549	2,766
Recovery of other receivables previously written off/impaired	–	15,600
Rental income	633	–
	<u>11,073</u>	<u>24,014</u>
Representing:		
Continuing operations	11,073	24,006
Discontinued operations	–	8
	<u>11,073</u>	<u>24,014</u>

#### 5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest expenses on borrowings wholly repayable within five years:		
– Imputed interest costs on convertible notes	<u>7,461</u>	<u>4,915</u>

No finance costs were incurred by the discontinued operations for the year ended 31 March 2014.

## 6. INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PRC Enterprise Income Tax – current	4	107
Deferred tax	<u>(680)</u>	<u>(363)</u>
	<u><b>(676)</b></u>	<u><b>(256)</b></u>
Representing:		
Continuing operations	(676)	(262)
Discontinued operations	<u>-</u>	<u>6</u>
	<u><b>(676)</b></u>	<u><b>(256)</b></u>

No provision for Hong Kong profits tax is required for the year ended 31 March 2015 since the Group has sufficient tax losses brought forward to set off against current year's assessable profit. No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2014 as the Group did not generate any assessable profits arising in Hong Kong during that year.

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 in Macau 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before tax from continuing operations	<u><b>(47,995)</b></u>	<u><b>(19,717)</b></u>
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	<b>(7,919)</b>	(3,253)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>738</b>	18
Tax effect of income not taxable	<b>(1,710)</b>	(3,345)
Tax effect of expenses not deductible	<b>3,620</b>	4,444
Tax effect of taxes losses not recognised	<b>5,071</b>	2,572
Utilisation of tax losses previously not recognised	<u><b>(476)</b></u>	<u><b>(698)</b></u>
Income tax for the year (relating to continuing operations)	<u><b>(676)</b></u>	<u><b>(262)</b></u>

## 7. LOSS FOR THE YEAR

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Cost of inventories sold	33,863	36,544
Depreciation of property, plant and equipment	16,497	6,217
Amortisation of intangible assets	5,672	3,022
Property, plant and equipment written off	9	99
Operating lease rentals in respect of land and buildings	2,142	1,595
Auditors' remuneration	678	678
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	39,005	26,461
Equity-settled share-based payment	8,648	2,112
Pension scheme contributions	1,636	1,315
Total staff costs	49,289	29,888
Impairment of inventories	222	931
Impairment of goodwill	10,819	–
Exchange losses/(gains)*	1,337	(924)
Settlement sum in respect of a legal proceeding ( <i>Note</i> )	(8,890)	–
Gain on disposal of property, plant and equipment **	(586)	(122)

## 7. LOSS FOR THE YEAR (Continued)

Period from  
1 April  
2013 to  
30 September  
2013  
*HK\$'000*

### Discontinued operations:

Depreciation of property, plant and equipment	112
Property, plant and equipment written off	262
Operating lease rentals in respect of land and buildings	674
Staff costs (including Directors' remuneration):	
Salaries, allowances and other benefits in kind	2,862
Pension scheme contributions	195
Total staff costs	<u>3,057</u>

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

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

*Note:*

Details of settlement sum in respect of a legal proceeding is disclosed in item (e) of the section of "LITIGATION" of this annual results announcement.

## 8. DIVIDEND

The Directors did not recommend the payment of any dividend for each of the years ended 31 March 2015 and 2014.

## 9. (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\$47,319,000 (2014: HK\$11,759,000) and the weighted average number of 1,101,484,949 (2014: 1,048,098,329) 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\$47,319,000 (2014: HK\$19,455,000) 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 from discontinued operations attributable to the owners of the Company of approximately HK\$7,696,000 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 2015 and 2014 as the exercise of the Company's outstanding convertible notes and share options would be anti-dilutive.

## 10. INTANGIBLE ASSETS

	Supply and maintenance agreement <i>HK\$'000</i>	Service agreement <i>HK\$'000</i>	License <i>HK\$'000</i>	Software <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST:</b>					
At 1 April 2013	–	–	345	3,458	3,803
Disposal of subsidiaries	–	–	(345)	(3,458)	(3,803)
Acquisition of a subsidiary	47,952	2,238	–	–	50,190
At 31 March 2014, 1 April 2014 and 31 March 2015	<u>47,952</u>	<u>2,238</u>	<u>–</u>	<u>–</u>	<u>50,190</u>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENTS:</b>					
At 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 and 1 April 2014	2,547	475	–	–	3,022
Provided for the year	4,792	880	–	–	5,672
At 31 March 2015	<u>7,339</u>	<u>1,355</u>	<u>–</u>	<u>–</u>	<u>8,694</u>
<b>CARRYING AMOUNTS:</b>					
At 31 March 2015	<u>40,613</u>	<u>883</u>	<u>–</u>	<u>–</u>	<u>41,496</u>
At 31 March 2014	<u>45,405</u>	<u>1,763</u>	<u>–</u>	<u>–</u>	<u>47,168</u>



## 11. GOODWILL

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
COST:		
At beginning of the reporting period	160,329	107,467
Disposal of subsidiaries	–	(6,188)
Acquisition of a subsidiary	–	59,050
	<hr/>	<hr/>
At 31 March	160,329	160,329
	<hr/>	<hr/>
IMPAIRMENTS:		
At beginning of the reporting period	101,279	107,467
Impairment loss	10,819	–
Disposal of subsidiaries	–	(6,188)
	<hr/>	<hr/>
At 31 March	112,098	101,279
	<hr/>	<hr/>
CARRYING AMOUNTS:		
At 31 March	<u>48,231</u>	<u>59,050</u>

## 12. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	4,507	7,635
<i>Less: Impairment losses</i>	<u>–</u>	<u>(3,220)</u>
	<u>4,507</u>	<u>4,415</u>
Other receivables	11,605	17,086
<i>Less: Impairment losses</i>	<u>(3,000)</u>	<u>(3,000)</u>
	<u>8,605</u>	<u>14,086</u>
Deposits and prepayments	13,149	14,007
Deposits paid for game software development and licenses	<u>30,000</u>	<u>30,000</u>
	43,149	44,007
<i>Less: Impairment losses</i>	<u>(39,301)</u>	<u>(39,301)</u>
	<u>3,848</u>	<u>4,706</u>
	<u><b>16,960</b></u>	<u><b>23,207</b></u>

- (a) The Group grants a credit period normally ranging from 0 to 90 days to its trade customers. For those customers who have established good relationships with the Group, the credit period may be extended to 120 days.
- (b) Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At 31 March 2015, the Group's trade receivables of approximately HK\$nil (2014: HK\$3,220,000) 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.

## 12. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 60 days	3,586	2,717
61 to 90 days	8	150
91 to 180 days	18	215
181 to 365 days	895	1,333
	<u>4,507</u>	<u>4,415</u>

- (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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	2,356	2,164
Less than 60 days past due	1,233	514
61 to 90 days past due	4	–
91 to 180 days past due	19	404
Over 180 days past due	895	1,333
	<u>4,507</u>	<u>4,415</u>

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.

## 12. TRADE AND OTHER RECEIVABLES (Continued)

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of the reporting period	3,220	6,251
Written off against trade receivables	(1,671)	(265)
Reversal during the year ( <i>note 4</i> )	(1,549)	(2,766)
	<u>          </u>	<u>          </u>
At 31 March	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of the reporting period	42,301	46,166
Exchange realignment	–	60
Written off against other receivables	–	(105)
Elimination on disposal of subsidiaries	–	(3,220)
Reversal during the year	–	(600)
	<u>          </u>	<u>          </u>
At 31 March	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

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 (2014: HK\$42,301,000) which are due to long outstanding and/or default of payment. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against deposits and receivables when there was no expectation of recovering any amount.

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
EUR	745	1,821
RMB	2,214	8,143
USD	8,465	5,753
GBP	–	317
MOP	4,199	4,261
HK\$	1,337	2,912
	<u>16,960</u>	<u>23,207</u>

### 13. TRADE AND OTHER PAYABLES

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	2,346	1,984
Other payables and accrued expenses	8,107	18,736
	<u>10,453</u>	<u>20,720</u>

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 60 days	1,775	1,501
61 to 90 days	288	64
91 to 180 days	3	37
181 to 365 days	3	–
Over 365 days	277	382
	<u>2,346</u>	<u>1,984</u>

- (b) The average credit period on purchase of goods ranges from 30 to 90 days (2014: 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:

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
RMB	<b>3,905</b>	4,007
HK\$	<b>3,181</b>	3,440
USD	<b>1,352</b>	11,011
EUR	<b>644</b>	1,724
GBP	<b>74</b>	82
MOP	<b>1,297</b>	456
	<b><u>10,453</u></b>	<u>20,720</u>

#### 14. COMPARATIVE FIGURES

Certain comparative figures of revenue and cost of sales in relation to electronic gaming business segment have been reclassified to conform to the current year's presentation. In the opinion of the Directors applying critical judgement of accounting presentation, the new classification was considered to provide a more appropriate presentation of financial statements of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

In terms of segmental revenue contribution, the current financial year is transformational; the core business of the Group has been switched from manufacturing of packaging products (“Packaging Business”) to management of electronic gaming equipment in Macau (“Gaming Business”). For the financial year 2014/15, Gaming Business contributed approximately 73.8% (2014: 38.5%) of the Group’s revenue. Led by the expansion in the Gaming Business in Macau, Group revenue increased by approximately 104.4% as compared with that of last year.

Despite the substantial growth in revenue, Gaming Business has performed below our original budget. Recent changes in Macau’s gaming market environment, notably the enforcement of non-smoking policy in casinos, the PRC’s policies on restricting frequency of visitation to Macau and the anti-corruption drive within the PRC, have resulted in the Group not being able to achieve its target of expanding the number of gaming machines in operation to 1,000 by the end of this financial year. Accordingly, the Group has extended its time frame to achieve the goal of 1,000 gaming machines in operation to a further year up to the financial year ending 31 March 2016. Similarly, the Group has also extended its time frame to achieve the number of 3,000 gaming machines in operation from the financial year ending 31 March 2017 to 31 March 2018. The Group remains focus on the continuous expansion of its Gaming Business. Although challenges remain in the short and medium term, the management is confident that the Gaming Business in Macau and other rapidly developing economies in Asia will bring sustainable cash inflow and profit to the Group in the future.

### **FINANCIAL REVIEW**

#### **Results**

For the financial year ended 31 March 2015, the Group’s total revenue has increased significantly by approximately 104.4% from approximately HK\$88.1 million to approximately HK\$180.0 million. The propelled revenue was mainly attributable to the Gaming Business in Macau. While the revenue contributed from manufacturing of packaging products for the financial year ended 31 March 2015 was approximately HK\$47.1 million (2014: HK\$47.7 million), the revenue from the management of electronic gaming equipment was approximately HK\$132.9 million (2014: HK\$33.9 million). There was revenue contributed from property investment and digital entertainment of approximately HK\$6.5 million for the year ended 31 March 2014. The operations of these businesses were ceased last financial year.

During the year, the Packaging Business generated modest profits of approximately HK\$1.0 million following prudence cost control, while the Gaming Business recorded a loss of approximately HK\$21.6 million due to impairment of goodwill, high overhead costs and substantial depreciation and amortization cost as the business continue to grow.

### **Packaging Business**

Manufacturing in China is facing challenges both internally and externally. The strength of the Renminbi and the slow recovery in Europe, which is our most important market, has resulted in a double-whammy on losing our cost competitiveness and reducing orders from European customers. Our operating margin is further squeezed by the rising labour costs and shortage of skilled workers. In response to these challenges, the Group has further invested in automatic production to reduce reliance on labour, save material costs, and improve the production efficiency and quality.

The Packaging Business has a small profit of approximately HK\$1.0 million for the year ended 31 March 2015, which is similar to the previous year's financial performance.

### **Gaming Business**

Currently, CY Management Limited ("CY Management"), the subsidiary of the Company which operates the Gaming Business, is providing management services to three casinos in Macau, namely Casino VIP Legend, Casino Casa Real and Casino Grandview. CY Management also provides information technology services to two other casinos in Macau. The turnover increased substantially during the year, as the performance of the casinos improved under our management.

However, the Gaming Business has recorded a loss of HK\$21.6 million (2014: HK\$9.7 million) for the year ended 31 March 2015. It was mainly due to the significant amortization and depreciation of investment cost. In addition, the recent negative impact of China's anti-corruption drive on gaming market environment in Macau hindered growth in the gaming business activities although the mass market segment of the industry is less affected.



Furthermore, an impairment of goodwill of approximately HK\$10.8 million was recognized in current year due to changes in market conditions. Nevertheless, it should be noted that the impairment is an accounting related adjustment and a non-cash item. Thus, it, will not have any impact on the cash flow of the Group.

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 3,000 or more slot and multi terminal machines throughout Asia by 31 March 2018.

## COMMITMENTS

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

### (a) Commitments under operating leases

#### *As lessor*

At 31 March 2015, the Group had total future minimum sublease payments of approximately HK\$543,000 expected to be received under non-cancellable operating leases within one year.

#### *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 two years (2014: one to three 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:

	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>4,210</b>	4,504
In the second to fifth years, inclusive	<b>1,237</b>	4,537
	<b><u>5,447</u></b>	<b><u>9,041</u></b>

## **(b) Capital commitments**

At the end of the reporting period, 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\$2,314,000 (2014: HK\$4,327,000).

## **LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE**

As at 31 March 2015, the bank and cash balances of the Group amounted to approximately HK\$73.7 million. The Group had a liability component of the unsecured convertible notes of approximately HK\$52.3 million. The convertible notes will be matured in September 2016.

The gearing ratio of loans against the total equity as at 31 March 2015 was 33.4%. As the majority of bank deposits and cash on hand were denominated in Hong Kong dollar, Renminbi, Macau Pataca and US dollar, the Group's exchange risk exposure depended on the movement of the exchange rate of the aforesaid currencies.

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT**

The Company did not have any material acquisition, disposal and significant investment in subsidiaries and affiliated companies during the year ended 31 March 2015.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employed approximately 601 permanent employees as at 31 March 2015, including approximately 20 employees in Hong Kong, approximately 558 employees in the PRC and approximately 23 employees 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.

## LITIGATION

**(a) The Company against Mr. Cheng Chee Tock Theodore (deceased) (“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) the legal proceedings in respect of the 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.

By a notice of motion filed on 10 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. Upon a further application by Mr. Cheng to the Appeal Committee of the Court of Final Appeal, leave to appeal was granted on 4 August 2014.

The leave application to the Court of Final Appeal to continue the criminal appeal by Mr. Cheng's estate has been fixed to be heard on 2 June 2015.

**(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.

By a notice of motion filed on 10 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. Upon a further application by Mr. Cheng to the Appeal Committee of the Court of Final Appeal, leave to appeal was granted on 4 August 2014.

The leave application to the Court of Final Appeal to continue the criminal appeal by Mr. Cheng's estate has been fixed to be heard on 2 June 2015.

**(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, whereby it is ordered that the striking out application be dismissed (save that the claim against Mr. Lo for restitution of the sum of HK\$12 million paid by the Company and/or Ace Precise pursuant to the convertible bond was struck out), and the remaining claims against Mr. Lo, including payment of the sum of HK\$12,000,000.00 under the Guarantee given by him, an Order for indemnity, equitable compensation for dishonest assistance of breach of fiduciary duties and/or knowing receipt, all necessary accounts and inquiries and payment, transfer and/or delivery up of what is found due and damages for conspiracy to injure the economic interests of the Company and Ace Precise were not struck out and are still continuing. The Company will continue to prosecute the claims against the Defendants. The pleadings stage had been completed and the stage of discovery was in progress.

**(d) The Company together with former 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.

The leave application to continue the criminal appeal by Mr. Cheng's estate has been fixed on 2 June 2015. A case management conference was held on 24 September 2014 and the matter was adjourned to 17 June 2015 for another case management conference.

**(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.

This trial started on 27 May 2014 but after 6 days of the trial, the trial was adjourned on 4 June 2014 to be heard on 21 July 2014.

On diverse dates from 12 June 2014 to 4 August 2014, settlement was reached between the Company and all Defendants by which the company would receive a total settlement of HK\$8.89 million inclusive of agreed legal cost in the sum of HK\$2.50 million. The Company has received all of the settlement sum in the total amount of HK\$8.89 million.

**(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 action 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.

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. The hearing for taxation of costs has been fixed to be held on 7 July 2015.

- (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\$12.89 million and has HK\$2.71 million receivable from Mr. Leung.

For the other CB case, Bankruptcy Petition was commenced on 6 December 2013 against Mr. Shek. Bankruptcy Order against Mr. Shek had been granted by the Court on 25 June 2014.

The Company is considering commencing winding up proceedings and obtaining a winding-up Order on behalf of Lucky Zone against Lucky Belt.

More details of the above litigations were disclosed in the 2010/11, 2011/12, 2012/13 and 2013/14 Annual Reports as well as 2011/12, 2012/13, 2013/14 and 2014/15 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 code provisions set out in the Corporate Governance Code contained in 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, contained in 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 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 2015.

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



The Board is satisfied that the Company has complied with the applicable code provisions of the CG Code Rules throughout the financial year ended 31 March 2015 except for the following deviation:

#### **Code Provision A.4.1**

Code Provision A.4.1 of the CG Code 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**

As at the date of this announcement, the Audit Committee of the Company comprises three INEDs, namely Mr. ER Kwong Wah (Chairman), Mr. YONG Peng Tak and Mr. IO Rudy Cheok Kei and a non-executive Director, Mr. Carlos Luis SALAS PORRAS. The Audit Committee had reviewed 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 2015, with the Company's management and the external auditors.

#### **INTERNAL CONTROL**

The Board has engaged Netis Advisory Limited, an independent third party, to conduct review on the internal control systems of the Group. The review report is submitted to the Audit Committee and the Board in May 2015, and findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. Having considered the results of the internal control review, with no material control deficiency identified, the Board considered the Group's internal control system to be effective. 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 2015 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  
**Dato POH Po Lian**  
*Chairman*

Hong Kong, 23 May 2015

*As at the date of this announcement, the executive Directors of the Company are Dato POH Po Lian and Mr. LAI Hock Meng, the non-executive Director is Mr. Carlos Luis SALAS PORRAS, the independent non-executive Directors are Mr. YONG Peng Tak, Mr. IO Rudy Cheok Kei, Mr. GOH Hoon Leum and Mr. ER Kwong Wah.*