4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency of each Group's entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- Income and expenses for each income statement and statement of comprehensive income are translated at average rates; and

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity. On disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether the carrying amounts of its property, plant and equipment and interests in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as income immediately.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities if they are redeemable at a specific date or at the shareholders' option; or if dividend payments are not discretionary. Preference shares that are not redeemable, or are redeemable only at the Group's option; and any dividend payments are discretionary, are classified as equity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives received are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement plans are recognised as expenses in profit or loss as incurred. The assets of the plans are held separately from those of the Group in certain independently administered funds.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Defined contribution plans (continued)

In accordance with the rules and regulations in the People's Republic of China ("PRC") and Thailand, the employees of the Group's entities established in the PRC and Thailand participate in defined contribution retirement plans organised by local governments. Contributions to those plans are expensed as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties

A party is related to the Group if

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its holding company;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

(a) *Critical judgements made in applying accounting policies*

(i) 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 former contractual arrangement (the "Structure Contracts") and existing preference shares structure arrangement (the "Preference Shares Structure") of OCG Thailand as described in note 15 to the consolidated financial statements, majority of OCG Thailand's issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Company, through its wholly owned subsidiary, Oriental City Group Thailand Limited, is able to exercise more than 50% voting power in any shareholders' meeting of OCG Thailand.

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

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

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements *(continued)*

(b) Key sources of estimation uncertainty

(i) Useful lives of property, plant and equipment

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in the profit or loss.

(ii) Impairment of property, plant and equipment

The management determines whether the Group's property, plant and equipment are impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of net selling price or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) Impairment of investments and receivables

The Company assess annually if its investment in subsidiaries suffered any impairment in accordance with HKAS 36 and follow the guidance of HKAS 39 in determining whether the amounts due from subsidiaries are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of the subsidiaries would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

(iv) Impairment of financial assets

The management determines the provision for impairment of the Group's financial assets based on the current creditworthiness and the past collection history of each customers and other debtors and the current market condition. If the financial conditions of the Group's customers and other debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision may be required.

5. FUTURE CHANGES IN HKFRS

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standard*[1]
HKFRS 1 Amendments	*Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 1 Amendments	Amendments to *HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[4]
HKFRS 2 Amendments	*Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendments	*Amendments to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendments	*Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HKFRIC 14 Amendments	*Amendments to HKFRIC 14 Prepayments of a Minimum Funding Requirement*[5]
HKFRIC 17	*Distributions of Non-cash Assets to Owners*[1]
HKFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]
Amendments to HKFRS 5 included in Improvements to HKFRS issued in October 2008	*Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*[1]
HKFRS (Amendments – 2009)	*Improvements to HKFRS issued in May 2009*[7]
HKFRS (Amendments – 2010)	*Improvements to HKFRS issued in May 2010*[8]

5. FUTURE CHANGES IN HKFRS *(continued)*

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

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

6. SEGMENT REPORTING

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

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

(i) card acceptance business in Thailand; and

(ii) co-branded card partnership business and marketing business in the PRC.

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

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

6. SEGMENT REPORTING *(continued)*

Year ended 31 March 2010

	Card acceptance business *HK$*	Co-branded card partnership business and marketing business *HK$*	Consolidated *HK$*
Segment revenue			
Major customer A	4,244,178	–	4,244,178
Major customer B	2,161,363	–	2,161,363
Other customers	5,359,916	698,810	6,058,726
	11,765,457	698,810	12,464,267
Segment results	1,455,839	383,525	1,839,364
Unallocated share of corporate administration expenses			(150,000)
Unallocated interest and other income			40,079
Unallocated finance costs			(39,709)
Unallocated other expenses			(2,709,129)
Loss before taxation			(1,019,395)
Taxation			(474,141)
Loss for the year			(1,493,536)

6. SEGMENT REPORTING *(continued)*

Year ended 31 March 2009

	Card acceptance business *HK$*	Co-branded card partnership business and marketing business *HK$*	Consolidated *HK$*
Segment revenue			
Major customer A	2,869,565	–	2,869,565
Major customer B	1,869,622	–	1,869,622
Other customers	2,969,095	99,163	3,068,258
	7,708,282	99,163	7,807,445
Segment results	732,701	(273,383)	459,318
Unallocated share of corporate administration expenses			(300,000)
Unallocated interest and other income			27,451
Unallocated other expenses			(139,257)
Profit before taxation			47,512
Taxation			307,977
Profit for the year			355,489

6. SEGMENT REPORTING *(continued)*

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

At 31 March 2010

	Card acceptance business HK$	Co-branded card partnership business and marketing business HK$	Consolidated HK$
Property, plant and equipment	309,083	9,484	318,567
Other assets	3,474,072	193,085	3,667,157
Segment assets	3,783,155	202,569	3,985,724
Unallocated corporate assets			21,025,696
Consolidated total assets			25,011,420
Segment liabilities	1,952,599	–	1,952,599
Unallocated corporate liabilities			612,620
Consolidated total liabilities			2,565,219

Notes to the Consolidated Financial Statements

Year ended 31 March 2010

6. SEGMENT REPORTING *(continued)*

At 31 March 2009

	Card acceptance business HK$	Co-branded card partnership business and marketing business HK$	Consolidated HK$
Property, plant and equipment	527,407	10,950	538,357
Other assets	5,671,604	28,051	5,699,655
Segment assets	6,199,011	39,001	6,238,012
Unallocated corporate assets			5,189,513
Consolidated total assets			11,427,525
Segment liabilities	5,122,608	7,996	5,130,604
Unallocated corporate liabilities			3,275,710
Consolidated total liabilities			8,406,314

7. REVENUE

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

	2010 HK$	2009 HK$
Co-branded card annual and transaction fee income	**108,810**	99,163
Card acceptance transaction fee income	**9,604,094**	5,838,660
Foreign exchange rate discount income	**2,161,363**	1,869,622
Marketing service fee income	**590,000**	–
	12,464,267	7,807,445

8. OTHER INCOME

	2010 HK$	2009 HK$
Bank interest income	**21,384**	11,962
Other interest income	**2,003**	15,489
Marketing and promoting sponsorship fees received	**–**	4,621
Sundry income	**16,692**	–
	40,079	32,072

9. (LOSS) PROFIT BEFORE TAXATION

	2010 HK$	2009 HK$
This is stated after charging:		
(a) Finance costs		
Finance costs on other long-term liabilities	**26,009**	–
Interest expenses on other short-term loan	**13,700**	–
	39,709	–
(b) Staff costs, including key management remuneration		
Salaries, allowances and other short-term employee benefits	**2,027,500**	1,035,138
Contributions to defined contribution plans	**57,132**	83,714
	2,084,632	1,118,852
(c) Key management remuneration, including directors' remuneration		
Salaries, allowances and other short-term employee benefits	**1,683,509**	806,317
Contributions to defined contribution plans	**20,891**	8,460
	1,704,400	814,777
(d) Other items		
Auditor's remuneration	**290,898**	23,926
Depreciation of property, plant and equipment	**299,217**	397,819
Write-off of property, plant and equipment	**–**	799
Operating lease charges on premises	**285,353**	56,769

Notes to the Consolidated Financial Statements

Year ended 31 March 2010

10. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Company's directors are as follows:

	Directors' fees HK$	Salaries, allowances and other short-term employee benefits HK$	Contributions to defined contribution plans HK$	Total HK$
Year ended 31 March 2010				
Executive director				
Mr. Yu Chun Fai	–	220,323	5,016	225,339
Non-executive director				
Ms. Wong Lai Chun	59,409	–	–	59,409
Independent non-executive directors				
Mr. Chan Chun Wai	59,409	–	–	59,409
Mr. Chan Wing Cheung, Joseph	59,409	–	–	59,409
Mr. Tsang Siu Tung	59,409	–	–	59,409
	178,227	–	–	178,227
	237,636	220,323	5,016	462,975
Year ended 31 March 2009				
Executive director				
Mr. Yu Chun Fai	–	–	–	–
Non-executive director				
Ms. Wong Lai Chun	–	–	–	–
Independent non-executive directors				
Mr. Chan Chun Wai	–	–	–	–
Mr. Chan Wing Cheung, Joseph	–	–	–	–
Mr. Tsang Siu Tung	–	–	–	–
	–	–	–	–
	–	–	–	–

10. DIRECTORS' REMUNERATION *(continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 March 2010 (2009: Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year ended 31 March 2010 (2009: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2009: none) director, Mr. Yu Chun Fai, of whose remuneration is set out in note 10 to the consolidated financial statements. Details of the remuneration of the remaining four (2009: five) non-directors, highest paid employees for the year are as follows:

	2010	2009
	HK$	*HK$*
Salaries, allowances and other short-term employee benefits	**1,260,180**	882,416
Contributions to defined contribution plans	**15,497**	13,380
	1,275,677	895,796

The number of non-directors, highest paid employees whose remuneration fell within the following band:

	Number of employees	
	2010	2009
Band		
Nil to HK$1,000,000	**4**	5

During the year ended 31 March 2010, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year ended 31 March 2010 (2009: Nil).

12. TAXATION

	2010 HK$	2009 HK$
Current tax	**163,346**	–
Deferred tax		
Utilisation (Benefit) of tax losses	**310,795**	(307,977)
Tax expense (credit) for the year	**474,141**	(307,977)

(i) Hong Kong Profits Tax

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

(ii) Income taxes outside Hong Kong

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

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

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

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

12. TAXATION *(continued)*

(ii) Income taxes outside Hong Kong *(continued)*

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

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

Reconciliation of tax expense (credit)

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

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

13. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the year ended 31 March 2010 includes a loss of HK$945,546 (2009: Nil) which has been dealt with in the financial statements of the Company.

14. LOSSES PER SHARE

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

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

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

15. INTERESTS IN SUBSIDIARIES

	The Company	
	2010	2009
	HK$	*HK$*
Unlisted shares, at cost	**8,933**	–
Due from subsidiaries	**4,856,179**	–
	4,865,112	–

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment term. In the opinion of the Directors, the settlement of the amounts due is neither planned nor likely to occur in the foreseeable future.

15. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities
			Direct	Indirect	
OCG South Asia (BVI) Limited (formerly known as Oriental City Group Lao Limited) ("OCG South Asia")	BVI, 19 March 2010	Ordinary, US$1	–	100%	Investment holding
Oriental City Group Lao Co., Limited ("OCG Laos")	Laos, 8 January 2010	Registered capital, US$100,000	–	100%	Card acceptance business
Charm Act Group Limited ("Charm Act")	BVI, 30 November 2007	Ordinary, US$100	100%	–	Investment holding
Oriental City Group China Limited ("OCG China (BVI)")	BVI, 7 May 2007	Ordinary, US$1	–	100%	Investment holding and marketing business
Oriental City Group Thailand Limited ("OCG Thailand (BVI)")	BVI, 7 May 2007	Ordinary, US$1	–	100%	Investment holding
奧思知(海南)服務有限公司 Oriental City Group (Hainan) Services Limited* ("OCG China")	PRC, 24 October 2005	Registered capital, HK$150,000	–	100%	Co-branded cards partnership business
Oriental City Group (Thailand) Company Limited ("OCG Thailand")	Thailand, 27 September 2004	Ordinary, Baht 6,250,000	–	60%	Card acceptance business
		Preference, Baht 1,375,000 <Remark>	–	Nil	

* *The English name is for identification purpose only.*

15. INTERESTS IN SUBSIDIARIES *(continued)*

<Remark>

Prior to 28 April 2009, to comply with laws and regulations of Thailand on foreign invested companies, the Group operates its card acceptance business through OCG Thailand whose 11% ordinary equity interests (the "11% Security Interests") are held by Mr. Panthong Limpkittisin ("Mr. Limpkittisin"), a senior management personnel of OCG Thailand.

The paid-up capital of the 11% Security Interests was funded by Oriental City Group Limited ("OCG HK"), through loans of Baht 687,000 (equivalent to approximately HK$164,000) extended to Mr. Limpkittisin. OCG HK has entered into certain contractual arrangements (the "Structure Contracts") with Mr. Limpkittisin, including a loan agreement for Mr. Limpkittisin to contribute paid-up capital to OCG Thailand, a share purchase option agreement ("Share Purchase Option Agreement") for OCG HK to acquire the 11% Security Interests in OCG Thailand subject to compliance with Thailand's laws, a pledge of shares agreement ("Pledge of Shares Agreement") over the 11% Security Interests of OCG Thailand held by Mr. Limpkittisin, and a proxy agreement irrevocably authorising individuals designated by OCG HK to exercise the equity owners' rights over OCG Thailand, whichever is applicable.

On 28 December 2007, OCG HK (a) assigned to OCG Thailand (BVI) (i) all the interests and benefits of its loan in the aggregate of Baht 687,500 (equivalent to approximately HK$164,000) advanced to Mr. Limpkittisin and (ii) all its rights and interests under the Share Purchase Agreement, entered into between OCG HK and Mr. Limpkittisin; and (b) released unto Mr. Limpkittisin the Pledge of Shares Agreement entered into between OCG HK and Mr. Limpkittisin, at a total consideration of HK$2,245. On 28 December 2007, Mr. Limpkittisin pledged the 11% Security Interests to OCG Thailand (BVI) under a new pledge of shares agreement and irrevocably and unconditionally authorised individuals designated by OCG Thailand (BVI) to exercise the equity owner's rights over the 11% Security Interests under a new proxy agreement, after which OCG Thailand (BVI) holds, other than its 49% legal interests, the 11% Security Interests in OCG Thailand.

The Group believes that, notwithstanding the lack of equity ownership, the Structure Contracts described above give the Group control over OCG Thailand in substance. Accordingly, the results and financial position of OCG Thailand are included in the Group's consolidated financial statements to the extent of 60% effective interests, which includes the 49% ordinary equity interests plus the 11% Security Interests.

On 28 April 2009, OCG Thailand (BVI) exercised the option in the Share Purchase Option Agreement to acquire the 11% Security Interests from Mr. Limpkittisin at a consideration of Baht 687,500 (equivalent to approximately HK$164,000). At the same time, Mr. Limpkittisin fully repaid the outstanding loan of Baht 687,500 (equivalent to approximately HK$164,000) to OCG Thailand (BVI). Accordingly, the Structure Contracts entered into between Mr. Limpkittisin and OCG Thailand (BVI) ceased to operate on the same date.

15. INTERESTS IN SUBSIDIARIES *(continued)*

<Remark> (continued)

Pursuant to a special resolution passed in an extraordinary meeting of shareholders of OCG Thailand held on 28 April 2009, OCG Thailand allotted 550,000 preference shares to its then minority shareholders at a total consideration of Baht 1,375,000 (equivalent to approximately HK$329,000). Thereafter, OCG Thailand's share capital is comprised of ordinary share capital of Baht 6,250,000 (equivalent to approximately HK$1,495,000) and preference share capital of Baht 1,375,000 (equivalent to approximately HK$329,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on any resolution of OCG Thailand.

The holders of 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 rate of 9% paid up value 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 the 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 consolidated financial statements in accordance with applicable accounting standards because they are not redeemable and the holders of which are entitled to receive 9% cumulative dividend on the paid up value 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.

Therefore, starting from 29 April 2009, the results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the preference shares issued and related cumulative dividend, to the extent of 60% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares indirectly held by the Company through OCG Thailand (BVI).

16. PROPERTY, PLANT AND EQUIPMENT

	The Group
	Office equipment
	HK$
Cost	
At 1 April 2008	1,714,267
Additions	406,263
Disposals	(3,688)
Exchange realignments	(198,654)
At 31 March 2009 and at 1 April 2009	1,918,188
Additions	41,964
Exchange realignments	195,915
At 31 March 2010	**2,156,067**
Accumulated depreciation	
At 1 April 2008	1,133,445
Charges	397,819
Disposals	(2,889)
Exchange realignments	(148,545)
At 31 March 2009 and at 1 April 2009	1,379,830
Charges	299,217
Exchange realignments	155,825
At 31 March 2010	**1,834,872**
Net book value	
At 31 March 2010	**321,195**
At 31 March 2009	538,358

17. DEFERRED TAXATION

Recognised deferred tax assets

The movement in the Group's deferred tax assets is as follows:

	The Group	
	2010	2009
	HK$	*HK$*
At beginning of year	**295,284**	–
(Charge) Credit to profit or loss	**(310,795)**	307,977
Exchange realignments	**15,511**	(12,693)
At end of year	**–**	295,284
Amount expected to be recovered within 12 months	**–**	295,284

Unrecognised deferred taxation

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses will be expired as follows:

	The Group	
	2010	2009
	HK$	*HK$*
Year 2011	**648,664**	650,131
Year 2012	**308,644**	309,342
Year 2013	**631,981**	633,410
Year 2014	**175,274**	175,670
Year 2015	**196,364**	–
	1,960,927	1,768,553

The retained earnings of certain foreign subsidiaries would be subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of retained earnings of these foreign subsidiaries are approximately HK$156,000 (2009: Nil). In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provision for additional deferred taxation has been made.

18. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
	NOTE	**2010** **HK$**	2009 *HK$*	**2010** **HK$**	2009 *HK$*
Trade receivables		**1,185,814**	2,272,570	**–**	–
Other receivables					
Deposits, prepayments and other debtors		**531,129**	5,080,187	**5,293**	–
Due from related parties	*18(a)*	**–**	13,230	**–**	–
		531,129	5,093,417	**5,293**	–
		1,716,943	7,365,987	**5,293**	–

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

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

18. TRADE AND OTHER RECEIVABLES *(continued)*

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:

	The Group	
	2010	2009
	HK$	*HK$*
United States Dollars ("US$")	**1,004,631**	2,215,533

18(a) DUE FROM RELATED PARTIES

The amounts due were unsecured, interest-free and had no fixed repayment term.

19. RESTRICTED BANK BALANCES

Pursuant to the agreements signed with a card acceptance business partner, the amounts 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.

20. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Bank balances and cash are denominated in:				
HK$	**5,452,107**	101,269	**7,726**	–
Renminbi ("RMB")	**24,691**	85,584	**–**	–
Baht	**2,009,026**	488,113	**–**	–
	7,485,824	674,966	**7,726**	–
Time deposits are denominated in:				
HK$	**15,000,000**	–	**15,000,000**	–
	22,485,824	674,966	**15,007,726**	–

21. TRADE AND OTHER PAYABLES

		The Group		The Company	
	NOTE	**2010** **HK$**	2009 HK$	**2010** **HK$**	2009 HK$
Trade payables		**1,366,644**	4,953,935	**–**	–
Other payables					
Accrued charges and other payables		**827,031**	1,050,861	**265,069**	–
Due to related parties	*21(a)*	**–**	2,401,518	**–**	–
		827,031	3,452,379	**265,069**	–
		2,193,675	8,406,314	**265,069**	–

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.

21(a) DUE TO RELATED PARTIES

The amounts due were unsecured, interest-free and had no fixed repayment terms.

22. OTHER-LONG TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand as detailed in note 15 to the consolidated financial statements.

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

23. SHARE CAPITAL

		2010		2009	
	NOTE	Number of shares	Nominal value *HK$*	Number of shares	Nominal value *HK$*
Authorised	*23(a)/(b)*	**2,000,000,000**	**20,000,000**	39,000,000	390,000
Issued and fully paid:					
At beginning of year	*23(a)*	**1**	**–**	1	–
Issue of shares upon reorganisation	*23(b)*	**999,999**	**10,000**	–	–
Placing of new shares	*23(c)*	**150,000,000**	**1,500,000**	–	–
Capitalisation issue	*23(c)*	**449,000,000**	**4,490,000**	–	–
At end of year		**600,000,000**	**6,000,000**	1	–

Note:

(a) The Company was incorporated on 12 December 2007 with an authorised share capital of HK$390,000 divided into 39,000,000 ordinary shares of HK$0.01 each, of which one share of HK$0.01 each was allotted and issued at nil paid to the subscriber (the "Subscriber's Share") and subsequently transferred to OCG Asia, the immediate holding company of the Group, prior to the Reorganisation.

(b) In preparation for the listing of the Company's shares on the GEM, the following changes in authorised and issued share capital of the Company had taken place on 14 August 2009:

(i) the authorised share capital of the Company was increased from HK$390,000 to HK$20,000,000 by the creation of an additional 1,961,000,000 ordinary shares of HK$0.01 each;

(ii) as a consideration for the acquisition by the Company of the entire issued share capital of Charm Act from OCG Asia, an aggregate of 893,332 ordinary shares of the Company were issued and credited as fully paid to OCG Asia and credited as fully paid the nil paid Subscriber's Share; and

23. SHARE CAPITAL *(continued)*

Note: (continued)

(iii) the allotment of 106,667 ordinary shares of the Company at HK$0.01 per share to the following individuals:

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

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

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

24. RESERVES

	The Company		
	Share premium *HK$*	Accumulated losses *HK$*	Total *HK$*
At 12 December 2007, 31 March 2009 and 1 April 2009	–	–	–
Total comprehensive loss for the year	–	(945,546)	(945,546)
Placing of new shares	33,000,000	–	33,000,000
Capitalisation issue	(4,490,000)	–	(4,490,000)
Share placement expenses	(13,951,392)	–	(13,951,392)
At 31 March 2010	**14,558,608**	**(945,546)**	**13,613,062**

24(a) SHARE PREMIUM

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

24(b) CAPITAL RESERVE

The capital reserve represents the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the minority shareholders, and the deemed capital contribution from the Controlling Party as detailed in note 2 of the consolidated financial statements.

24(c) EXCHANGE RESERVE

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 4 of the consolidated financial statements.

25. CASH GENERATED FROM OPERATIONS

	2010 ***HK$***	2009 *HK$*
(Loss) Profit before taxation	**(1,019,395)**	47,512
Deemed corporate administration expenses	**150,000**	300,000
Depreciation	**299,217**	397,819
Foreign exchange differences	**161,906**	12,054
Finance costs	**39,709**	–
Interest income	**(21,384)**	(27,451)
Write-off of property, plant and equipment	**–**	799
Changes in working capital:		
Restricted bank balances	**2,465,729**	742,536
Trade and other receivables	**(2,855,119)**	(961,420)
Trade and other payables	**2,604,466**	509,910
Cash generated from operations	**1,825,129**	1,021,759

26. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had the following connected and related party transactions during the years.

Relationship with the Group	Nature of transaction	2010 HK$	2009 HK$
Discontinued upon the Listing			
An ex-minority shareholder of OCG Thailand	Interest income received	–	2,259
A senior management personnel of OCG Thailand	Interest income received	**2,003**	13,230
A company of which a controlling party of an ex-minority shareholder of OCG Thailand is a director	Administration expenses paid	–	24,434
Ultimate holding company of the Group	Share of corporate administration expenses	**150,000**	300,000
Continuing after the Listing			
A fellow subsidiary of the Group	Administrative service fee paid	**190,776**	57,560

As set out in note 23(b) and 23(c) of the consolidated financial statements, the Company allotted 106,667 ordinary shares of the Company at HK$0.01 per share to certain individuals on 14 August 2009 (the "Pre-IPO shares") which were subsequently converted into 8% of the enlarged share capital of the Company upon the Listing. The relevant charges for the share – based payments in respect of the Pre-IPO shares were borne by the Controlling Party for which no reimbursement will be sought from the Group because the Controlling Party considers it has the sole responsibility in fulfilling such obligations.

During the year ended 31 March 2010, the amount due from related parties of HK$13,230 as at 31 March 2009 was collected.

During the year ended 31 March 2010, the Group settled the amount due to related parties of HK$2,401,518 as at 31 March 2009 using an unsecured 3-month short-term loan of HK$4,000,000 (the "Loan") borrowed from an independent third party. The Loan and related interest expenses accrued at 5% per annum were fully repaid on 7 September 2009.

27. COMMITMENTS

Commitments under operating leases

The Group leases a number of office premises under operating leases, which typically run for a period of 2 years. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	The Group	
	2010	2009
	HK$	*HK$*
Within one year	**384,000**	84,161
In the second to fifth years inclusive	**160,000**	–
	544,000	84,161

Capital expenditure commitments

	The Group	
	2010	2009
	HK$	*HK$*
Contracted but not provided for, net of deposits paid	**225,000**	–

28. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments comprise current accounts with related parties, preference shares issued by a non-wholly owned subsidiary, restricted and unrestricted bank balances and cash and time deposits. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) foreign currency risk, (ii) interest rate risk, (iii) credit risk and (iv) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the executive director meets regularly and co-operates closely with key management to identify and evaluate risks and generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum as follows:

28. FINANCIAL INSTRUMENTS *(continued)*

(a) Financial risk management objectives and policies *(continued)*

(i) Foreign currency risk

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in HK$, RMB and Baht, which are the functional currencies of the relevant subsidiaries.

However, as detailed in note 18 of the consolidated financial statements, US$ is also used to collect the Group's revenue from the operation of card acceptance business in Thailand. The Group currently does not have a foreign currency hedging policy but the management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arise.

The following table details the Group's sensitivity to a reasonably daily change of 1% in exchange rate of US$ against Baht while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period and adjusted their translation for 1% change in foreign currency rate.

	The Group	
	2010	2009
	HK$	*HK$*
Gain (loss)		
– if US$ strengthens against Baht	**9,584**	23,269
– if US$ weakens against Baht	**(9,590)**	(22,949)

The Group's operation of card acceptance business involves conversion of US$ denominated funds into Baht on daily basis, the above sensitivity analysis on period-end exposure may be unrepresentative of a risk inherent in the consolidated financial statements for the years.

In addition, as detailed in note 19 and note 20 of the consolidated financial statements, part of the restricted and unrestricted bank balances and cash are denominated either in RMB or Baht. The conversion of RMB and Baht into foreign currencies, including HK$, is subject to the rules and regulations of foreign exchange control promulgated by the PRC and Thailand government, respectively.

28. FINANCIAL INSTRUMENTS *(continued)*

(a) Financial risk management objectives and policies *(continued)*

(ii) Interest rate risk

The Company's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including restricted and unrestricted bank balance and cash and time deposits as detailed in note 19 and note 20 of the consolidated financial statements. The management considers that the interest rate risk encountered by the Group is currently not significant.

(iii) Credit risk

Credit risk mainly arises from restricted and unrestricted bank balances and cash and time deposits, trade receivables, other receivables and amounts due from related parties. The Group limits its exposure to credit risk by rigorously selecting the counterparties with reference to their past credit history and/or market reputation. The Group's exposure to the maximum credit risk is summarised as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Restricted bank balances	**349,958**	2,552,930	**–**	–
Cash and cash equivalents	**22,485,824**	674,966	**15,007,726**	–
Trade and other receivables	**1,716,943**	7,365,987	**5,293**	–

The credit risk on trade receivables, restricted and unrestricted bank balances and time deposits is limited because the counterparties are financial institutions with high credit ratings and the transactions with them, and any significant transactions with other parties, are approved by the sole director of the Company. Management does not expect any counterparty to fail to meet its obligation.

The Group reviews the recoverable amount of each individual debtor, including related and third parties, at each end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At 31 March 2010, there was one trade debtor accounted for 85% (2009: 97%) of the total outstanding trade receivables. The management considers the credit risk in respect of this debtor is minimal because it is an authorised financial institution in the PRC with high credit ratings and there is no history of default or late payment.

None of the Group's financial assets are securitised by collateral or other credit enhancements.

28. FINANCIAL INSTRUMENTS *(continued)*

(a) Financial risk management objectives and policies *(continued)*

(iv) Liquidity risk

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment. The Group finances its working capital requirements mainly by the funds generated from operations, public fund raising and advances from related parties.

The Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	The Group			The Company
	Within one year or on demand *HK$*	**Upon winding up of OCG Thailand** *HK$*	**Total** *HK$*	**Within one year or on demand** *HK$*
At 31 March 2010				
Trade and other payables	**2,193,675**	**–**	**2,193,675**	**265,069**
Other long-term liabilities *<Remark>*	**–**	**328,963**	**328,963**	**–**
	2,193,675	**328,963**	**2,522,638**	**265,069**
At 31 March 2009				
Trade and other payables	8,406,314	–	8,406,314	–

<Remark>

The estimated annual finance cost of other long-term liabilities approximates to Baht 114,000 (equivalent to approximately HK$26,000).

28. FINANCIAL INSTRUMENTS *(continued)*

(b) Categories and fair value of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities are set out as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Loans and receivables:				
Trade and other receivables	**1,716,943**	7,365,987	**5,293**	–
Restricted bank balances	**349,958**	2,552,930	**–**	–
Cash and cash equivalents	**22,485,824**	674,966	**15,007,726**	–
	24,552,725	10,593,883	**15,013,019**	–
Financial liabilities measured at amortised costs:				
Trade and other payables	**2,193,675**	8,406,314	**265,069**	–
Other long-term liabilities	**328,963**	–	**–**	–
	2,522,638	8,406,314	**265,069**	–

In the opinion of the directors, the carrying values of above financial assets and liabilities approximate their fair values.

29. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 2009.

30. COMPARATIVE FIGURES

Conforming to current year's presentation, expenses of HK$495,965 for the year ended 31 March 2009 that was included in administrative expenses has been reclassified under selling and distribution costs. The revised presentation reflects more appropriately the nature of these expenses. The reclassification has no effect on the reported financial position, results or cash flows of the Group.

Financial Summary

A summary of the Group's results for the last four financial years and the assets and liabilities of the Group as at 31 March 2010, 2009, 2008 and 2007, as extracted from the published audited financial statements for the year ended 31 March 2010 or the prospectus of the Company dated 24 August 2009 after reclassification of certain expense items to conform with the latest presentation, is set out below. The amounts as set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2010	2009	2008	2007
	HK$	*HK$*	*HK$*	*HK$*
RESULTS				
Revenue	**12,464,267**	7,807,445	7,280,097	1,848,936
Cost of services rendered	**(8,284,869)**	(5,104,265)	(3,887,692)	(1,244,524)
Gross profit	**4,179,398**	2,703,180	3,392,405	604,412
Other income	**40,079**	32,072	209,095	264,236
General administrative expenses	**(4,525,457)**	(2,143,064)	(2,696,723)	(2,103,123)
Selling and distribution costs	**(673,706)**	(544,676)	(559,621)	(467,465)
Finance costs	**(39,709)**	–	–	–
(Loss) Profit before taxation	**(1,019,395)**	47,512	345,156	(1,701,940)
Taxation	**(474,141)**	307,977	–	–
(Loss) Profit for the year	**(1,493,536)**	355,489	345,156	(1,701,940)
Attributable to:				
Equity holders of the Company	**(1,879,136)**	(145,451)	345,156	(1,701,940)
Minority interests	**385,600**	500,940	–	–
	(1,493,536)	355,489	345,156	(1,701,940)
ASSETS AND LIABILITIES				
Total assets	**25,011,420**	11,427,525	11,489,569	3,368,688
Total liabilities	**(2,565,219)**	(8,406,314)	(8,848,258)	(5,706,873)
Net assets (liabilities)	**22,446,201**	3,021,211	2,641,311	(2,338,185)