



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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 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.*

## HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$48,219,000 for the nine months ended 31 December 2012, which represented an increase of approximately 221% as compared with the Group's revenue recorded in the corresponding period in 2011.
- The profit attributable to the equity holders of the Company was approximately HK\$390,000 for the three months ended 31 December 2012 (2011: loss of approximately HK\$1,255,000) while there was a loss attributable to the equity holders of the Company of approximately HK\$133,000 for the nine months ended 31 December 2012, compared with a loss of approximately HK\$2,155,000 recorded in the corresponding period in 2011.
- Earning per share for the three months ended 31 December 2012 was approximately HK\$0.07 cents while loss per share for the nine months ended 31 December 2012 was approximately HK\$0.02 cents (2011: loss per share of approximately HK\$0.21 cents and approximately HK\$0.36 cents respectively).
- The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2012 (2011: Nil).

### THIRD QUARTERLY RESULTS (UNAUDITED)

The board of Directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 December 2012 together with the comparative figures for the corresponding periods in 2011 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2012

		Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	Note	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
<b>Revenue</b>	2	<b>23,170,757</b>	2,968,861	<b>48,218,787</b>	15,004,004
Cost of services rendered		<u>(15,742,695)</u>	<u>(2,217,752)</u>	<u>(32,625,822)</u>	<u>(9,906,357)</u>
Gross profit		<b>7,428,062</b>	751,109	<b>15,592,965</b>	5,097,647
Other income		<b>31,570</b>	20,724	<b>54,800</b>	192,602
General administrative expenses		<b>(3,399,270)</b>	(1,820,077)	<b>(8,468,577)</b>	(5,446,317)
Selling and distribution costs		<b>(193,794)</b>	(222,842)	<b>(634,848)</b>	(631,155)
Finance costs	4	<u><b>(8,878)</b></u>	<u>(7,777)</u>	<u><b>(24,193)</b></u>	<u>(23,676)</u>
<b>Profit (Loss) before taxation</b>	4	<b>3,857,690</b>	(1,278,863)	<b>6,520,147</b>	(810,899)
Income tax expense	5	<u><b>(1,647,797)</b></u>	<u>–</u>	<u><b>(3,107,341)</b></u>	<u>(712,624)</u>
<b>Profit (Loss) for the period</b>		<u><b>2,209,893</b></u>	<u>(1,278,863)</u>	<u><b>3,412,806</b></u>	<u>(1,523,523)</u>
<b>Attributable to:</b>					
Equity holders of the Company		<b>390,035</b>	(1,254,502)	<b>(133,367)</b>	(2,154,560)
Non-controlling interests		<u><b>1,819,858</b></u>	<u>(24,361)</u>	<u><b>3,546,173</b></u>	<u>631,037</u>
		<u><b>2,209,893</b></u>	<u>(1,278,863)</u>	<u><b>3,412,806</b></u>	<u>(1,523,523)</u>
<b>Profit (Loss) per share for profit (loss) attributable to equity holders of the Company</b>					
Basic and diluted	7	<u><b>0.07 HK cents</b></u>	<u>(0.21) HK cents</u>	<u><b>(0.02) HK cents</b></u>	<u>(0.36) HK cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2012

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Profit (Loss) for the period	2,209,893	(1,278,863)	3,412,806	(1,523,523)
<b>Other comprehensive income (loss)</b>				
Exchange difference on translation of foreign subsidiaries	<u>206,449</u>	<u>(76,128)</u>	<u>215,002</u>	<u>(201,422)</u>
<b>Total comprehensive income (loss) for the period</b>	<u><b>2,416,342</b></u>	<u><b>(1,354,991)</b></u>	<u><b>3,627,808</b></u>	<u><b>(1,724,945)</b></u>
<b>Attributable to:</b>				
Equity holders of the Company	<u>438,497</u>	<u>(1,302,369)</u>	<u>(73,570)</u>	<u>(2,274,990)</u>
Non-controlling interests	<u>1,977,845</u>	<u>(52,622)</u>	<u>3,701,378</u>	<u>550,045</u>
	<u><b>2,416,342</b></u>	<u><b>(1,354,991)</b></u>	<u><b>3,627,808</b></u>	<u><b>(1,724,945)</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED QUARTERLY FINANCIAL STATEMENT

*For the nine months ended 31 December 2012*

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

### **Corporate information**

The Company was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the GEM of the Stock Exchange on 28 August 2009.

### **Basis of preparation**

The unaudited condensed third quarterly financial statements of the Company for the nine months ended 31 December 2012 (the “Third Quarterly Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The preparation of the Third Quarterly Financial Statements requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Third Quarterly Financial Statements include an explanation of events and transactions that are significant to an understanding of the financial performances of the Group since 31 March 2012, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2012 (the “Annual Report”).

The Third Quarterly Financial Statements have been prepared on the historical costs basis.

The accounting policies and methods of computation applied in the preparation of the Third Quarterly Financial Statements are consistent with those applied in preparing the Annual Report except for the adoption of the accounting policy for share-based payment transactions as follows:

### ***Share-based payment transactions: Equity-settled transactions***

The Group’s employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the Binominal Option Pricing Model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company (“market conditions”).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the periods in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the period of the review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

### ***Adoption of new/revised HKFRS***

The adoption of the 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.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

## **2. REVENUE**

Revenue, which represents transaction fee income and foreign exchange rate discount income from card acceptance business and marketing service fee income, is analysed by category as follows:

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Card acceptance transaction fee income	<b>18,077,682</b>	2,520,675	<b>37,618,000</b>	11,097,570
Foreign exchange rate discount income	<b>5,093,075</b>	318,186	<b>10,600,787</b>	2,996,434
Marketing service fee income	<b>–</b>	130,000	<b>–</b>	910,000
	<b><u>23,170,757</u></b>	<b><u>2,968,861</u></b>	<b><u>48,218,787</u></b>	<b><u>15,004,004</u></b>

### 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) marketing business in the People’s Republic of China (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.

#### Nine months ended 31 December 2012 (unaudited)

	<b>Card acceptance business HK\$</b>	<b>Marketing business HK\$</b>	<b>Consolidated HK\$</b>
<b>Segment revenue</b>	<b><u>48,218,787</u></b>	<b><u>–</u></b>	<b><u>48,218,787</u></b>
<b>Segment results</b>	<b><u>11,571,917</u></b>	<b><u>(70,195)</u></b>	<b>11,501,722</b>
Unallocated interest and other income			<b>54,800</b>
Unallocated finance costs			<b>(24,193)</b>
Unallocated other expenses			<b><u>(5,012,182)</u></b>
Profit before taxation			<b>6,520,147</b>
Income tax expense			<b><u>(3,107,341)</u></b>
Profit for the period			<b><u>3,412,806</u></b>

Nine months ended 31 December 2011 (unaudited)

	Card acceptance business HK\$	Marketing business HK\$	Consolidated HK\$
<b>Segment revenue</b>	<u>14,094,004</u>	<u>910,000</u>	<u>15,004,004</u>
<b>Segment results</b>	<u>2,294,070</u>	<u>747,444</u>	3,041,514
Unallocated interest and other income			192,602
Unallocated finance costs			(23,676)
Unallocated other expenses			<u>(4,021,339)</u>
Loss before taxation			(810,899)
Income tax expense			<u>(712,624)</u>
Loss for the period			<u>(1,523,523)</u>

#### 4. PROFIT (LOSS) BEFORE TAXATION

	Unaudited Three months ended 31 December 2012		Unaudited Nine months ended 31 December 2012	
	2011	2011	2011	2011
	HK\$	HK\$	HK\$	HK\$
This is stated after charging:				
<b>Finance costs</b>				
Finance costs on other long-term liabilities	<u>8,878</u>	<u>7,777</u>	<u>24,193</u>	<u>23,676</u>
<b>Other items</b>				
Depreciation of property, plant and equipment	278,186	116,194	699,125	221,888
Staff costs, including directors' emoluments and equity-settled share-based payment expenses	1,617,737	680,917	3,493,434	2,179,445
Operating lease charges on premises	<u>308,712</u>	<u>265,225</u>	<u>865,138</u>	<u>788,870</u>



## 5. TAXATION

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Current tax				
Thailand income tax	1,372,862	–	2,631,233	712,624
Withholding tax on dividend declared by a non-wholly owned subsidiary	304,935	–	411,108	–
	<u>1,677,797</u>	<u>–</u>	<u>3,042,341</u>	<u>712,624</u>
Deferred tax				
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	(30,000)	–	65,000	–
	<u>(30,000)</u>	<u>–</u>	<u>65,000</u>	<u>–</u>
Income tax expense for the period	<u>1,647,797</u>	<u>–</u>	<u>3,107,341</u>	<u>712,624</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 periods.

### (ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the British Virgin Islands (“BVI”) are exempted from the payment of income tax in the Cayman Islands and the BVI respectively.

Oriental City Group (Thailand) Company Limited (“OCG Thailand”) is subject to Thailand income tax at 23% (2011: 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. However, no income tax has been provided as OCG China incurred losses for taxation purposes for the periods.

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.

## **6. DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2012 (2011: Nil).

## **7. EARNING (LOSS) PER SHARE**

Basic earning per share for the three months ended 31 December 2012 are calculated based on the unaudited consolidated profit for the period attributable to the equity holders of the Company of HK\$390,035 (2011: loss of HK\$1,254,502) and on the weighted average number of 600,000,000 ordinary shares (2011: 600,000,000 ordinary shares) in issue during the period.

Basic loss per share for the nine months ended 31 December 2012 are calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$133,367 (2011: HK\$2,154,560) and on the weighted average number of 600,000,000 ordinary shares (2011: 600,000,000 ordinary shares) in issue during the period.

Diluted earning/loss per share is the same as basic earning/loss per share as the effect of potential ordinary shares is anti-dilutive during the three months and nine months ended 31 December 2012 and there was no potential ordinary shares during the three months and nine months ended 31 December 2011.

## 8. MOVEMENT OF EQUITY

	Attributable to equity holders of the Company									
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Statutory reserve HK\$ <i>(Remark)</i>	Share options reserve HK\$	Accumulated losses HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
<b>For the nine months ended 31 December 2012</b>										
At 1 April 2012 (audited)	6,000,000	14,558,608	6,996,322	(248,891)	-	-	(12,162,413)	15,143,626	1,667,718	16,811,344
(Loss) Profit for the period	-	-	-	-	-	-	(133,367)	(133,367)	3,546,173	3,412,806
Other comprehensive income:										
Exchange difference on translation of foreign subsidiaries	-	-	-	59,797	-	-	-	59,797	155,205	215,002
Total comprehensive (loss) income for the period	-	-	-	59,797	-	-	(133,367)	(73,570)	3,701,378	3,627,808
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	571,333	-	571,333	-	571,333
Transfer to statutory reserve	-	-	-	-	766,101	-	(766,101)	-	-	-
Dividend paid to non-controlling interest of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	(2,740,726)	(2,740,726)
<b>At 31 December 2012 (unaudited)</b>	<b>6,000,000</b>	<b>14,558,608</b>	<b>6,996,322</b>	<b>(189,094)</b>	<b>766,101</b>	<b>571,333</b>	<b>(13,061,881)</b>	<b>15,641,389</b>	<b>2,628,370</b>	<b>18,269,759</b>
<b>For the nine months ended 31 December 2011</b>										
At 1 April 2011 (audited)	6,000,000	14,558,608	6,996,322	(208,340)	-	-	(8,930,763)	18,415,827	1,364,704	19,780,531
Loss for the period	-	-	-	-	-	-	(2,154,560)	(2,154,560)	631,037	(1,523,523)
Other comprehensive income:										
Exchange difference on translation of foreign subsidiaries	-	-	-	(120,430)	-	-	-	(120,430)	(80,992)	(201,422)
Total comprehensive loss for the period	-	-	-	(120,430)	-	-	(2,154,560)	(2,274,990)	550,045	(1,724,945)
<b>At 31 December 2011 (unaudited)</b>	<b>6,000,000</b>	<b>14,558,608</b>	<b>6,996,322</b>	<b>(328,770)</b>	<b>-</b>	<b>-</b>	<b>(11,085,323)</b>	<b>16,140,837</b>	<b>1,914,749</b>	<b>18,055,586</b>

*(Remark)*

In accordance with the relevant laws and regulations in Thailand, OCG Thailand is required to appropriate not less than 5% of its net profit to the statutory reserve upon each dividend distribution, until the statutory reserve reaches 10% of its registered authorised capital. The statutory reserve is not available for dividend distribution.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group is principally engaged in the card acceptance business in Thailand, which has grown substantially during the nine months ended 31 December 2012 (the “Review Period”). During the Review Period, there was an increase in the number of the Chinese tourists visiting Thailand. Further, a substantial card acceptance transaction fee income was generated by King Power Duty Free Co., Ltd. (“King Power”), a new merchant of Oriental City Group (Thailand) Company Limited (“OCG Thailand”), a subsidiary of the Company, since April 2012. With the growth in the Chinese tourists visiting Thailand and with the cooperation with King Power, OCG Thailand substantially increased the number of point-of-sales terminals (the “POS terminals”) installed in the tourist areas mainly in Bangkok, Pattaya and Phuket. As at 31 December 2012, OCG Thailand operated more than 670 POS terminals in Thailand (31 December 2011: approximately 200 POS terminals). Thus, revenue generated from the card acceptance business grown substantially during the Review Period.

### **Business Outlook**

The card acceptance business in Thailand developed with outstanding result during the Review Period. However, the performance is highly depending on the prevailing political, environmental and other circumstances there, which are beyond the control of the Group. In order to deliver long-term value to the Shareholders, the Group will continue to maintain a conservative approach to evaluate other business opportunities related to card business.

### **Financial Review**

With the continued growth of the card acceptance business in Thailand during the Review Period, the card acceptance transaction fee income and the foreign exchange rate discount income increased substantially by approximately 239% and 254% to approximately HK\$37,618,000 and HK\$10,601,000 respectively for the Review Period. After signing the merchant agreement with King Power in April 2012, King Power soon became the major customer of the Group. The increase in revenue was mainly attributable to the increase in the number of Chinese tourists visiting Thailand which boosted the transactions handled by the Group, especially those generated by King Power, during the Review Period.

The Group’s gross profit for the Review Period was approximately HK\$15,593,000, representing an increase of approximately 206% from the nine months ended 31 December 2011. Gross profit margins were approximately 32% and 34% for the nine months ended 31 December 2012 and 2011 respectively.

The general administrative expenses of the Group for the Review Period amounted to approximately HK\$8,469,000, increased by approximately HK\$3,022,000 as compared with the same recorded in the corresponding period last year. The increase was mainly attributable to the increase in the depreciation and other office expenses relating to the growth in card acceptance business in Thailand and the overall staff costs, including the recognition of equity-settled share-based payment expenses, of the Group during the Review Period.

The selling and distribution costs during the Review Period amounted to approximately HK\$635,000, which was similar to the record of the same period in last year.

With the significant increase in the revenue, net loss attributable to equity holders of the Company for the Review Period was decreased accordingly to approximately HK\$133,000, represented by an improvement of approximately of 94% when compared with the result for the nine months ended 31 December 2011.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2012, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### **(a) Long position in ordinary shares of HK\$0.01 each of the Company ("Shares")**

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Percentage of shareholding</b>
Mr. Cheng Nga Ming Vincent ("Mr. Cheng")	Corporate – Interest of controlled corporation ( <i>Note</i> )	243,000,000	40.50%
	Beneficial owner	27,000,000	4.50%

*Note:* These Shares were held by Tian Li Holdings Limited ("Tian Li") which in turn is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee ("Ms. Cheng") respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in the 243,000,000 Shares held by Tian Li under the SFO.

### **(b) Associated corporations**

As at 31 December 2012, Ms. Cheng held 30% equity interests in Tian Li.

Save as disclosed above, as at 31 December 2012, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of

the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

On 7 September 2012, options of 6,000,000 shares (the "Share Options") were granted to Mr. Zhang Huaqiao, a non-executive Director of the Company appointed on 7 September 2012, under the Company's share option scheme to subscribe the Company's ordinary shares at the exercise price of HK\$0.84. The validity period of the Share Options was five years from 7 September 2012. 2,000,000 Share Options each will be vested on 6 March 2013, 6 March 2014 and 6 March 2015 respectively.

Save as disclosed above, at no time during the Review Period, the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and in the share option scheme of the Company, at no time during the Review Period was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO**

As at 31 December 2012, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

### **The Company**

#### *Long positions in Shares*

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Percentage of shareholding</b>
Tian Li	Beneficial owner	243,000,000	40.50%

*Note:* Tian Li is a company owned as to 70% and 30% by Mr. Cheng and Ms. Cheng respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in the 243,000,000 Shares held by Tian Li under the SFO. Mr. Cheng is a director of Tian Li.

Save as disclosed above, as at 31 December 2012, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **COMPETING INTERESTS**

During the Review Period, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

## **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 Review Period.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules during the Review Period, except the code provision A.2.1 which requires that the roles of chairman and chief executive ("CEO") should be separate and should not be performed by the same individual. Mr. Cheng is the chairman and responsible for the duties of the CEO of the Company. 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 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.

Besides, the Company established an internal control committee and a compliance committee on 14 August 2009 to ensure the Group's proper and appropriate control and the compliance with the applicable rules and regulations. The two committees will meet on a quarterly basis.

## **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' transactions in the securities of the Company. Having made specific enquiry of all Directors, the Company was confirmed by each of the Directors that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transactions from 1 April 2012 to 31 December 2012.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok, all of whom are independent non-executive Directors. 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 reports and quarterly reports and provide advice, comments thereon to the Board and (ii) to review and supervise the financial reporting process and internal control system of the Group.

The Group's unaudited quarterly results for the nine months ended 31 December 2012 have been reviewed by the Audit Committee, which was of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

On behalf of the Board  
**Cheng Nga Ming Vincent**  
*Chairman*

Hong Kong, 5 February 2013

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