

Oriental City Group Holdings Limited 奥思知集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8325)

ANNUAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the "Directors") of Oriental City Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS

- The shares of the Company were listed on GEM of the Stock Exchange on 28 August 2009.
- The Group's revenue amounted to approximately HK\$12,464,000 for the year ended 31 March 2010, which represented an increase of approximately 60% as compared with the corresponding period in 2009.
- The loss attributable to equity holders of the Company was approximately HK\$1,879,000 for the year ended 31 March 2010 compared with approximately HK\$145,000 for the corresponding period in 2009.
- Basic losses per share for the year ended 31 March 2010 amounted to 0.35 HK cents (2009: 0.03 HK cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2010.

ANNUAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the annual consolidated results of the Group for the year ended 31 March 2010 together with the comparative figures for the corresponding period in 2009.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	NOTE	2010 HK\$	2009 <i>HK</i> \$
Revenue	5	12,464,267	7,807,445
Cost of services rendered		(8,284,869)	(5,104,265)
Gross profit		4,179,398	2,703,180
Other income General administrative expenses	6	40,079 (4,525,457)	32,072 (2,143,064)
Selling and distribution costs Finance costs	7	(673,706) (39,709)	(544,676)
(Loss) Profit before taxation	7	(1,019,395)	47,512
Taxation	8	(474,141)	307,977
(Loss) Profit for the year		(1,493,536)	355,489
Attributable to:			
Equity holders of the Company Minority interests		(1,879,136) 385,600	(145,451) 500,940
		(1,493,536)	355,489
Losses per share for loss attributable to equity holders of the Company			
Basic and diluted	9	(0.35) HK cents	(0.03) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010 HK\$	2009 <i>HK</i> \$
(Loss) Profit for the year	(1,493,536)	355,489
Other comprehensive income (loss)		
Exchange difference on translation of foreign subsidiaries	218,851	(275,589)
Total comprehensive (loss) income for the year	(1,274,685)	79,900
Attributable to:		
Equity holders of the Company	(1,716,248)	(284,455)
Minority interests	441,563	364,355
	(1,274,685)	79,900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	NOTE	2010 HK\$	2009 <i>HK</i> \$
Non-current assets Property, plant and equipment Deferred tax assets Other non-current assets		321,195 - 137,500	538,358 295,284
		458,695	833,642
Current assets Trade and other receivables Restricted bank balances Cash and cash equivalents	11	1,716,943 349,958 22,485,824	7,365,987 2,552,930 674,966
		24,552,725	10,593,883
Current liabilities Trade and other payables Tax payables	12	2,193,675 42,581	8,406,314
		2,236,256	8,406,314
Net current assets		22,316,469	2,187,569
Total assets less current liabilities		22,775,164	3,021,211
Non-current liabilities Other long-term liabilities	13	328,963	=
NET ASSETS		22,446,201	3,021,211
Capital and reserves Share capital Reserves	14	6,000,000 15,640,283	2,656,856
Total equity attributable to equity holders of the Company		21,640,283	2,656,856
Minority interests		805,918	364,355
TOTAL EQUITY		22,446,201	3,021,211

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2010

	Attributable to equity holders of the Company							
	Share capital HK\$	Share premium HK\$	Capital reserve <i>HK</i> \$	Exchange A reserve HK\$	losses HK\$	Total HK\$	Minority interests HK\$	Total equity HK\$
At 1 April 2008 Total comprehensive	-	-	6,555,255	(340,754)	(3,573,190)	2,641,311	-	2,641,311
income for the year Deemed capital contribution from equity holders	-	-	_	(139,004)	(145,451)	(284,455)	364,355	79,900
of the Company			300,000			300,000		300,000
At 31 March 2009			6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
At 1 April 2009 Total comprehensive loss	-	-	6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
for the year	_	_	_	162,888	(1,879,136)	(1,716,248)	441,563	(1,274,685)
Reorganisation	10,000	_	(8,933)	_	_	1,067	_	1,067
Placing of new shares	1,500,000	33,000,000	-	-	-	34,500,000	-	34,500,000
Capitalisation issue	4,490,000	(4,490,000)	-	_	-	-	-	-
Share placement expenses Deemed capital contribution from equity holders	-	(13,951,392)	-	-	-	(13,951,392)	-	(13,951,392)
of the Company			150,000			150,000		150,000
At 31 March 2010	6,000,000	14,558,608	6,996,322	(316,870)	<u>(5,597,777)</u>	21,640,283	805,918	<u>22,446,201</u>

NOTES:

1. CORPORATE INFORMATION

Oriental City Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-11, Cayman Islands. The Company is an investment holding company and the principal activities of its subsidiaries are operation of card acceptance business in Thailand and co-branded card partnership business and marketing service in the People's Republic of China ("PRC").

The Company and its subsidiaries are herein collectively referred to as the "Group".

At the end of the reporting period and at the date of authorising the consolidated financial statements, the immediate holding company of the Group is Oriental City Group Asia Limited ("OCG Asia"), which is incorporated in the British Virgin Islands ("BVI"). In the opinion of directors, the ultimate holding company of the Group is Oriental City Group plc (the "Controlling Party"), which is incorporated in England and Wales and its shares are listed on The PLUS-quoted market operated by Plus Markets plc of the United Kingdom.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Group reorganisation

Pursuant to a group reorganisation completed on 14 August 2009 (the "Reorganisation") to rationalise the corporate structure in preparation for the initial listing of the Company's shares (the "Listing") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the entities now comprising the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 24 August 2009 (the "Prospectus") in connection with the Listing.

The shares of the Company were listed on the GEM on 28 August 2009.

Basis of presentation

As the Group was controlled by the Controlling Party before and after the Reorganisation, the Reorganisation is considered as a business combination under common control in a manner similar to pooling-of-interests and the merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting Under Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

As the Reorganisation only involved inserting a new holding entity at the top of an existing group and has not resulted in any change of economic substances, the consolidated financial statements of the Group for the years ended 31 March 2010 and 2009 have been presented as a continuation of the existing group using the pooling of interests method. Accordingly, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity are prepared as if the current group structure had been in existence since the date of incorporation/establishment of the group entities or since the date when the combining entities or business first came under common control, regardless of the date of the common control combination, and throughout the years ended 31 March 2010 and 2009.

Likewise, the comparative consolidated statement of financial position as at 31 March 2009 presents the assets and liabilities of the entities now comprising the Group as if the current group structure had been in existence at that date.

The net assets of the consolidating entities or businesses are consolidated using the existing book values from the Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the Controlling Party's interests. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the capital reserve.

In addition, the Controlling Party provided certain corporate administration services, including sharing of office premises and salary expenses for management team, to the Group without charges prior to the Listing.

Given the cost of those corporate administration services was part of business activities of the Group, the following costs as shared with the Controlling Party have been charged to profit or loss and credited as deemed capital contribution from the Controlling Party in the equity.

	2010 HK\$	2009 <i>HK</i> \$
Corporate administration expenses	150,000	300,000

3. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the accountants' report as set out in Appendix I of the Prospectus except for the adoption of certain new/revised HKFRS effective from the current period that are relevant to the Group as detailed below.

Adoption of new/revised HKFRS

The adoption of the following new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods, except that certain presentation and disclosures of financial statements items have been revised, as appropriate.

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of other comprehensive income). The Group has elected to prepare two statements. In addition, the revised standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Group and the Company did not restate any comparative information during the current year, this new requirement has no impact on the consolidated financial statements.

HKAS 23 (Revised): Borrowing costs

HKAS 23 (Revised) eliminated the option to expense borrowing costs and requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. Since the Group has not previously adopted the option to expense all borrowing costs, the revised standard has no impact on the consolidated financial statements.

Improvements to HKFRS (2008)

Improvements to HKFRS (2008) contain improvements to a number of standards aiming to remove inconsistencies and clarify wording in the standards. The adoption of those improvements has no impact on the consolidated financial statements.

HKFRS 8: Operating Segments

HKFRS 8 replaces HKAS 14: "Segment Reporting" and requires segment information to be reported based on internal information used by the chief operating decision makers to evaluate the performance of operating segments and allocate resources to those segments. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14.

Future changes in HKFRS

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS that are not yet effective for the current period, which the Group has not early adopted.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standard ¹
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of
	Hong Kong Financial Reporting Standards – Additional
	Exemptions for First-time Adopters ²
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong
	Financial Reporting Standards – Limited Exemption from
	Comparative HKFRS 7 Disclosures for First-time Adopters ⁴
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group
	Cash-settled Share-based Payment Transactions ²
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁶
HKAS 24 (Revised)	Related Party Disclosures ⁵
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments:
	Presentation – Classification of Rights Issues ³

HKAS 39 Amendments Amendments to HKAS 39 Financial Instruments:

Recognition and Measurement – Eligible Hedged Items¹

HKFRIC 14 Amendments Amendments to HKFRIC 14 Prepayments of a Minimum

Funding Requirement⁵

HKFRIC 17 Distributions of Non-cash Assets to Owners¹

Extinguishing Financial Liabilities with Equity Instruments⁴

Leases - Determination of the Length of Lease Term

in respect of Hong Kong Land Leases²

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the

controlling interest in a subsidiary¹

Improvements to HKFRS issued in May 20097

Improvements to HKFRS issued in May 2010⁸

Effective for annual periods beginning on or after 1 July 2009

- ² Effective for annual periods beginning on or after 1 January 2010
- Effective for annual periods beginning on or after 1 February 2010
- ⁴ Effective for annual periods beginning on or after 1 July 2010
- ⁵ Effective for annual periods beginning on or after 1 January 2011
- Effective for annual periods beginning on or after 1 January 2013
- Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- ⁸ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

The directors are in the process of assessing the possible impact on the future adoption of these new and revised HKFRS, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements.

Basis of measurement

HKFRIC 19

HK Interpretation 4

(Revised in December 2009)

included in Improvements to HKFRS issued in October 2008

HKFRS (Amendments – 2009)

HKFRS (Amendments – 2010)

Amendments to HKFRS 5

The measurement basis used in the preparation of the consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries at the end of each reporting period (i.e. 31 March each year). The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All significant intra-group transactions, income and expenses and profits and losses resulting from intragroup transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date of such control ceased.

Minority interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity holders of the Company. Losses applicable to the minority shareholders in excess of their interests in the subsidiary's equity are allocated against the interests of the Company except to the extent that the minority shareholders have a binding obligation and are able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, the Company's interests are allocated with all such profits until the minority shareholders' share of losses previously absorbed by the Company has been recovered.

The Group applies a policy of treating transactions with minority shareholders as transactions with equity owners of the Group. In acquiring minority interests, the difference between the consideration paid and the carrying value of the share of the net assets acquired is recognised as a deduction from equity. Disposals to minority interests result in gains and losses for the Group are recorded in equity.

Critical accounting estimates and judgements

According to the relevant laws and regulations in Thailand, in particular the Foreign Business Act (the "FBA"), Oriental City Group (Thailand) Company Limited ("OCG Thailand"), being a company engaged in the provision for card acceptance business in Thailand, must be owned as to more than 50% by Thai citizens.

With reference to the former contractual arrangement (the "Structure Contracts") and existing preference shares structure arrangement (the "Preference Shares Structure") of OCG Thailand, the majority of OCG Thailand's issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Company, through its wholly owned subsidiary, Oriental City Group Thailand Limited, is able to exercise more than 50% voting power in any shareholders' meeting of OCG Thailand.

The Company's legal advisors as to Thai laws have confirmed that the Structure Contracts and the Preference Shares Structure are in compliance with all existing laws and regulations in Thailand, in particular the FBA. In light of no previous supreme court judgement ruling the invalidity of similar capital structure of OCG Thailand as opposed to the FBA and related interpretations, after due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Structure Contracts and the Preference Shares Structure are valid, legal and enforceable in Thailand.

Based upon the management's judgement on the Structure Contracts and the Preference Shares Structure, the Company accounts for OCG Thailand as a subsidiary on the ground that it is able to control the operations of OCG Thailand by exercising its majority voting power in any shareholders' meeting of OCG Thailand.

4. SEGMENT REPORTING

The Group has adopted HKFRS 8 with effect from 1 April 2009. However, the adoption of this standard has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The directors of the Company (the "Directors") have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the Directors consider that the operating segments of the Group comprise:

- (i) card acceptance business in Thailand; and
- (ii) co-branded card partnership business and marketing business in the PRC.

Segment results, which are the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of share of corporate administration expenses, interest and other income, finance costs, other expenses and taxation.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is already disclosed together with operating segment information.

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Year ended 31 March 2010			
Segment revenue Major customer A Major customer B Other customers	4,244,178 2,161,363 5,359,916	- - 698,810	4,244,178 2,161,363 6,058,726
	11,765,457	698,810	12,464,267
Segment results	1,455,839	383,525	1,839,364
Unallocated share of corporate administration expenses Unallocated interest and other income Unallocated finance costs Unallocated other expenses			(150,000) 40,079 (39,709) (2,709,129)
Loss before taxation			(1,019,395)
Taxation			(474,141)
Loss for the year			(1,493,536)
Year ended 31 March 2009			
Segment revenue Major customer A Major customer B Other customers	2,869,565 1,869,622 2,969,095 7,708,282	99,163 99,163	2,869,565 1,869,622 3,068,258 7,807,445
Segment results	732,701	(273,383)	459,318
Unallocated share of corporate administration expenses Unallocated interest and other income Unallocated other expenses			(300,000) 27,451 (139,257)
Profit before taxation			47,512
Taxation			307,977
Profit for the year			355,489

An analysis of the Group's assets and liabilities by operating segments is set out below:

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK \$	Consolidated HK\$
At 31 March 2010			
Property, plant and equipment Other assets	309,083 3,474,072	9,484 193,085	318,567 3,667,157
Segment assets	3,783,155	202,569	3,985,724
Unallocated corporate assets			21,025,696
Consolidated total assets			25,011,420
Segment liabilities	1,952,599		1,952,599
Unallocated corporate liabilities			612,620
Consolidated total liabilities			2,565,219
At 31 March 2009			
Property, plant and equipment Other assets	527,407 5,671,604	10,950 28,051	538,357 5,699,655
Segment assets	6,199,011	39,001	6,238,012
Unallocated corporate assets			5,189,513
Consolidated total assets			11,427,525
Segment liabilities	5,122,608	7,996	5,130,604
Unallocated corporate liabilities			3,275,710
Consolidated total liabilities			8,406,314

5. REVENUE

Revenue represents the share of annual and transaction fee income from co-branded card partnership business, transaction fee income and foreign exchange rate discount income from card acceptance business and marketing service fee income, is analysed by category as follows:

		2010 HK\$	2009 <i>HK</i> \$
	Co-branded card annual and transaction fee income Card acceptance transaction fee income Foreign exchange rate discount income Marketing service fee income	108,810 9,604,094 2,161,363 590,000	99,163 5,838,660 1,869,622
		12,464,267	7,807,445
6.	OTHER INCOME		
		2010 HK\$	2009 <i>HK</i> \$
	Bank interest income Other interest income Marketing and promoting sponsorship fees received Sundry income	21,384 2,003 - 16,692	11,962 15,489 4,621
		40,079	32,072
7.	(LOSS) PROFIT BEFORE TAXATION		
		2010 HK\$	2009 HK\$
	This is stated after charging:		
	(a) Finance costs		
	Finance costs on other long-term liabilities Interest expenses on other short-term loan	26,009 13,700	_
		39,709	

			2010 HK\$	2009 <i>HK</i> \$
	(b)	Staff costs, including key management remuneration		
		Salaries, allowances and other short-term employee benefits Contributions to defined contribution plans	2,027,500 57,132	1,035,138 83,714
			2,084,632	1,118,852
	(c)	Key management remuneration, including directors' remuneration		
		Salaries, allowances and other short-term employee benefits Contributions to defined contribution plans	1,683,509 20,891	806,317 8,460
			1,704,400	814,777
	(d)	Other items		
		Auditor's remuneration Depreciation of property, plant and equipment Write-off of property, plant and equipment Operating lease charges on premises	290,898 299,217 - 285,353	23,926 397,819 799 56,769
8.	TAX	KATION		
			2010 HK\$	2009 <i>HK</i> \$
	Curr	rent tax	163,346	_
		erred tax tilisation of (Benefit of) tax losses	310,795	(307,977)
	Tax	expense (credit) for the year	474,141	(307,977)

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has not been provided as the Group had no assessable profits arising in or derived from Hong Kong during the years ended 31 March 2010 and 2009.

(ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the BVI are exempted from the payment of income tax in Cayman Islands and the BVI.

OCG Thailand is subject to Thailand income tax at 30% after deduction of any unutilised tax losses. However, no Thailand income tax has been provided for the year ended 31 March 2009 as OCG Thailand's assessable profits are wholly absorbed by unrelieved tax losses brought forward from previous years.

Oriental City Group (Hainan) Services Limited ("OCG China") is subject to state and local income taxes in the PRC at a standard rate of 30% and 3% respectively, up to 31 December 2007. Pursuant to the Income Tax Law for Foreign Invested Enterprises and Foreign Owned Enterprise of the PRC which was abolished on 1 January 2008, OCG China was eligible to enjoy a preferential enterprise income tax rate of 15%.

In March 2007, the National People's Congress enacted a new Enterprise Income Tax Law, which became effective on 1 January 2008 (the "New EIT Law"). In December 2007, the State Council promulgated the Implementation Regulations to the EIT Law and the Notice to Enterprise Income Tax Transition Incentive Policy, which also became effective on 1 January 2008. However, no income tax has been provided as OCG China incurred losses for taxation purposes for the years ended 31 March 2010 and 2009.

Under those laws and regulations, a unified income tax rate of 25% will apply to all domestic and foreign invested enterprises, unless they qualify for special tax benefits under certain limited exceptions. The applicable income tax for enterprises incorporated in special economic zones (including Hainan Province of where OCG China is established) which were subject to the enterprise income tax rate of 15% in the year 2007 would be increased to 18% in the year 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012 respectively. Since the deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the periods when the asset is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and deferred tax liabilities of OCG China. As OCG China does not recognise any deferred tax assets and deferred tax liabilities at the end of the reporting period, there is no impact on the Group's results or financial position.

Dividends payable by a foreign invested enterprise in the PRC/Thailand to its foreign investors are subject to a 10% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the PRC/Thailand that provides for a different withholding arrangement.

	2010	2009
	HK\$	HK\$
(Loss) Profit before taxation	(1,019,395)	47,512
Income tax at applicable tax rate	(153,345)	41,591
Non-deductible expenses	544,721	122,408
Non-taxable income	(610)	_
Utilisation of previously unrecognised tax losses	_	(375,939)
Unrecognised tax losses	43,200	35,135
Unrecognised temporary differences	40,175	176,805
Recognition of previously unrecognised		
deferred tax assets		(307,977)
Tax expense (credit) for the year	474,141	(307,977)

The applicable tax rate is the weighted average of rates calculated by dividing sum of nominal income tax expenses compiled with the tax rates prevailing in the territories in which the Group's entities operate against (loss) profit before taxation. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries.

9. LOSSES PER SHARE

Basic losses per share for the year ended 31 March 2010 are calculated based on the consolidated loss for the year attributable to the equity holders of the Company of HK\$1,879,136 (2009: HK\$145,451) and on the weighted average number of 538,767,123 ordinary shares (2009: 450,000,000 ordinary shares) in issue during the year.

In determining the weighted average number of ordinary shares in issue, 1 ordinary share issued on incorporation of the Company, 893,332 ordinary shares issued as consideration for the acquisition by the Company for issued share capital of Charm Act Group Limited ("Charm Act") and 106,667 ordinary shares allotted to other shareholders and the capitalisation issue of 449,000,000 ordinary shares upon the Listing on 28 August 2009 were deemed to have been in issue on 1 April 2008 for the purpose of the calculation of basic losses per share.

Diluted losses per share amounts have not been presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 March 2010 and 2009.

10. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 March 2010.

11. TRADE AND OTHER RECEIVABLES

	2010 HK\$	2009 <i>HK</i> \$
Trade receivables	1,185,814	2,272,570
Other receivables Deposits, prepayments		
and other debtors	531,129	5,080,187
Due from related parties		13,230
	531,129	5,093,417
	1,716,943	7,365,987
The ageing analysis of trade receivables at the end of the report	ting period based on the	invoice date is

The ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	2010	2009
	HK\$	HK\$
Outstanding balances with ages:		
30 days or below	1,071,366	2,256,407
31 – 90 days	92,536	16,163
Over 90 days	21,912	
	1,185,814	2,272,570

The Group allows a credit period up to 90 days to its trade debtors and the trade debtors usually settle the outstanding balance within 90 days from the billing date. As at the end of the reporting period, all trade receivables are fully performing.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Group's entities:

	2010 HK\$	2009 <i>HK</i> \$
United States Dollars ("US\$")	1,004,631	2,215,533

12. TRADE AND OTHER PAYABLES

	2010 HK\$	2009 <i>HK</i> \$
Trade payables	1,366,644	4,953,935
Other payables Accrued charges and		
other payables	827,031	1,050,861
Due to related parties		2,401,518
	827,031	3,452,379
	2,193,675	8,406,314

All trade payables are aged within 30 days at the end of the reporting period.

The creditors allow a credit period up to 30 days to the Group.

13. OTHER-LONG TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand.

At 31 March 2010, the Group had an outstanding amount of Thai Baht ("Baht") 1,375,000 (equivalent to HK\$328,963) (2009: Nil) due to a minority shareholder in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum, with an accrued dividend payable of Baht 113,918 (equivalent to HK\$26,009) (2009: Nil) as included in trade and other payables.

14. SHARE CAPITAL

		2010		2009	
	NOTE	Number of shares	Nominal value <i>HK\$</i>	Number of shares	Nominal value <i>HK</i> \$
Authorised	14(a)/(b)	2,000,000,000	20,000,000	39,000,000	390,000
Issued and fully paid:					
At beginning of year	14(a)	1	_	1	-
Issue of shares upon reorganisation	<i>14(b)</i>	999,999	10,000	_	_
Placing of new shares	14(c)	150,000,000	1,500,000	_	_
Capitalisation issue	<i>14(c)</i>	449,000,000	4,490,000		
At end of year		600,000,000	6,000,000	1	

Note:

- (a) The Company was incorporated on 12 December 2007 with an authorised share capital of HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each, of which one share of HK\$0.01 each was allotted and issued at nil paid to the subscriber (the "Subscriber's Share") and subsequently transferred to OCG Asia, the immediate holding company of the Group, prior to the Reorganisation.
- (b) In preparation for the listing of the Company's shares on the GEM, the following changes in authorised and issued share capital of the Company had taken place on 14 August 2009:
 - (i) the authorised share capital of the Company was increased from HK\$390,000 to HK\$20,000,000 by the creation of an additional 1,961,000,000 ordinary shares of HK\$0.01 each;
 - (ii) as a consideration for the acquisition by the Company of the entire issued share capital of Charm Act from OCG Asia, an aggregate of 893,332 ordinary shares of the Company were issued and credited as fully paid to OCG Asia and credited as fully paid the nil paid Subscriber's Share; and
 - (iii) the allotment of 106,667 ordinary shares of the Company at HK\$0.01 per share to the following individuals:

Name	Relationship to the Group	No. of shares
Mr. Yu Chun Fai	Executive director	53,334
Ms. Wong Lai Chun	Non-executive director	13,333
Mr. Sung Hak Keung, Andy	Company secretary	26,667
Mr. Kanjanapas Shui Yiu Kelvin	Ex-director of OCG Thailand	13,333

(c) On 28 August 2009, 150,000,000 ordinary shares of HK\$0.01 each were issued by way of placing (the "Placing") at a price of HK\$0.23 per share for cash consideration of HK\$34,500,000. The excess of the placing price over the par value of the shares issued was credited to the share premium account. On the same date, an aggregate of 449,000,000 ordinary shares of HK\$0.01 each were allotted, issued at par and fully paid to the shareholders whose names appeared on the register of members of the Company as at 14 August 2009 by way of capitalisation of a total sum of HK\$4,490,000 out of the share premium account of the Company arising from the Placing.

All the shares issued during the year ended 31 March 2010 rank *pari passu* in all respects with the then existing shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue generated by the card acceptance business in Thailand during the year increased significantly. The increase was mainly driven by the increase in both the point-of-sale (the "POS") terminals and the expenditure by the Chinese tourists during the reporting period. Given that the business performance of the Group is highly dependent on the political stability of Thailand, the Directors consider that the revenue of the Group derived from the card acceptance business after the year end may be affected adversely due to the political turmoil in Thailand and the warning issued by the China National Tourism Administration in mid-April 2010 notifying the Chinese visitors to temporarily suspend visiting Thailand.

On 11 February 2010, Siam Commercial Bank Public Company Limited ("SCB") served a 3-month written notice to OCG Thailand, a subsidiary of the Company, for the termination of the participation agreement in respect of electronic data capture machines entered into between SCB and OCG Thailand in 2006 (the "Agreement") with effective from 10 May 2010. With the termination of the Agreement, the Company may lose the business of card-acceptance merchants referred by SCB, including the King Power Group, a major customer of OCG Thailand.

Following the termination of the Agreement, the Group engaged Bangkok Bank Public Company Limited ("BBL") to provide settlement services pursuant to the terms of the existing bankcard acquiring agreement signed by both parties in 2004. In addition, OCG Thailand has been signing up new merchant customers and will also explore the feasibility of establishing a strategic partnership with another settlement bank in Thailand by entering into a fixed term settlement agreement with such bank so as to secure long term development prospects for OCG Thailand in the future.

For the development of the Group's card acceptance business in Laos, the preparation work is in the final stage. The Group has obtained a foreign investment license, business license and tax license for carrying out business in Laos. The card acceptance business will be commenced after the approval from China Unionpay (the "CUP") is obtained.

In order to expand the revenue base of the Group, the Group has signed a marketing services agreement with an independent third party to provide professional marketing services which mainly include data analysis, merchant support and marketing consultancy in the fourth quarter of 2009.

In view of the recent on-going political instability in Thailand, the Directors are actively exploring new business opportunities in Asia in order to diversify the revenue base and business risks of the Group.

Financial Review

Revenue

The Group's revenue for the year amounted to approximately HK\$12,464,000, representing an increase of approximately 60% as compared to HK\$7,807,000 for the corresponding period in 2009.

The increase in the Group's revenue was mainly due to the significant increase in CUP card acceptance transaction volume as a result of the increase of the POS terminals and the growing number of Chinese tourists in Thailand for the year. The transaction volume reached approximately Baht 2,773 million (equivalent to approximately HK\$633 million) for the year ended 31 March 2010 compared to approximately Baht 1,704 million (equivalent to approximately HK\$386 million) for the year ended 31 March 2009. The transaction volume was further boosted up as a result of the increase in the POS terminals by 29 from last year. However, the favorable impact from the increased POS terminals is not expected to continue in the coming year given that the participation agreement with SCB was terminated in May 2010. As a result of SCB's termination of this participation, the merchants introduced by SCB have been lost and the number of POS terminals operated by the Group after the termination of the participation agreement has dropped substantially from 499 to 157 as at 31 March 2010 and 12 May 2010 respectively. Further, the Directors consider that the on-going political instability in Bangkok may also lead to adverse impact to the Group in the following year.

Cost of Services Rendered

Cost of services rendered of the Group increased by approximately 62% from approximately HK\$5,104,000 for the year ended 31 March 2009 to approximately HK\$8,285,000 for the year ended 31 March 2010. The increase was mainly derived from more cost of services payable to CUP incurred as a result of the increase in transaction volume during the year.

Gross Profit and Gross Profit Margin

The gross profit for the year was approximately HK\$4,179,000, representing an increase of approximately 55% from the year ended 31 March 2009. This was primarily attributable to the increase in card acceptance fee income and the marketing service fee. The gross profit margin remains stable at 34% and 35% for the years ended 31 March 2010 and 2009 respectively.

General Administrative Expenses

The general administrative expenses of the Group for the year amounted to approximately HK\$4,525,000, representing an increase of approximately 111% as compared to 2009. The increase in administrative expenses was mainly due to general increase in administrative and operating expenses, including rental expenses, staff costs (including directors' remuneration), professional fees and the costs incurred in connection with the Listing after 28 August 2009.

Selling and Distribution Costs

The selling and distribution costs for the year amounted to approximately HK\$674,000, representing an increase of approximately HK\$129,000 compared with the corresponding period in 2009. The increase was mainly due to the introduction of marketing research activity relating to the development for Laos market and the promotion campaign for the Pacific-OCG Golf Card program in Hainan Province during the year.

Finance Costs

The finance costs for the year amounted to approximately HK\$40,000 which represented (i) interest payment for an unsecured short term loan from an independent third party, which was financed to settle the amount due to related parties before the Listing; and (ii) 9% dividend payable to a minority shareholder in respect of the issue and paid up preference share capital of OCG Thailand. No finance cost was incurred for the year ended 31 March 2009.

Loss for the Year

The net loss attributable to equity holders of the Company was approximately HK\$1,879,000 for the year compared with approximately HK\$145,000 for the corresponding period in 2009. The loss was mainly attributable to the general increase in administrative and operating expenses. In addition, the Group recorded a deferred tax credit amounting to approximately HK\$308,000 for the year ended 31 March 2009 which was the initial recognition in that year, but for current year, no such further deferred tax credit was recorded and income tax expenses of HK\$474,000 were recognised.

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flows and other borrowings. As at 31 March 2010, the Group's other long-term borrowings amounted to Baht 1,375,000 (equivalent to approximately HK\$329,000) due to a minority shareholder, representing the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum and such dividend was recorded as finance costs. The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, was approximately 1% as at 31 March 2010 (31 March 2009: 21%).

As at 31 March 2010, the Group had net current assets of approximately HK\$22,316,000 (2009: HK\$2,188,000). Current ratio as at 31 March 2010 was 10.98 (2009: 1.26). The bank and cash position of the Group as at 31 March 2010 was approximately HK\$22,486,000 (2009: HK\$675,000). The improvement of gearing ratio and the current ratio were attributable to the funds raised from issuance of 150,000,000 ordinary shares pursuant to the Placing on 28 August 2009.

Capital Structure

Total equity attributable to equity holders of the Company amounted to approximately HK\$21,640,000 as at 31 March 2010 (2009: HK\$2,657,000). The increase was mainly due to the funds raised from the Placing as discussed above.

Foreign Exchange Exposure

The Group is exposed to foreign exchange rate risk as the Group's revenue is principally dominated in Renminbi ("RMB") and Baht while its operating expenditure is principally denominated in RMB, Baht and Hong Kong dollar. Further, the Group also received United States dollars from the operation of CUP card acceptance business in Thailand. Apart from the receipt of CUP foreign exchange rate discount income on discount to the spot foreign exchange rate of the United States dollars against Baht, the Group has not made other arrangement to hedge against the exchange rate risk involved in the Group's revenue and expenditure. The Directors and management will continue to monitor the foreign exchange exposure and will consider entering into forward contracts and utilising applicable derivatives to hedge out the exchange risk when necessary. As at 31 March 2010, our Group did not have any derivatives for hedging against the interest and exchange rate risk.

Results and Dividends

For the year ended 31 March 2010, the Group recorded a revenue of approximately HK\$12,464,000 (2009: approximately HK\$7,807,000) and a net loss attributable to equity holders of the Company of approximately HK\$1,879,000 as compared to approximately HK\$145,000 for the corresponding period in the previous financial year. The basic losses per share was 0.35 HK cents (2009: 0.03 HK cents).

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2010 (2009: Nil).

Employee and Remuneration Policy

As at 31 March 2010, the Group had a total staff of 12 (31 March 2009: 10) of whom 4 were based in Hong Kong, 5 were based in Thailand and the remaining staff were based in the PRC. The Group develops its human resources policies and procedures based on performance, merit and market conditions. Discretionary bonus is linked to the performance of the Group as well as individual performance. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. The Group also arranges its staff for training to enhance their skills and knowledge.

Capital Commitments

As at 31 March 2010, the Group had capital expenditure contracted for but not provided in the consolidated financial statements amounting to HK\$225,000 (2009: Nil).

Material Acquisitions, Disposal and Significant Investment

As disclosed in the Prospectus, on 28 April 2009, Oriental City Group Thailand Limited, a wholly owned subsidiary of the Company, exercised its option pursuant to the share purchase option agreement dated 22 June 2005 to buy back from Mr. Panthong Limpkittisin, a former shareholder of OCG Thailand, his prior 11% holding of ordinary shares in OCG Thailand for a consideration of Baht 687,500 (equivalent to approximately HK\$164,000).

Save as disclosed above, the Group had no material acquisitions, disposals or did it make significant investments during the year ended 31 March 2010.

Charges on Assets

As at 31 March 2010, the Group did not have any charges on its assets.

Contingent Liabilities

As at 31 March 2010, the Group did not have any significant contingent liabilities.

BUSINESS OBJECTIVES AND USE OF PROCEEDS

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 14 August 2009, being the latest practicable date as defined in the Prospectus (the "LPD") to 31 March 2010 is set out below:

Business objectives for the period from the LPD to 31 March 2010 as stated in the Prospectus

Actual business progress up to 31 March 2010

1. Co-branded card partnership business

Further expand the co-branded card partnership business with another major bank

Work with Bank of Communications Co., Ltd ("BOCOM") to expand customer coverage of the Pacific-OCG Golf Debit Card and Pacific-OCG Golf Credit Card in a major city of the PRC

Further expand the lifestyle co-branded card partnership business with another major bank to launch another lifestyle card in a major city of the PRC The Group has been in the negotiation stage with potential partnership banks for its expansion of co-branded card business. In order to explore opportunities to the best interest of the shareholders, no final agreement has yet been concluded.

Customer coverage was still focused on Hainan Province during the period. Promotion campaigns were launched and marketing booklets were distributed to enhance the awareness of the Pacific-OCG Golf Card.

The Group has been in the negotiation stage with potential partnership banks. No agreement is finalised yet.

2. Card acceptance business

Continue to play a leadership role in expanding CUP card acceptance service and coverage in Thailand and plan to establish a comprehensive merchants' network throughout major tourist areas in Thailand

Expand its merchants' base in processing CUP card acceptance services in Laos

With the on-going political instability in Thailand, the Group has slowed down its development of the card acceptance business in Thailand. The Directors will closely monitor the political situation in Thailand and adjust the use of proceeds according to the actual development.

Foreign investment license, business license and tax license for carrying out business in Laos have been obtained successfully in the first quarter of year 2010. In addition, the Group became the first participation member of Lao Central Payment Network (LCPN), a central electronic network for Laos which provides the service of clearing electronic transactions. Business will be commenced after the approval from CUP is obtained.

Use of Proceeds

As disclosed in the Company's interim report for the six months ended 30 September 2009, the net proceeds from the issue of new shares of the Company under the Placing were approximately HK\$20.5 million, which was different from the estimated net proceeds of approximately HK\$29 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). We intend to adjust the use of proceeds in the same manner and in the same proportion as shown in the Prospectus. As stated in the Prospectus, we plan to expand the Group's card acceptance business and co-branded card partnership business in the forthcoming future. The net proceeds from Placing were applied by the Company in accordance with the Directors' assessment of the development of the market condition as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus from the LPD to	Actual use of the proceeds from the LPD to
	31 March 2010 HK\$'000	31 March 2010 <i>HK</i> \$'000
Co-branded card business Card acceptance business General working capital	990 2,121 	184 191 1,679
Total	3,818	2,054

BUSINESS OUTLOOK

The Group was listed on GEM of the Stock Exchange on 28 August 2009. The net proceeds raised from the Listing amounted to HK\$20.5 million which helped the Group to strengthen its foundation for its further development.

In view of the political unrest in Thailand, the Board is exploring our card acceptance network in Laos market with CUP and also considering reallocating a portion of the use of proceeds in order to diversify the business risk of the Group. The Group is identifying and exploring new business opportunities for enhancing its revenue on a stable and long term basis. The Board will continue to seek for the best interest of the shareholders of the Company in relation to new business opportunities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

Throughout the period from the date of the Listing on 28 August 2009 to 31 March 2010, the Company has complied with the code provisions in the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules with the exception of the following deviation:

The code provision A.2.1 stipulates that the roles of the chairman of the Board (the "Chairman") and the chief executive office (the "CEO") should be separate and should not be performed by the same individual.

Mr. Yu Chun Fai ("Mr. Yu") is the Chairman and assumes the duties of the CEO of the Company. Mr. Yu has over 20 years of experience in card payment and financial services industry. The Board considers that vesting the roles of chairman and chief executive officer in the same individual provided the Group with consistent leadership in the development and execution of long-term business strategies. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman and the CEO is necessary.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transactions from the date of the Listing up to 31 March 2010.

AUDIT COMMITTEE

The Company has established an audit committee on 14 August 2009, comprising Mr. Chan Chun Wai, Mr. Tsang Siu Tung and Mr. Chan Wing Cheung, Joseph, all of whom are independent non-executive directors ("INEDs"), with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Mr. Chan Chun Wai has been appointed as the chairman of the audit committee.

The primary responsibilities of the audit committee are (i) to review the annual report and accounts, half-yearly report and quarterly reports and provide advice and comments thereon to the Board and (ii) to review and supervise the financial reporting process and internal control system of the Group.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual report for the year ended 31 March 2010.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2010 have been agreed by the Company's auditor, Mazars CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars CPA Limited 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 Mazars CPA Limited on the preliminary announcement.

By order of the Board

Oriental City Group Holdings Limited

Yu Chun Fai

Chairman

Hong Kong, 18 June 2010

As at the date of this announcement, the Executive Director is Mr. Yu Chun Fai. The Non-executive Director is Ms. Wong Lai Chun. The INEDs are Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—(1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its publication and also be posted on the Company's website at www.ocg.com.hk.