



奧思知集團

Oriental City Group

Oriental City Group Holdings Limited

奧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 2012**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK
EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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This announcement, for which the directors (the “Directors”) of Oriental City Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$22,569,000 for the year ended 31 March 2012, which represented an increase of approximately 60% as compared with the Group's revenue recorded in the corresponding period in 2011.
- The loss attributable to the equity holders of the Company was approximately HK\$3,232,000 for the year ended 31 March 2012 compared with that of approximately HK\$3,333,000 recorded in the corresponding period in 2011.
- Loss per share for the year ended 31 March 2012 was approximately 0.54 HK cents (2011: 0.56 HK cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

ANNUAL RESULTS

The board of directors (the “Board”) of Oriental City Group Holdings Limited (the “Company”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2012 together with the comparative figures for the corresponding period in 2011.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2012

	<i>Note</i>	2012 HK\$	2011 <i>HK\$</i>
Revenue	4	22,569,189	14,102,005
Cost of services rendered		<u>(15,254,037)</u>	<u>(8,695,634)</u>
Gross profit		7,315,152	5,406,371
Other income	5	197,591	211,936
General administrative expenses		(7,545,009)	(7,197,475)
Selling and distribution costs		(961,136)	(694,486)
Finance costs	6	<u>(31,265)</u>	<u>(30,682)</u>
Loss before taxation	6	(1,024,667)	(2,304,336)
Income tax expense	7	<u>(1,291,860)</u>	<u>(543,761)</u>
Loss for the year		<u><u>(2,316,527)</u></u>	<u><u>(2,848,097)</u></u>
Attributable to:			
Equity holders of the Company		(3,231,650)	(3,332,986)
Non-controlling interests		<u>915,123</u>	<u>484,889</u>
		<u><u>(2,316,527)</u></u>	<u><u>(2,848,097)</u></u>
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted	8	<u><u>(0.54) HK cents</u></u>	<u><u>(0.56) HK cents</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	2012 HK\$	2011 HK\$
Loss for the year	(2,316,527)	(2,848,097)
Other comprehensive (loss) income		
Exchange difference on translation of foreign subsidiaries	<u>(65,265)</u>	<u>182,427</u>
Total comprehensive loss for the year	<u>(2,381,792)</u>	<u>(2,665,670)</u>
Attributable to:		
Equity holders of the Company	(3,272,201)	(3,224,456)
Non-controlling interests	<u>890,409</u>	<u>558,786</u>
	<u>(2,381,792)</u>	<u>(2,665,670)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	<i>Note</i>	2012 HK\$	2011 HK\$
Non-current assets			
Property, plant and equipment		976,024	493,495
Other non-current assets		<u>–</u>	<u>75,000</u>
		976,024	568,495
Current assets			
Trade and other receivables	<i>10</i>	7,884,137	5,322,454
Restricted bank balances		1,018,477	1,209,716
Cash and cash equivalents		16,909,259	<u>19,882,094</u>
		25,811,873	26,414,264
Current liabilities			
Trade and other payables	<i>11</i>	9,165,271	6,605,960
Tax payables		291,909	<u>243,830</u>
		9,457,180	6,849,790
Net current assets		16,354,693	19,564,474
Total assets less current liabilities		17,330,717	20,132,969
Non-current liabilities			
Deferred tax liabilities		174,000	–
Other long-term liabilities	<i>12</i>	345,373	<u>352,438</u>
		519,373	352,438
NET ASSETS		16,811,344	19,780,531
Capital and reserves			
Share capital	<i>13</i>	6,000,000	6,000,000
Reserves		9,143,626	<u>12,415,827</u>
Equity attributable to equity holders of the Company		15,143,626	18,415,827
Non-controlling interests		1,667,718	<u>1,364,704</u>
TOTAL EQUITY		16,811,344	19,780,531

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

	Attributable to equity holders of the Company						Non-	Total
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$	Total HK\$	controlling interests HK\$	equity HK\$
At 1 April 2010	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(316,870)</u>	<u>(5,597,777)</u>	<u>21,640,283</u>	<u>805,918</u>	<u>22,446,201</u>
Loss for the year	–	–	–	–	(3,332,986)	(3,332,986)	484,889	(2,848,097)
Other comprehensive income:								
Exchange difference on translation of foreign subsidiaries	<u>–</u>	<u>–</u>	<u>–</u>	<u>108,530</u>	<u>–</u>	<u>108,530</u>	<u>73,897</u>	<u>182,427</u>
Total comprehensive loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>108,530</u>	<u>(3,332,986)</u>	<u>(3,224,456)</u>	<u>558,786</u>	<u>(2,665,670)</u>
At 31 March 2011	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(208,340)</u>	<u>(8,930,763)</u>	<u>18,415,827</u>	<u>1,364,704</u>	<u>19,780,531</u>
At 1 April 2011	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(208,340)</u>	<u>(8,930,763)</u>	<u>18,415,827</u>	<u>1,364,704</u>	<u>19,780,531</u>
Loss for the year	–	–	–	–	(3,231,650)	(3,231,650)	915,123	(2,316,527)
Other comprehensive loss:								
Exchange difference on translation of foreign subsidiaries	<u>–</u>	<u>–</u>	<u>–</u>	<u>(40,551)</u>	<u>–</u>	<u>(40,551)</u>	<u>(24,714)</u>	<u>(65,265)</u>
Total comprehensive loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(40,551)</u>	<u>(3,231,650)</u>	<u>(3,272,201)</u>	<u>890,409</u>	<u>(2,381,792)</u>
Dividend paid to non-controlling interests of a non-wholly owned subsidiary	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(587,395)</u>	<u>(587,395)</u>
At 31 March 2012	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(248,891)</u>	<u>(12,162,413)</u>	<u>15,143,626</u>	<u>1,667,718</u>	<u>16,811,344</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 Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, 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 business in the People’s Republic of China (the “PRC”).

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

At 31 March 2012 and at the date of authorising the consolidated financial statements, the immediate and ultimate holding company of the Group is Tian Li Holdings Limited (“Tian Li”), which is incorporated in the British Virgin Islands (“BVI”). In the opinion of the directors of the Company, the ultimate controlling party of the Group is Mr. Cheng Nga Ming Vincent.

2. 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 individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“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 “GEM Listing Rules”).

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2011 consolidated financial statements 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

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 was revised to include a new definition of related party and to provide a partial exemption from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

- (a) a government that has control, joint control or significant influence over the reporting entity; and
- (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

The Group adopted the new definition in its accounting policies but such adoption does not have an effect on the disclosures made in the consolidated financial statements.

Improvements to HKFRS 2010 – Amendments to HKAS 1 (Revised): Presentation of Financial Statements: Clarification of statement of changes in equity

The amendments clarify that the reconciliation of each components of other comprehensive income may be presented either in the statement of changes in equity or in the notes to the financial statements. The Group has decided to continue presenting the reconciliation on the face of the statement of changes in equity.

Future changes in HKFRS

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

Amendments to HKFRS 1 (Revised)	<i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
Amendments to HKFRS 7	<i>Disclosures – Transfer of Financial Assets</i> ¹
Amendments to HKAS 12	<i>Deferred Tax: Recovery of Underlying Assets</i> ²
Amendments to HKAS 1 (Revised)	<i>Presentation of Items of Other Comprehensive Income</i> ³
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosures of Interests with Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
Amendments to HKFRS 1	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HK(IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ⁴
Amendments to HKFRS 7	<i>Disclosure – Offsetting Financial Assets and Financial Liabilities</i> ⁴
Annual Improvements 2009-2011 Cycle	<i>Annual Improvements 2009-2011 Cycle</i> ⁴
Amendments to HKAS 32	<i>Presentation – Offsetting Financial Assets and Financial Liabilities</i> ⁵
HKFRS 9	<i>Financial Instruments</i> ⁶

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2014

⁶ Effective for annual periods beginning on or after 1 January 2015

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 Group's consolidated financial statements.

Basis of measurement

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 as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group 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 when such control ceases.

Non-controlling interests 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. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, is measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests on the basis of present ownership interest even if it results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when the control is lost and (ii) the carrying amount of the assets (including goodwill, if any), and liabilities of the subsidiary and any non-controlling interests at the date when the control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary is recognised on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary is accounted for as a financial asset, associate, jointly controlled entity or others as appropriate from the date when the control is lost.

Critical accounting estimates and judgements

Critical judgements made in applying accounting policies – Subsidiary

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 preference shares structure arrangement (the “Preference Shares Structure”) of OCG Thailand, 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 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 Preference Shares Structure are valid, legal and enforceable in Thailand.

Based upon the management’s judgement on 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.

3. SEGMENT REPORTING

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.

In addition, the Directors consider that the place of domicile for the Group is Hong Kong, where the central management and control is located.

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 interest and other income, finance costs, general administrative expenses incurred by corporate office 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 reflected within operating segment information as the Group's two distinctive business activities are provided in two different locations.

Year ended 31 March 2012

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	4,482,086	–	4,482,086
Major customer B	2,458,629	–	2,458,629
Other customers	14,718,474	910,000	15,628,474
	<u>21,659,189</u>	<u>910,000</u>	<u>22,569,189</u>
Segment results	<u>3,535,499</u>	<u>715,457</u>	4,250,956
Unallocated interest and other income			197,591
Unallocated finance costs			(31,265)
Unallocated other expenses			<u>(5,441,949)</u>
Loss before taxation			(1,024,667)
Income tax expense			<u>(1,291,860)</u>
Loss for the year			<u>(2,316,527)</u>

Year ended 31 March 2011

	Card acceptance business <i>HK\$</i>	Co-branded card partnership business and marketing business <i>HK\$</i>	Consolidated <i>HK\$</i>
Segment revenue			
Major customer A	2,598,385	–	2,598,385
Major customer C	–	1,560,000	1,560,000
Other customers	9,896,982	46,638	9,943,620
	<u>12,495,367</u>	<u>1,606,638</u>	<u>14,102,005</u>
Segment results	<u>1,774,386</u>	<u>1,249,227</u>	3,023,613
Unallocated interest and other income			211,936
Unallocated finance costs			(30,682)
Unallocated other expenses			<u>(5,509,203)</u>
Loss before taxation			(2,304,336)
Income tax expense			<u>(543,761)</u>
Loss for the year			<u>(2,848,097)</u>

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

At 31 March 2012

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	597,788	7,097	371,139	976,024
Other assets	<u>12,441,795</u>	<u>7,307</u>	<u>13,362,771</u>	<u>25,811,873</u>
Total assets	<u>13,039,583</u>	<u>14,404</u>	<u>13,733,910</u>	<u>26,787,897</u>
Total liabilities	<u>9,651,205</u>	<u>–</u>	<u>325,348</u>	<u>9,976,553</u>
Additional segment information:				
Depreciation	250,278	1,560	59,881	311,719
Additions to property, plant and equipment	<u>496,980</u>	<u>–</u>	<u>305,628</u>	<u>802,608</u>

At 31 March 2011

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	359,726	8,376	125,393	493,495
Other assets	<u>9,387,323</u>	<u>28,130</u>	<u>17,073,811</u>	<u>26,489,264</u>
Total assets	<u>9,747,049</u>	<u>36,506</u>	<u>17,199,204</u>	<u>26,982,759</u>
Total liabilities	<u>6,558,374</u>	<u>–</u>	<u>643,854</u>	<u>7,202,228</u>
Additional segment information:				
Depreciation	153,937	1,487	8,895	164,319
Additions to property, plant and equipment	<u>181,590</u>	<u>–</u>	<u>131,659</u>	<u>313,249</u>

4. REVENUE

Revenue, which 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:

	2012 HK\$	2011 HK\$
Co-branded card annual and transaction fee income	–	46,638
Card acceptance transaction fee income	17,177,103	9,896,982
Foreign exchange rate discount income	4,482,086	2,598,385
Marketing service fee income	910,000	1,560,000
	<u>22,569,189</u>	<u>14,102,005</u>

5. OTHER INCOME

	2012 HK\$	2011 HK\$
Bank interest income	43,801	32,871
Income from operating sublease	150,000	90,000
Sundry income	3,790	89,065
	<u>197,591</u>	<u>211,936</u>

6. LOSS BEFORE TAXATION

	2012 HK\$	2011 HK\$
This is stated after charging:		
(a) Finance costs		
Finance costs on other long-term liabilities	<u>31,265</u>	<u>30,682</u>
(b) Staff costs, including key management remuneration		
Salaries, allowances and other short-term employee benefits	3,081,274	2,768,149
Contributions to defined contribution plans	<u>65,098</u>	<u>91,101</u>
	<u>3,146,372</u>	<u>2,859,250</u>
(c) Key management remuneration, including directors' remuneration		
Salaries, allowances and other short-term employee benefits	2,097,739	2,132,878
Contributions to defined contribution plans	<u>34,074</u>	<u>29,969</u>
	<u>2,131,813</u>	<u>2,162,847</u>
(d) Other items		
Auditor's remuneration	357,608	313,650
Depreciation of property, plant and equipment	311,719	164,319
Operating lease charges on premises	<u>900,507</u>	<u>633,332</u>

7. TAXATION

	2012 HK\$	2011 HK\$
Current tax		
Thailand income tax	1,029,751	543,761
Withholding tax on dividend declared by a non-wholly owned subsidiary	<u>88,109</u>	<u>—</u>
	<u>1,117,860</u>	<u>543,761</u>
Deferred tax		
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	<u>174,000</u>	<u>—</u>
Income tax expense for the year	<u>1,291,860</u>	<u>543,761</u>

(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 2012 and 2011.

(ii) Income taxes outside Hong Kong

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

OCG Thailand is subject to Thailand income tax at 30%.

Oriental City Group (Hainan) Services Limited (“OCG China”), being a foreign-invested enterprise established in a special economic zone of the PRC, is subject to PRC enterprise income tax at 18% in the year 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012 (and thereafter), respectively, under the New Enterprise Income Tax Law and related implementation regulations 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 2012 and 2011.

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.

Reconciliation of income tax expense

	2012	2011
	HK\$	HK\$
Loss before taxation	<u>(1,024,667)</u>	<u>(2,304,336)</u>
Income tax at applicable tax rate	(21,441)	(577,445)
Non-deductible expenses	1,027,341	1,050,991
Non-taxable income	–	(161)
Unrecognised tax losses	38,128	69,755
Withholding tax on dividend declared by a non-wholly owned subsidiary	88,109	–
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	174,000	–
Others	<u>(14,277)</u>	<u>621</u>
Income tax expense for the year	<u>1,291,860</u>	<u>543,761</u>

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 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.

8. LOSS PER SHARE

Basic loss per share for the year ended 31 March 2012 are calculated based on the consolidated loss for the year attributable to the equity holders of the Company of HK\$3,231,650 (2011: HK\$3,332,986) and on the total number of 600,000,000 ordinary shares (2011: 600,000,000 ordinary shares) in issue during the year.

Diluted loss per share is the same as basic loss per share as the Company did not have any dilutive potential ordinary shares during the years ended 31 March 2012 and 2011.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2012 (2011: Nil).

10. TRADE AND OTHER RECEIVABLES

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Trade receivables	6,640,669	4,412,992
Other receivables		
Deposits, prepayments and other debtors	<u>1,243,468</u>	<u>909,462</u>
	<u>7,884,137</u>	<u>5,322,454</u>

All trade receivables are aged within 30 days based on the invoice date.

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:

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
United States Dollars ("US\$")	<u>6,549,967</u>	<u>4,355,868</u>

11. TRADE AND OTHER PAYABLES

	2012 HK\$	2011 HK\$
Trade payables	7,646,712	5,617,854
Other payables		
Accrued charges and other payables	<u>1,518,559</u>	<u>988,106</u>
	<u>9,165,271</u>	<u>6,605,960</u>

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.

12. OTHER LONG-TERM LIABILITIES

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

At the end of the reporting period, the Group had an outstanding amount due to a minority shareholder of Baht 1,375,000 (equivalent to HK\$345,373) (2011: Baht 1,375,000 (equivalent to HK\$352,438)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum. In addition, the relevant dividend on the preference share capital of OCG Thailand was fully settled before 31 March 2012. However, an accrued dividend payable of Baht 123,750 (equivalent to HK\$30,682) was included in trade and other payables as at 31 March 2011.

13. SHARE CAPITAL

	2012		2011	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid	<u>600,000,000</u>	<u>6,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Card acceptance business in Thailand continued to be the major business of the Group during the year ended 31 March 2012. Despite the impact of the severe flooding in Thailand during the period from late October to November 2011, which led to a significant decrease in the tourists visiting Thailand during the period, the Group's revenue for the year ended 31 March 2012 enjoyed a year-on-year increase of approximately 60%. The increase was mainly attributable to the increase in the number of the OCG Thailand's point-of-sales terminals mainly installed in the tourist areas like Bangkok, Pattaya and Phuket which in turn led to the increase of transaction volume during the year.

As regards the Group's co-branded card business, the agreement signed between Oriental City Group (Hainan) Services Limited ("OCG China"), a wholly owned subsidiary of the Company, and the Hainan branch of the Bank of Communications Co., Limited ("BOCOM") for their joint cooperation in the promotion and issuance of the Pacific – OCG Golf Card, expired in accordance with its terms in last year and both parties decided not to renew the agreement. Subsequently, the Group entered into a cooperation agreement with the Haikou Rural Commercial Bank in January 2012 for the development of the golf debit card business in the People's Republic of China (the "PRC"). Business will commence after further discussion by both parties. For the marketing service fee income, it amounted to HK\$ 910,000 for the year ended 31 March 2012, representing a decrease of approximately 42% as compared with the record of last year. The decrease was mainly owing to the expiration of the marketing service agreement in October 2011.

Financial Review

Revenue

During the year ended 31 March 2012, consolidated operating revenue of the Group amounted to approximately HK\$22,569,000, representing an increase of approximately 60% over the previous year. The revenue from the Group's card acceptance business in Thailand increased by approximately 73%.

Cost of Services Rendered

The total cost of services rendered for the year ended 31 March 2012 amounted to approximately HK\$15,254,000, representing an increase of approximately HK\$6,558,000, or approximately 75%, over the previous year. Such costs mainly comprised the information network cost and licence fee cost of the card acceptance business in Thailand.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2012 was approximately HK\$7,315,000, representing an increase of approximately 35% from the previous year. Gross profit margins were approximately 32% and 38% for the year ended 31 March 2012 and the previous year respectively. The decrease in the Group's gross profit margin was primary attributable to the decrease in the marketing service fee income, in respect of which the direct costs were minimal.

General Administrative Expenses

The general administrative expenses of the Group for the year ended 31 March 2012 amounted to approximately HK\$7,545,000, representing a slight increase of approximately 5% than that of last year.

Selling and Distribution Costs

The selling and distribution costs for the year ended 31 March 2012 amounted to approximately HK\$961,000, representing an increase of about 38% as compared with the same recorded in last year. The increase was mainly attributed by the increase in staff salaries and incentive for the marketing team in Thailand.

Finance Costs

The finance costs for the year ended 31 March 2012 represented the 9% dividend payable to a minority shareholder in respect of the issued and paid up preference share capital of OCG Thailand.

Loss for the Year

During the year ended 31 March 2012, the Group reported a loss attributable to the equity holders of the Company amounting to approximately HK\$3,232,000, representing an improvement of 3% over the last year.

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flow, public fund raisings and other borrowings. As at 31 March 2012, the Group's other long-term borrowings amounted to Thai Baht ("Baht") 1,375,000 (equivalent to approximately HK\$345,000) due to a minority shareholder, representing the issued and paid up preference share capital of OCG Thailand, which carries a 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, for both years ended 31 March 2012 and 2011, was approximately 1%.

As at 31 March 2012, the Group had net current assets of approximately HK\$16,355,000 (2011: HK\$19,564,000). Current ratio as at 31 March 2012 was 2.73 (2011: 3.86). The cash and cash equivalents of the Group as at 31 March 2012 was approximately HK\$16,909,000 (2011: approximately HK\$19,882,000).

Capital Structure

Total equity attributable to the equity holders of the Company amounted to approximately HK\$15,144,000 as at 31 March 2012 (2011: approximately HK\$18,416,000).

Foreign Exchange Exposure

The Group mainly operates in Hong Kong, the PRC and Thailand with the majority of business transactions being denominated and settled in Hong Kong dollars (“HK\$”), Renminbi (“RMB”) and Baht, which are the functional currencies of the relevant subsidiaries. The Group’s trade receivables arising from the operation of card acceptance business in Thailand are mainly denominated in United States dollars (“US\$”). The Directors and senior management monitor the related foreign currency risk exposure closely and, pursuant to a written foreign currency hedging guideline as approved by the Directors, the Group will enter into foreign currency forward contracts should the need arise. At 31 March 2012, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$700,000 (equivalent to approximately HK\$5,460,000) (31 March 2011: US\$300,000, equivalent to approximately HK\$2,340,000). No material fair value gain or loss has been recognised for the foreign currency forward contracts and no hedging accounting has been adopted. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as 31 March 2012.

Results and Dividends

For the year ended 31 March 2012, the Group recorded a revenue of approximately HK\$22,569,000 (2011: approximately HK\$14,102,000) and a loss attributable to the equity holders of the Company of approximately HK\$3,232,000 as compared with approximately HK\$3,333,000 for the corresponding period in the previous financial year. The loss per share was 0.54 HK cents (2011: 0.56 HK cents).

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2012 (2011: Nil).

Employees and Remuneration Policy

As at 31 March 2012, the Group had a total staff of 11 (31 March 2011: 11) of whom 5 were based in Hong Kong, 5 were based in Thailand and the remaining one was based in the PRC. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

Material Acquisitions, Disposal and Significant Investment

The Group has made no material acquisitions, disposals or any significant investments during the year ended 31 March 2012.

Capital Commitments

As at 31 March 2012, the Group had capital expenditure contracted for but not provided in the consolidated financial statements amounting to HK\$490,000 (2011: HK\$225,000).

Charges on Assets

As at 31 March 2012, the Group did not have any charges on its assets.

Contingent Liabilities

As at 31 March 2012, the Group did not have any significant contingent liabilities.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 24 August 2009 (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 2012 is set out below:

Business objectives for the period from the LPD to 31 March 2012 as stated in the Prospectus

Actual business progress up to 31 March 2012

1. Co-branded card partnership business

To work with BOCOM to expand customer coverage of the Pacific-OCG Golf Debit Card and Pacific-OCG Golf Credit Card in the PRC.

The Group has focused on promoting the customer coverage in Hainan Province, PRC from the LPD to 24 February 2011, being the expiry date of the agreement between OCG China and BOCOM. The Group and BOCOM decided not to renew the aforementioned agreement upon its expiration. After this, OCG China moved out from the office accommodation provided by BOCOM to another place for continuation of its operation.

To launch and further strengthen different lifestyle cards business with other major banks in the PRC.

The Group established a non-wholly owned subsidiary in Hong Kong and plans to set up a wholly foreign-owned enterprise through this subsidiary to facilitate the development of the Group's lifestyle payment card issuance business of the Group in the PRC. Further, OCG China entered into a cooperation agreement with the Haikou Rural Commercial Bank on 12 January 2012 for the development of the golf debit card business in the PRC.

2. Card acceptance business

To play a leadership role in expanding China Unionpay (the “CUP”) card acceptance services and coverage in Thailand and to further expand a comprehensive merchants’ network for processing CUP card acceptance services in Asia, except Hong Kong.

The Group is currently concentrating on the development of its card acceptance business in Thailand. After the termination of the participation agreement between OCG Thailand and Siam Commercial Bank Public Company Limited in May 2010, the Group installed more than 50 new point-of-sales card terminals (the “POS terminals”) mainly in the tourist areas like Phuket, Bangkok and Pattaya. In addition, OCG Thailand upgraded its existing information technology system during the year ended 31 March 2012 in order to catch up with the system development of CUP. Given that the performance of the card acceptance business in Thailand depends significantly on the prevailing political, environmental and other circumstances in Thailand which are beyond the Group’s control, the Directors will closely monitor the development of such circumstances when considering further investment.

For the expansion in Laos, the foreign investment license, business license and tax license required for carrying out business in Laos were obtained in 2010. In addition, the Group became the first participating member of the Lao Central Payment Network (“LCPN”), a central electronic network for Laos which provides the service of clearing electronic transactions. The Group will further negotiate with CUP for the commencement of its card acceptance business in Laos.

USE OF PROCEEDS

As disclosed in the Company's annual report for the year ended 31 March 2011, the net proceeds from the issue of the new shares of the Company under the placing as set out in the Prospectus (the "Placing") amounted to approximately HK\$20.5 million, which was different from the estimated net proceeds of approximately HK\$29 million (which had been estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). We have adjusted 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 have been applied by the Group 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 31 March 2012 HK\$'000	Actual use of the proceeds from the LPD to 31 March 2012 HK\$'000
Co-branded card partnership business	9,896	913
Card acceptance business	9,190	646
General working capital	1,414	9,780
	<hr/>	<hr/>
Total	20,500	11,339
	<hr/> <hr/>	<hr/> <hr/>

Notes:

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The net proceeds have been applied by the Company as follows in accordance with the assessment by the Directors of the development of the market conditions:

1. In relation to the Group's co-branded card partnership business: during the period between LPD and 24 February 2011, being the expiry date of the agreement between OCG China and BOCOM, the Group focused on the development of promoting customer coverage in Hainan Province of the PRC for the Group's Pacific-OCG Golf Debit Card. In December 2011, the Group established a non-wholly owned subsidiary in Hong Kong and plans to set up a wholly foreign-owned enterprise through this subsidiary to facilitate the development of the Group's lifestyle payment card issuance business of the Group in the PRC. In January 2012, OCG China entered into a cooperation agreement with the Haikou Rural Commercial Bank for the development of the golf debit card business in the PRC. Further, the Group acquired certain wholly-owned subsidiaries in January 2012, for future investment when opportunities arise, which are expected to bring synergistic effect to the Group's card business;

2. In relation to the Group's card acceptance business: the participation agreement in respect of electronic data capture machine signed between OCG Thailand and Siam Commercial Bank Public Company Limited was terminated in May 2010. Following the termination of such agreement, the Group installed more than 50 new POS terminals, representing an increase of approximately 32%, in tourist areas mainly located in Bangkok, Phuket and Pattaya. OCG Thailand also upgraded its existing information technology system in order to catch up with the system development of CUP. For the development of its card acceptance business in Laos, the Group has already obtained the foreign investment license, business operating license and the tax license issued by the corresponding authorities in Laos. The Group will further negotiate with CUP for the commencement of business in Laos;
3. The Group's general working capital includes the payment of general and administrative expenses, such as staff costs (including Directors' remuneration), professional fees and other general operating expenses; and
4. As regards the remaining net proceeds from the Placing as at 31 March 2012, they are being held in an interest bearing deposit account maintained with a bank in Hong Kong. These unused net proceeds will be used as funds for future investment of the Group if suitable opportunities arise and, if such investment opportunity is not identified, will be applied as general working capital of the Group.

BUSINESS OUTLOOK

The Group mainly concentrated on its card acceptance business during the year ended 31 March 2012. The Directors intended to install more POS terminals in the tourist areas but will maintain a cautious outlook on the card acceptance business as the performance of the Group's card acceptance business in Thailand highly depends on the prevailing political, environmental and other circumstances there, which are beyond the control of the Group. As such, the Directors are also looking for other new business opportunities in order to broaden the revenue base of the Group on a stable and long term basis.

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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by SBI E2-Capital (HK) Limited ("SBI"), the Company's compliance adviser, neither SBI nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2012.

CORPORATE GOVERNANCE

Throughout the year from 1 April 2011 to 31 March 2012, the Company has complied with the code provisions in the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules with 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 officer (the “CEO”) should be separate and should not be performed by the same individual.

Mr. Yu Chun Fai, a former executive Director of the Company who resigned on 11 November 2011, was the Chairman and assumed the duties of the CEO of the Company before his resignation. Immediately upon his resignation from the executive Director, Mr. Cheng Nga Ming Vincent (“Mr. Cheng”), an executive Director, has been appointed as the Chairman and CEO of the Company in his stead. Mr. Cheng has about 16 years of experience in financial sector. The Board considers that vesting the roles of Chairman and CEO in Mr. Cheng provides 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 5.46 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, each of the Director has confirmed that he/she have complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors’ securities transactions from 1 April 2011 to 31 March 2012.

AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok. All of whom are independent non-executive directors of the Company, 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.

REVIEW OF THE 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 2012.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 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
Cheng Nga Ming Vincent
Chairman

Hong Kong, 11 June 2012

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheng Nga Ming Vincent and Ms. Cheng Nga Yee, and three independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok.

This announcement will remain on the GEM website at www.hkgem.com on the Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.ocg.com.hk.