



奧思知集團

Oriental City Group

Oriental City Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8325)



INTERIM REPORT 2013



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This report, 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 report 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 report misleading.



FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$69.18 million for the six months ended 30 September 2013, which represented an increase of approximately 176% as compared with the Group's revenue recorded in the corresponding period in 2012.
- The Group reported a profit amounted to approximately HK\$5.60 million for the period ended 30 September 2013 as compared with a profit of approximately HK\$1.20 million last year. The Group reported a loss attributable to equity holders of the Company for the period ended 30 September 2013 amounted to approximately HK\$0.81 million (2012: HK\$0.52 million).
- Loss per share for the loss attributable to equity holders of the Company for the six months ended 30 September 2013 was approximately 0.13 HK cents (2012: 0.09 HK cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

FINANCIAL STATEMENT

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 six months ended 30 September 2013 together with the comparative figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2013

	NOTE	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Revenue	2	36,693,271	15,638,650	69,177,284	25,048,030
Cost of services rendered		(27,315,637)	(10,583,074)	(49,902,262)	(16,883,127)
Gross profit		9,377,634	5,055,576	19,275,022	8,164,903
Other income		776	1,314	58,900	23,230
General administrative expenses		(4,970,026)	(2,913,083)	(9,515,805)	(5,069,307)
Selling and distribution costs		(270,323)	(211,156)	(494,648)	(441,054)
Finance costs	4	(9,199)	(7,693)	(18,795)	(15,315)
Profit before taxation	4	4,128,862	1,924,958	9,304,674	2,662,457
Income tax expense	5	(1,758,392)	(829,629)	(3,707,352)	(1,459,544)
Profit for the period		2,370,470	1,095,329	5,597,322	1,202,913
Attributable to:					
Equity holders of the Company		(798,689)	(79,131)	(807,047)	(523,402)
Non-controlling interests		3,169,159	1,174,460	6,404,369	1,726,315
		2,370,470	1,095,329	5,597,322	1,202,913
Loss per share for loss attributable to equity holders of the Company					
Basic and diluted	6	(0.13) HK cents	(0.02) HK cents	(0.13) HK cents	(0.09) HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2013

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Profit for the period	2,370,470	1,095,329	5,597,322	1,202,913
Other comprehensive (loss) income <i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign subsidiaries	(73,261)	116,761	(951,169)	8,553
Total comprehensive income for the period	2,297,209	1,212,090	4,646,153	1,211,466
Attributable to:				
Equity holders of the Company	(901,948)	(11,933)	(1,642,694)	(512,067)
Non-controlling interests	3,199,157	1,224,023	6,288,847	1,723,533
	2,297,209	1,212,090	4,646,153	1,211,466

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	NOTE	Unaudited 30 September 2013 HK\$	Audited 31 March 2013 HK\$
Non-current assets			
Property, plant and equipment	7	3,527,136	3,456,031
Current assets			
Trade and other receivables	8	32,581,361	64,582,032
Restricted bank balances	9	22,263,725	6,498,555
Cash and cash equivalents		34,145,600	23,009,059
		88,990,686	94,089,646
Current liabilities			
Trade and other payables	10	61,938,163	76,388,295
Tax payables		2,935,492	2,075,005
		64,873,655	78,463,300
Net current assets		24,117,031	15,626,346
Total assets less current liabilities		27,644,167	19,082,377
Non-current liabilities			
Deferred tax liabilities		290,000	177,000
Other long-term liabilities	11	407,478	433,994
		697,478	610,994
NET ASSETS		26,946,689	18,471,383
Capital and reserves			
Share capital	12	6,000,000	6,000,000
Reserves		16,165,710	10,242,387
Equity attributable to equity holders of the Company		22,165,710	16,242,387
Non-controlling interests		4,780,979	2,228,996
TOTAL EQUITY		26,946,689	18,471,383

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to equity holders of the Company									
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Statutory reserve HK\$ <Remark>	Share options reserve HK\$ (Note 13)	Accumulated losses HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
For the six months ended 30 September 2013										
At 1 April 2013 (audited)	6,000,000	14,558,608	6,996,322	421,311	766,101	928,417	(13,428,372)	16,242,387	2,228,996	18,471,383
Profit for the period	-	-	-	-	-	-	(807,047)	(807,047)	6,404,369	5,597,322
Other comprehensive loss: Item that will be reclassified subsequently to profit or loss										
Exchange difference on translation of foreign subsidiaries	-	-	-	(835,647)	-	-	-	(835,647)	(115,522)	(951,169)
Total comprehensive income for the period	-	-	-	(835,647)	-	-	(807,047)	(1,642,694)	6,288,847	4,646,153
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	428,500	-	428,500	-	428,500
Disposal of equity interest in a subsidiary (Note 16)	-	-	-	-	-	-	7,137,517	7,137,517	2,862,483	10,000,000
Dividend to non-controlling interests of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	(6,599,347)	(6,599,347)
	-	-	-	-	-	428,500	7,137,517	7,566,017	(3,736,864)	3,829,153
At 30 September 2013 (unaudited)	6,000,000	14,558,608	6,996,322	(414,336)	766,101	1,356,917	(7,097,902)	22,165,710	4,780,979	26,946,689

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to equity holders of the Company							Non-controlling interests HK\$	Total equity HK\$	
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Statutory reserve HK\$ <Remark>	Share options reserve HK\$ (Note 13)	Accumulated losses HK\$			Total HK\$
For the six months ended 30 September 2012										
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
Profit for the period	-	-	-	-	-	-	(523,402)	(523,402)	1,726,315	1,202,913
Other comprehensive income: <i>Item that will be reclassified subsequently to profit or loss</i>										
Exchange difference on translation of foreign subsidiaries	-	-	-	11,335	-	-	-	11,335	(2,782)	8,553
Total comprehensive income for the period	-	-	-	11,335	-	-	(523,402)	(512,067)	1,723,533	1,211,466
Recognition of equity-settled share- based payment expenses	-	-	-	-	-	142,833	-	142,833	-	142,833
Transfer to statutory reserve	-	-	-	-	766,101	-	(766,101)	-	-	-
Dividend to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	(707,820)	(707,820)
	-	-	-	-	766,101	142,833	(766,101)	142,833	(707,820)	(564,987)
At 30 September 2012 (unaudited)	6,000,000	14,558,608	6,996,322	(237,556)	766,101	142,833	(13,451,916)	14,774,392	2,683,431	17,457,823

<Remark>

In accordance with the relevant laws and regulations in Thailand, Oriental City Group (Thailand) Company Limited ("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.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Unaudited Six months ended 30 September	
	2013 HK\$	2012 HK\$
Cash generated from operations	6,425,937	2,315,606
Interest received	58,887	6,672
Interest paid	–	(15,315)
Income tax paid	(2,668,623)	(291,909)
Net cash from operating activities	3,816,201	2,015,054
Net cash used in investing activities	(793,840)	(2,538,819)
Net cash from (used in) financing activities	8,940,131	(707,820)
Net increase (decrease) in cash and cash equivalents	11,962,492	(1,231,585)
Cash and cash equivalents at beginning of period	23,009,059	16,909,259
Effect on exchange rate changes	(825,951)	(30,817)
Cash and cash equivalents at end of period	34,145,600	15,646,857



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2013

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 condensed interim financial statements of the Company for the six months ended 30 September 2013 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, 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 Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2013, 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 ("HKFRSs") which collective term includes all applicable individual HKFRSs, HKAS and Interpretation issued by HKICPA. They shall be read in conjunction with the Group's audited financial statements for the year ended 31 March 2013 (the "Annual Report").

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

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report.

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current period and prior years, except that certain presentation and disclosures of the Interim Financial Statements have been revised. A summary of the main effect on the accounting policies adopted by the Group is set out below.



1. CORPORATE INFORMATION AND BASIS OF PREPARATION *(continued)*

Basis of preparation *(continued)*

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new requirements for unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of consolidated financial statements, the Group has not made additional disclosures in the Interim Financial Statements as a result of adopting HKFRS 12.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurement for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the Interim Financial Statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement requirements prospectively. The Group has provided these disclosures in Note 14 to the Interim Financial Statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurement of the Group's assets and liabilities.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted any new/revised HKFRSs 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/revised HKFRSs but are not yet in a position to reasonably estimate whether these new/revised HKFRSs 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, is analysed by category as follows:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Card acceptance transaction fee income	30,000,756	12,263,460	54,879,363	19,540,318
Foreign exchange rate discount income	6,692,515	3,375,190	14,297,921	5,507,712
	36,693,271	15,638,650	69,177,284	25,048,030

3. SEGMENT REPORTING

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.

3. SEGMENT REPORTING (continued)

Business segment

Six months ended 30 September 2013 (unaudited)

	Card acceptance business HK\$	Marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	15,488,151	–	15,488,151
Major customer B	14,297,921	–	14,297,921
Other customers	39,391,212	–	39,391,212
	69,177,284	–	69,177,284
Segment results	15,993,443	(48,180)	15,945,263
Unallocated interest and other income			58,900
Unallocated finance costs			(18,795)
Unallocated other expenses			(6,680,694)
Profit before taxation			9,304,674
Income tax expense			(3,707,352)
Profit for the period			5,597,322

3. SEGMENT REPORTING (continued)

Business segment (continued)

Six months ended 30 September 2012 (unaudited)

	Card acceptance business HK\$	Marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	6,819,281	–	6,819,281
Major customer B	5,507,712	–	5,507,712
Other customers	12,721,037	–	12,721,037
	25,048,030	–	25,048,030
Segment results	6,188,308	(48,515)	6,139,793
Unallocated interest and other income			23,230
Unallocated finance costs			(15,315)
Unallocated other expenses			(3,485,251)
Profit before taxation			2,662,457
Income tax expense			(1,459,544)
Profit for the period			1,202,913

3. SEGMENT REPORTING (continued)

Segment assets and liabilities

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

At 30 September 2013 (unaudited)

	Card acceptance business HK\$	Marketing business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	3,250,469	5,667	271,000	3,527,136
Other assets	66,951,062	13,421	22,026,203	88,990,686
Total assets	70,201,531	19,088	22,297,203	92,517,822
Total liabilities	63,324,524	–	2,246,609	65,571,133

At 31 March 2013 (audited)

	Card acceptance business HK\$	Marketing business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	3,157,428	5,555	293,048	3,456,031
Other assets	83,790,947	12,043	10,286,656	94,089,646
Total assets	86,948,375	17,598	10,579,704	97,545,677
Total liabilities	77,568,244	–	1,506,050	79,074,294



4. PROFIT BEFORE TAXATION

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
This is stated after charging:				
Finance costs				
Finance costs on other long-term liabilities	9,199	7,693	18,795	15,315
Other items				
Depreciation of property, plant and equipment	289,707	261,905	523,582	420,939
Staff costs, including directors' emoluments and equity-settled share-based payment expenses	1,744,474	1,076,937	3,201,583	1,875,697
Operating lease charges on premises	383,552	278,204	742,777	556,426

5. TAXATION

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Current tax				
Thailand enterprise income tax	1,424,774	646,458	3,000,734	1,258,371
Withholding tax on dividend declared by a non-wholly owned subsidiary	593,618	106,173	593,618	106,173
	2,018,392	752,631	3,594,352	1,364,544
Deferred tax				
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	(260,000)	76,998	113,000	95,000
Income tax expense for the period	1,758,392	829,629	3,707,352	1,459,544

(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.

OCG Thailand is subject to Thailand income tax at 20% (2012: 23%).

Oriental City Group (Hainan) Services Limited ("OCG Hainan"), is subject to PRC enterprise income tax at 25% since year 2012. However, no income tax has been provided as OCG Hainan incurred losses for taxation purposes for the periods.

Dividends payable by a foreign invested enterprise in the PRC or 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 or Thailand that provides for a different withholding arrangement.



6. LOSS PER SHARE

Basic loss per share for the three months and six months ended 30 September 2013 are calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$798,689 and HK\$807,047 respectively, (2012: HK\$79,131 and HK\$523,402 respectively) and on the weighted average number of 600,000,000 ordinary shares (2012: 600,000,000 ordinary shares) in issue during both periods.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the three months and six months ended 30 September 2013 and 30 September 2012.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group spent HK\$793,840 (2012: HK\$155,746) on additions to the office equipment.

8. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2013 HK\$	Audited 31 March 2013 HK\$
Trade receivables	29,946,634	62,956,497
Other receivables		
Deposits, prepayments and other receivables	2,634,727	1,625,535
	32,581,361	64,582,032

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.

9. RESTRICTED BANK BALANCES

Pursuant to the agreements signed with a card acceptance business partner, the amount represent bank balances in a bank in Thailand solely for the purpose of settlement of outstanding trade payables for the card acceptance business and are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in Baht.

10. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2013 HK\$	Audited 31 March 2013 HK\$
Trade payables	51,990,785	68,557,428
Other payables		
Accrued charges and other payables	4,407,900	7,830,867
Dividend payable to non-controlling interests	5,539,478	–
	61,938,163	76,388,295

All trade payables are aged within 30 days for the periods presented.

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

11. OTHER-LONG TERM LIABILITIES

Other long-term liabilities represent the preference shares issued by OCG Thailand. The holders of such preference shares have the following rights:

- one vote for every five shares held on any resolution of OCG Thailand;
- the right to receive cumulative dividend declared by OCG Thailand at the annual rate of 9% paid up amount of the shares issued, prior to the ordinary shares; and
- the right to receive the distribution of the share capital, in the case of the winding up of OCG Thailand, prior to the ordinary shares, but limited to the paid up amount of each of the preference share.

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in the Group's unaudited condensed consolidated statement of financial position in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive 9% cumulative dividends on the paid up amount of the preference shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

As at 30 September 2013, the Group had an outstanding amount due to a minority shareholder of Baht 1,650,000 (equivalent to HK\$407,478) (31 March 2013: Baht 1,650,000 (equivalent to HK\$433,994)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividends at 9% per annum, with an accrued dividend payable of Baht 74,753 (equivalent to HK\$18,759) (31 March 2013: Nil) as included in trade and other payables.

12. SHARE CAPITAL

	Unaudited		Audited	
	At 30 September 2013		At 31 March 2013	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised				
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000	2,000,000,000	20,000,000
Issued and fully paid				
Ordinary shares of HK\$0.01 each	600,000,000	6,000,000	600,000,000	6,000,000

13. SHARE OPTION SCHEME

On 14 August 2009, the Company adopted a share option scheme (the "Scheme") for the purpose of recognising and motivating the contribution of the eligible persons to the Company and/or any of its subsidiaries and invested entities.

The total number of the shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not exceed 60,000,000 shares, representing 10% of the shares in issue at the date of adoption of the Scheme and 30 September 2013. The total number of the shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue on the last day of such 12-month period unless approval from the shareholders of the Company in general meeting is obtained with such participant and his/her associates abstaining from voting.

The exercise period of an option under the Scheme will be notified by the Board of Directors to each participant which shall not exceed 10 years from the date upon which the option is granted. The Scheme does not contain specific provisions on the minimum period during which an option must be held before it can be exercised. Upon acceptance of the option, the eligible person shall pay HK\$1.00 to the Company by way of consideration for the grant. Subject to the early termination provisions of the Scheme, the Scheme will remain valid for a period of 10 years commencing from 14 August 2009.

The exercise price for shares under the Scheme will be a price determined by the Board of Directors and notified to each grantee and will not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant and (iii) the nominal value of the shares.



13. SHARE OPTION SCHEME *(continued)*

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 Scheme to subscribe the Company's ordinary shares at the exercise price of HK\$0.84. The validity period of the Share Options is five years from 7 September 2012, subject to the following vesting conditions:

- 2,000,000 Share Options was vested on 6 March 2013;
- 2,000,000 Share Options will be vested on 6 March 2014; and
- 2,000,000 Share Options will be vested on 6 March 2015.

There were no movements of the Share Options from the date of grant (i.e. 7 September 2012) to 30 September 2013.

The fair value of Share Options granted on 7 September 2012 is HK\$0.4285 per option, which is calculated using the Binominal Option Pricing Model with the following key inputs:

Closing price of the share on the date of grant	HK\$0.84
Exercise price	HK\$0.84
Expected volatility	58.78%
Risk free interest rate	0.2910%
Expected dividend yield	Nil

The expected volatility was determined on the historic volatility of the Company's share prices.

During the six months ended 30 September 2013, with reference to the fair value of the Share Options, the Group recognised HK\$428,500 (2012: HK\$143,000) as the equity-settled share based payment expenses.

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amount of the Group's financial instruments, which carried at amortised cost, are not materially different from their fair values as at 30 September 2013 and 31 March 2013.

15. COMMITMENTS

Commitments under operating leases

As at 30 September 2013 and 31 March 2013, the Group had total future aggregate minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 30 September 2013 HK\$	Audited 31 March 2013 HK\$
Within one year	1,224,469	1,179,213
In the second to fifth years inclusive	272,743	784,000
	1,497,212	1,963,213

16. DISPOSAL OF INTERESTS IN A SUBSIDIARY WITHOUT CHANGE OF CONTROL

In March 2013, the Group entered into a sale and purchase agreement with two purchasers for the disposal of the Group's 30% equity interest in Oriental City Group Thailand Limited ("OCG Thailand (BVI)"), a wholly owned subsidiary of the Group at that time, with an aggregate consideration of HK\$10 million (the "Disposal"). The Disposal was approved at an extraordinary general meeting of the Company held on 10 May 2013. Upon the completion of the Disposal on 15 May 2013, OCG Thailand (BVI) becomes a non-wholly owned subsidiary of the Group and its financial position and results are continued to be consolidated by the Group.

	HK\$
Carrying amount of non-controlling interests disposed of	(2,862,483)
Consideration received from non-controlling interests	10,000,000
Gain on the Disposal recognised directly in equity	7,137,517

Effect of the Disposal without change of control in equity:

	Unaudited Six months ended 30 September 2013 HK\$
Total comprehensive loss for the period attributable to equity holders of the Company	(1,642,694)
Changes in equity attributable to equity holders of the Company arising from the Disposal	7,137,517
	5,494,823



17. EVENTS AFTER THE REPORTING PERIOD

- (i) In February 2013, the Group entered into a non-legally binding memorandum of understanding with a third party in respect of a possible acquisition of equity interests in a target company (the "Possible Acquisition"). The target company, together with its subsidiary, is principally engaged in the payment card business in the PRC. A legally binding agreement in relation to the Possible Acquisition is yet to be finalised as at the date of these Interim Financial Statements and therefore, it is not practicable to reliably estimate the financial effect for the Possible Acquisition.
- (ii) On 25 October 2013, the Company completed the placing of 120,000,000 placing shares at a price of HK\$1.03 per placing share with net proceeds, after deducting related placing commission and other related expenses, of approximately HK\$119.7 million.
- (iii) In November 2013, 深圳市快易捷信息技術有限公司 (Shenzhen Kuai Yu Jie Information Technology Co. Limited*) (the "PRC Company"), the shareholders of the PRC Company, Goodgate Limited, an indirect wholly-owned subsidiary of the Company, and OCG Hainan entered into the framework agreement (the "Framework Agreement"), pursuant to which the relevant parties will enter into the control agreements (the "Control Agreements") and the loan arrangement (the "Loan Arrangement") upon the completion of the Framework Agreement subject to fulfillment or waiver of the conditions precedent as set out in the Framework Agreement. Whereas the Control Agreements will allow OCG Hainan to be provided with effective control over and the rights to enjoy the economic benefits in the PRC Company, including its interests in 開聯通網絡技術有限公司 (Open Union Network Technology Services Limited*) (the "Licence Company"). The Loan Arrangement, which requires OCG Hainan to provide non-interest bearing loan amounted to RMB156 million (equivalent to approximately HK\$197 million) to the PRC Company, will facilitate the acquisition of 30% equity interests in the Licence Company by the PRC Company.


The PRC Company is principally engaged in the provision of agency services to the payment institution in the PRC. The Licence Company is a company established in the PRC with limited liability which possesses the relevant licence to conduct prepaid card business and internet payment services in the PRC.

Upon the completion of the Control Agreements and the Loan Arrangement, the PRC Company and the Licence Company will be accounted for as a subsidiary and an associate of the Group respectively. Please refer to the announcement of the Company dated 4 November 2013 for details.

18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board of Directors on 14 November 2013.

* For identification purpose only



On 10 October 2013, the Company entered into a placing agreement with placing agents pursuant to which the Company appointed the placing agents to procure not less than six places to subscribe up to 120,000,000 placing shares at a price of HK\$1.03 each. Such placing was completed on 25 October 2013. The net proceeds, after deducting related placing commission and other related expenses in connection with the placing, is approximately HK\$119.7 million. Immediately after the placing, the total issued share capital of the Company is 720,000,000 shares of HK\$0.01 each. The Company intends to apply the net proceeds from the placing to finance the Possible Acquisition and/or the Possible Investment (if materialise) or otherwise as general working capital of the Group.

In early November 2013, there was a demonstration in Bangkok, Thailand to protest against an amnesty bill that would pardon all political crimes and corruption cases committed during 2004 to 2013. At the date of this report, the Directors and senior management considered that the demonstration did not have adverse impact on the Group's business in Thailand and they will closely monitor the situation and will notify the shareholders of the Company, by means of announcement, as and when appropriate.

The Group will continue to seek new opportunities aiming to broaden the revenue base and enhance the profitability of the Group and therefore to increase the value of the Company.

Financial Review

Continued to be benefited by the growth in the card acceptance business in Thailand, the Group has a substantial increase in the revenue for the Review Period. The Group's revenue for the Review Period amounted to approximately HK\$69.18 million, representing an increase of approximately HK\$44.13 million or approximately 176% from the corresponding period in last year.

The gross profit for the Review Period was approximately HK\$19.28 million, representing an increase of approximately 136% from the corresponding period in last year. Resulting from the decrease in the merchant discount rate charged to one of the major merchants of the Group, gross profit margin was decreased from 33% from the corresponding period in last year to 28% for the Review Period.

The general administrative expenses of the Group during the Review Period were approximately HK\$9.52 million, representing an increase of approximately 88% from the corresponding period in last year. The increase was mainly attributable to an increase in the overall staff costs, including the recognition of equity-settled share based payment expenses and directors' remuneration, and the legal and professional fee of the Group during the Review Period.

The selling and distribution costs during the Review Period amounted to approximately HK\$0.49 million, which was slightly increased from HK\$0.44 million of the corresponding period in last year.



Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

Employees and Remuneration Policy

As at 30 September 2013, the Group had a total staff of 21 (31 March 2013: 16) of whom 9 were based in Hong Kong, 9 were based in Thailand and the remaining 3 were 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, Disposals and Significant Investment

Saved as disclosed in this Interim Report, the Group has made no material acquisitions, disposals or any significant investments during the Review Period.

Charges on Assets

As at 30 September 2013, the Group did not have any charges on its assets.

Contingent Liabilities

As at 30 September 2013, the Group did not have any significant contingent liabilities.

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

As at 30 September 2013, 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”)

Name	Capacity	Number of Shares	Percentage of shareholding
Mr. Cheng Nga Ming Vincent (“Mr. Cheng”)	Corporate – Interest of controlled corporation (<i>Note 1</i>)	243,000,000	40.50%
	Beneficial owner	27,000,000	4.50%
Mr. Cao Guoqi (“Mr. Cao”)	Corporate – Interest of controlled corporation (<i>Note 2</i>)	49,140,000	8.19%
	Interest of spouse (<i>Note 3</i>)	770,000	0.13%

Note: 1. 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.

2. These 49,140,000 Shares were held by Probest Limited (“Probest”) which in turn is wholly owned by Mr. Cao. As Mr. Cao is the controlling shareholder of Probest, he is deemed to be interested in these 49,140,000 Shares held by Probest under the SFO.

3. These 770,000 Shares were held by Ms. Zheng Lu who is the wife of Mr. Cao. Accordingly, Mr. Cao is deemed to be interested in these 770,000 Shares held by Ms. Zheng Lu under the SFO.

(b) Long position in the share options of the Company

The interest of the Directors and the chief executives of the Company in the share options of the Company are detailed in the section headed “Share Option Scheme” below.

(c) Associated corporation

As at 30 September 2013, Ms. Cheng held 30% equity interests in Tian Li.

Save as disclosed above, as at 30 September 2013, so far as is known to any of the Directors or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions 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 Rule 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

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 30 September 2013, so far as is known to the Directors, the following persons (other than a Director or a 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

Name	Capacity	Number of Shares	Percentage of shareholding
Tian Li (<i>Note 1</i>)	Beneficial owner	243,000,000	40.50%
Probest (<i>Note 2</i>)	Beneficial owner	49,140,000	8.19%

Note: 1. 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.

2. Probest is a company wholly owned by Mr. Cao. As Mr. Cao is the controlling shareholder of Probest, he is deemed to be interested in the 49,140,000 Shares held by Probest under the SFO. Mr. Cao is a director of Probest.

Save as disclosed above, as at 30 September 2013, 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.



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

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as monitoring the internal control policies and evaluating the financial performance of the Group. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders' value. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for approval by the Board before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control systems and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. During the Review Period, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules, except the code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Review Period, Mr. Cheng was the chairman and responsible for the duties of the chief executive officer ("CEO") of the Company. Mr. Cheng has about 17 years of experience in financial sector. The Board considered 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, as announced by the Company, Mr. Fung Weicheng, an executive director of the Company, was appointed as the CEO of the Company and Mr. Cheng remains as the chairman of the Company both with effect from 7 November 2013.

Besides, as part of the corporate governance practices, the Board has established a nomination committee, a remuneration committee, an audit committee, an internal control committee and a compliance committee. The Board is responsible for developing and reviewing the Group's policies and practices on corporate governance and reviewing and monitoring the training and continuous professional development of our directors. The internal control committee is vested with the responsibility of reviewing and monitoring the training and continuous professional development of the Group's senior management whilst the compliance committee is responsible for developing, reviewing and monitoring the code of conduct applicable to our directors and the Group's employees and reviewing the Company's compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules and the disclosure in the Company's Corporate Governance Report.

