



奧思知集團

Oriental City Group

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8325)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2013

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

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

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This announcement, for which the directors (the “Directors”) of Oriental City Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$84.58 million for the year ended 31 March 2013, which represented an increase of approximately 275% as compared with the Group's revenue recorded in the corresponding period in 2012.
- The Group reported a profit amounted to approximately HK\$5.07 million for the year ended 31 March 2013 as compared with a loss of approximately HK\$2.32 million last year. The Group reported a loss attributable to equity holders of the Company for the year ended 31 March 2013 amounted to approximately HK\$0.50 million, representing an improvement of 85% over the last year.
- Loss per share for the loss attributable to equity holders of the Company for the year ended 31 March 2013 was approximately 0.08 HK cents (2012: approximately 0.54 HK cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

ANNUAL RESULTS

The board of directors (the “Board”) of Oriental City Group Holdings Limited (the “Company”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2013 together with the comparative figures for the corresponding period in 2012.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	<i>Note</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Revenue	4	84,575,255	22,569,189
Cost of services rendered		<u>(57,356,508)</u>	<u>(15,254,037)</u>
Gross profit		27,218,747	7,315,152
Other income	5	60,014	197,591
General administrative expenses		(14,129,846)	(7,545,009)
Selling and distribution costs		(2,883,669)	(961,136)
Finance costs	6	<u>(33,634)</u>	<u>(31,265)</u>
Profit (Loss) before taxation	6	10,231,612	(1,024,667)
Income tax expense	7	<u>(5,166,001)</u>	<u>(1,291,860)</u>
Profit (Loss) for the year		<u>5,065,611</u>	<u>(2,316,527)</u>
Attributable to:			
Equity holders of the Company		(499,858)	(3,231,650)
Non-controlling interests		<u>5,565,469</u>	<u>915,123</u>
		<u>5,065,611</u>	<u>(2,316,527)</u>
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted	8	<u>(0.08) HK cents</u>	<u>(0.54) HK cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Profit (Loss) for the year	5,065,611	(2,316,527)
Other comprehensive income (loss)		
Exchange difference on translation of foreign subsidiaries	<u>882,508</u>	<u>(65,265)</u>
Total comprehensive income (loss) for the year	<u>5,948,119</u>	<u>(2,381,792)</u>
Attributable to:		
Equity holders of the Company	170,344	(3,272,201)
Non-controlling interests	<u>5,777,775</u>	<u>890,409</u>
	<u>5,948,119</u>	<u>(2,381,792)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	<i>Note</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		<u>3,456,031</u>	<u>976,024</u>
Current assets			
Trade and other receivables	10	64,582,032	7,884,137
Restricted bank balances		6,498,555	1,018,477
Cash and cash equivalents		<u>23,009,059</u>	<u>16,909,259</u>
		<u>94,089,646</u>	<u>25,811,873</u>
Current liabilities			
Trade and other payables	11	76,388,295	9,165,271
Tax payables		<u>2,075,005</u>	<u>291,909</u>
		<u>78,463,300</u>	<u>9,457,180</u>
Net current assets		<u>15,626,346</u>	<u>16,354,693</u>
Total assets less current liabilities		<u>19,082,377</u>	<u>17,330,717</u>
Non-current liabilities			
Deferred tax liabilities		177,000	174,000
Other long-term liabilities	12	<u>433,994</u>	<u>345,373</u>
		<u>610,994</u>	<u>519,373</u>
NET ASSETS		<u><u>18,471,383</u></u>	<u><u>16,811,344</u></u>
Capital and reserves			
Share capital	13	6,000,000	6,000,000
Reserves		<u>10,242,387</u>	<u>9,143,626</u>
Equity attributable to equity holders of the Company		<u>16,242,387</u>	<u>15,143,626</u>
Non-controlling interests		<u>2,228,996</u>	<u>1,667,718</u>
TOTAL EQUITY		<u><u>18,471,383</u></u>	<u><u>16,811,344</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Share options reserve	Accumulated losses	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
At 1 April 2011	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(208,340)</u>	<u>-</u>	<u>-</u>	<u>(8,930,763)</u>	<u>18,415,827</u>	<u>1,364,704</u>	<u>19,780,531</u>
Loss for the year	-	-	-	-	-	-	(3,231,650)	(3,231,650)	915,123	(2,316,527)
Other comprehensive loss:										
Exchange difference on translation of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,551)</u>	<u>(24,714)</u>	<u>(65,265)</u>
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,551)</u>	<u>-</u>	<u>-</u>	<u>(3,231,650)</u>	<u>(3,272,201)</u>	<u>890,409</u>	<u>(2,381,792)</u>
Dividend paid to non-controlling interests of a non-wholly owned subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(587,395)</u>	<u>(587,395)</u>
At 31 March 2012	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(248,891)</u>	<u>-</u>	<u>-</u>	<u>(12,162,413)</u>	<u>15,143,626</u>	<u>1,667,718</u>	<u>16,811,344</u>
At 1 April 2012	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(248,891)</u>	<u>-</u>	<u>-</u>	<u>(12,162,413)</u>	<u>15,143,626</u>	<u>1,667,718</u>	<u>16,811,344</u>
Profit for the year	-	-	-	-	-	-	(499,858)	(499,858)	5,565,469	5,065,611
Other comprehensive income:										
Exchange difference on translation of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>670,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>670,202</u>	<u>212,306</u>	<u>882,508</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>670,202</u>	<u>-</u>	<u>-</u>	<u>(499,858)</u>	<u>170,344</u>	<u>5,777,775</u>	<u>5,948,119</u>
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	928,417	-	928,417	-	928,417
Transfer to statutory reserve	-	-	-	-	766,101	-	(766,101)	-	-	-
Capital contributions by non-controlling interests on the ordinary share capital of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	124,229	124,229
Dividend paid to non-controlling interests of a non-wholly owned subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,340,726)</u>	<u>(5,340,726)</u>
At 31 March 2013	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>421,311</u>	<u>766,101</u>	<u>928,417</u>	<u>(13,428,372)</u>	<u>16,242,387</u>	<u>2,228,996</u>	<u>18,471,383</u>

NOTES:

1. CORPORATE INFORMATION

Oriental City Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the Group is principally engaged in the card acceptance business in Thailand.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2012 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Company and effective from the current year had no significant effects on the results and financial position of the Company for the current and prior years.

Future changes in HKFRS

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

Amendments to HKAS 1	<i>Presentation of items of other comprehensive income¹</i>
HKAS 19 (2011)	<i>Employee Benefits²</i>
HKAS 27 (2011)	<i>Separate Financial Statements²</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures²</i>
HKFRS 10	<i>Consolidated financial statements²</i>
HKFRS 11	<i>Joint Arrangements²</i>
HKFRS 12	<i>Disclosures of Interests in Other Entities²</i>
Amendments to HKFRS 10, HKFRS 11, HKFRS 12	<i>Additional transition relief – Consolidated financial statements, Joint Arrangements, Disclosures of Interests in Other Entities²</i>
HKFRS 13	<i>Fair value measurement²</i>
Amendments to HKFRS 1	<i>First-time Adoption of Hong Kong Financial Reporting Standards²</i>
HK(IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine²</i>
Various HKFRSs	<i>Annual Improvements Project – 2009-2011 Cycle²</i>
Amendments to HKFRS 7	<i>Disclosure – Offsetting Financial Assets and Financial Liabilities²</i>
Amendments to HKAS 32	<i>Presentation – Offsetting Financial Assets and Financial Liabilities³</i>

Amendments to HKAS 27 (2011), HKFRS 10, HKFRS 12	<i>Investment Entities – Amendments to Separate Financial Statements, Consolidated Financial Statements, Disclosures of Interests in Other Entities</i> ³
HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 9 and HKFRS 7	<i>Mandatory Effective Date of HKFRS 9, Financial Instruments, and Transition Disclosure</i> ⁴

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

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

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

Basis of measurement

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

Basis of consolidation

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

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

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

Allocation of total comprehensive income

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

Changes in ownership interest

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

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

Critical accounting estimates and judgements

Critical judgements made in applying accounting policies – Subsidiary

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

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

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

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

3. SEGMENT REPORTING

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

- (i) card acceptance business in Thailand; and
- (ii) co-branded card partnership business and marketing business in the People’s Republic of China (“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 measures 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.

Revenue from customers contributing over 10% of the total sales of the Group is also reflected within the operating segment information.

Year ended 31 March 2013

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	19,550,633	–	19,550,633
Major customer B	18,339,746	–	18,339,746
Other customers	46,684,876	–	46,684,876
	<u>84,575,255</u>	<u>–</u>	<u>84,575,255</u>
Segment results	<u>19,551,034</u>	<u>(105,571)</u>	19,445,463
Unallocated interest and other income			60,014
Unallocated finance costs			(33,634)
Unallocated other expenses			<u>(9,240,231)</u>
Profit before taxation			10,231,612
Income tax expense			<u>(5,166,001)</u>
Profit for the year			<u>5,065,611</u>

Year ended 31 March 2012

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

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

At 31 March 2013

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	3,157,428	5,555	293,048	3,456,031
Other assets	<u>83,790,947</u>	<u>12,043</u>	<u>10,286,656</u>	<u>94,089,646</u>
Total assets	<u>86,948,375</u>	<u>17,598</u>	<u>10,579,704</u>	<u>97,545,677</u>
Total liabilities	<u>77,568,244</u>	<u>–</u>	<u>1,506,050</u>	<u>79,074,294</u>
Additional segment information:				
Depreciation	911,983	1,579	91,079	1,004,641
Additions to property, plant and equipment	<u>3,327,888</u>	<u>–</u>	<u>12,987</u>	<u>3,340,875</u>

At 31 March 2012

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

4. REVENUE

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

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Card acceptance transaction fee income	65,024,622	17,177,103
Foreign exchange rate discount income	19,550,633	4,482,086
Marketing service fee income	—	910,000
	<u>84,575,255</u>	<u>22,569,189</u>

5. OTHER INCOME

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Bank interest income	60,014	43,801
Income from operating sublease	—	150,000
Sundry income	—	3,790
	<u>60,014</u>	<u>197,591</u>

6. PROFIT (LOSS) BEFORE TAXATION

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
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This is stated after charging:

(a) Finance costs

Finance costs on other long-term liabilities	<u>33,634</u>	<u>31,265</u>
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(b) Staff costs, including key management remuneration

Salaries, allowances and other short-term employee benefits	6,584,533	3,081,274
Contributions to defined contribution plans	95,882	65,098
Equity-settled share-based payment expenses	<u>928,417</u>	—
	<u>7,608,832</u>	<u>3,146,372</u>

(c) Key management remuneration, including directors' remuneration

Salaries, allowances and other short-term employee benefits	4,719,628	2,097,739
Contributions to defined contribution plans	64,988	34,074
Equity-settled share-based payment expenses	928,417	–
	<u>5,713,033</u>	<u>2,131,813</u>

(d) Other items

Auditor's remuneration	371,745	357,608
Depreciation of property, plant and equipment	1,004,641	311,719
Operating lease charges on premises	1,217,321	1,080,507
	<u>1,217,321</u>	<u>1,080,507</u>

7. TAXATION

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Current tax		
Thailand enterprise income tax	4,361,893	1,029,751
Withholding tax on dividend declared by a non-wholly owned subsidiary	801,108	88,109
	<u>5,163,001</u>	<u>1,117,860</u>
Deferred tax		
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	3,000	174,000
	<u>3,000</u>	<u>174,000</u>
Income tax expense for the year	<u>5,166,001</u>	<u>1,291,860</u>

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has not been provided as the Group had no assessable profits arising in or derived from Hong Kong during the years ended 31 March 2013 and 2012.

(ii) Income taxes outside Hong Kong

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

OCG Thailand is subject to Thailand enterprise income tax at 23% (2012: 30%).

Oriental City Group (Hainan) Services Limited (“OCG China”), being a foreign-invested enterprise established in a special economic zone of the PRC, is subject to PRC enterprise income tax at 18% in the year 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012 (and thereafter). However, no income tax has been provided as OCG China incurred losses for taxation purposes for the years ended 31 March 2013 and 2012.

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 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.

Reconciliation of income tax expense

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Profit (Loss) before taxation	<u>10,231,612</u>	<u>(1,024,667)</u>
Income tax at applicable tax rate	2,185,935	(21,441)
Non-deductible expenses	2,085,797	1,027,341
Unrecognised tax losses	26,388	38,128
Withholding tax on dividend declared by a non-wholly owned subsidiary	801,108	88,109
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	3,000	174,000
Others	<u>63,773</u>	<u>(14,277)</u>
Income tax expense for the year	<u>5,166,001</u>	<u>1,291,860</u>

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

8. LOSS PER SHARE

Basic loss per share is calculated based on the consolidated loss for the year attributable to the equity holders of the Company of HK\$499,858 (2012: HK\$3,231,650) and on the weighted average number of 600,000,000 ordinary shares (2012: 600,000,000 ordinary shares) in issue during the year.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the year ended 31 March 2013 and there was no potential ordinary shares outstanding during the year ended 31 March 2012.

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

10. TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Trade receivables	62,956,497	6,640,669
Other receivables		
Deposits, prepayments and other debtors	<u>1,625,535</u>	<u>1,243,468</u>
	<u>64,582,032</u>	<u>7,884,137</u>

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

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

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

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
United States Dollars ("US\$")	<u>62,042,652</u>	<u>6,549,967</u>

11. TRADE AND OTHER PAYABLES

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Trade payables	68,557,428	7,646,712
Other payables		
Accrued charges and other payables	<u>7,830,867</u>	<u>1,518,559</u>
	<u>76,388,295</u>	<u>9,165,271</u>

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

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

12. OTHER LONG-TERM LIABILITIES

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

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of Thai Baht (“Baht”) 1,650,000 (equivalent to HK\$433,994) (2012: Baht 1,375,000 (equivalent to HK\$345,373)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum. In addition, the relevant dividend on the preference share capital of OCG Thailand was fully settled before the end of reporting period.

13. SHARE CAPITAL

	2013		2012	
	Number of shares	Nominal value <i>HK\$</i>	Number of shares	Nominal value <i>HK\$</i>
Authorised	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid	<u>600,000,000</u>	<u>6,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group focused on the card acceptance business in Thailand during the year ended 31 March 2013. Taking advantage of the increase in the number of the Chinese tourists visiting Thailand and the co-operation with King Power Duty Free Co., Ltd which manages and operates duty free shops in Thailand, transaction volume handled by the Group in Thailand has been increased from Baht 5,059 million for the year ended 31 March 2012 to Baht 19,073 million for the year ended 31 March 2013. Consequently, the Group's revenue and gross profit for the year ended 31 March 2013 were increased by approximately 275% and approximately 272% respectively to approximately HK\$84.58 million and approximately HK\$27.22 million respectively.

Financial Review

Revenue

The Group has a remarkable growth of revenue for the year ended 31 March 2013. Consolidated revenue for the Group for the year amounted to approximately HK\$84.58 million, representing a year-on-year increase of approximately HK\$62.01 million or approximately 275% from that of the last year.

Cost of Services Rendered

Total cost of services rendered for the year ended 31 March 2013 increased by approximately HK\$42.10 million, or approximately 276%, from approximately HK\$15.25 million for the last year to approximately HK\$57.36 million for the year ended 31 March 2013. Such costs comprised the information network cost and licence fee cost of the card acceptance business in Thailand.

Gross Profit and Gross Profit Margin

The gross profit for the year ended 31 March 2013 was approximately HK\$27.22 million, representing an increase of approximately 272% from that of the last year. Gross profit margins for the years ended 31 March 2013 and 31 March 2012 were remained as approximately 32% respectively.

General Administrative Expenses

The general administrative expenses of the Group for the year ended 31 March 2013 were approximately HK\$14.13 million, representing an increase of approximately 87% from that of the last year. The increase was mainly attributable to an increase in the depreciation and other office expenses relating to the growth in card acceptance business in Thailand and the overall staff costs, including the recognition of equity-settled share-based payment expenses and directors' remuneration, and the legal and professional fee of the Group during the year ended 31 March 2013.

Selling and Distribution Costs

The selling and distribution costs for the year ended 31 March 2013 amounted to approximately HK\$2.88 million, representing an increase of about 200% as compared with the same recorded last year. The increase was mainly attributed to an increase in staff salaries and incentives for the marketing team in Thailand.

Finance Costs

The finance costs for the year ended 31 March 2013 represented the 9% dividend payable to a non-controlling shareholder in respect of the issue and paid up preference share capital of OCG Thailand.

Profit for the Year

During the year ended 31 March 2013, the Group reported a profit amounted to approximately HK\$5.07 million as compared with a loss of approximately HK\$2.32 million last year. The Group reported a loss attributable to equity holders of the Company amounted to approximately HK\$0.50 million, representing an improvement of 85% over the last year. Loss per share was approximately 0.08 HK cents as compared with approximately 0.54 HK cents recorded last year.

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flows, public fund raisings and other borrowings. As at 31 March 2013, the Group's other long-term borrowings amounted to Baht 1,650,000 (equivalent to approximately HK\$434,000) due to a non-controlling shareholder, representing the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum and such dividend was recorded as finance costs. The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, for years ended 31 March 2013 and 31 March 2012, were approximately 0.44% and approximately 1.29% respectively.

As at 31 March 2013, the Group had net current assets of approximately HK\$15.63 million (2012: approximately HK\$16.35 million). Current ratio as at 31 March 2013 was 1.20 (2012: 2.73). The cash and cash equivalents of the Group as at 31 March 2013 were approximately HK\$23.01 million (2012: approximately HK\$16.91 million).

Capital Structure

Total equity attributable to equity holders of the Company amounted to approximately HK\$16.24 million as at 31 March 2013 (2012: approximately HK\$15.14 million).

Foreign Exchange Exposure

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in Hong Kong dollars (“HK\$”), Renminbi (“RMB”) and Baht, which are the functional currencies of the relevant subsidiaries. The Group’s trade receivables arising from the operation of card acceptance business in Thailand are mainly denominated in US\$. The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging guideline approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As at 31 March 2013, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$8,355,000 (equivalent to approximately HK\$65,172,000) (2012: US\$700,000, equivalent to approximately HK\$5,460,000). No material fair value gain or loss has been recognised for the foreign currency forward contracts and no hedging accounting has been adopted. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the Group’s foreign exchange rate risk as at 31 March 2013.

Results and Dividends

For the year ended 31 March 2013, the Group recorded a revenue of approximately HK\$84.58 million (2012: approximately HK\$22.57 million) and a loss attributable to equity holders of the Company of approximately HK\$0.50 million as compared with approximately HK\$3.23 million for the previous year. The loss per share was 0.08 HK cents (2012: 0.54 HK cents).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

Employees and Remuneration Policy

As at 31 March 2013, the Group had a total staff of 16 (31 March 2012: 11) of whom 9 were based in Hong Kong, 6 were based in Thailand and the remaining one was based in the PRC. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

Material Acquisitions, Disposal and Significant Investment

Save as disclosed in this announcement, the Group has made no material acquisitions, disposals or any significant investments during the year ended 31 March 2013.

Capital Commitments

As at 31 March 2013, the Group did not have any capital expenditure contracted for but not provided in the consolidated financial statements (2012: HK\$490,000).

Charges on Assets

As at 31 March 2013, the Group did not have any charges on its assets.

Contingent Liabilities

As at 31 March 2013, the Group did not have any significant contingent liabilities.

BUSINESS OUTLOOK

During the year, the Group has entered into a sale and purchase agreement with two purchasers for the disposal of 30% of its equity interest in Oriental City Group Thailand Limited (“OCG Thailand (BVI)”). The ultimate beneficial owners of these two purchasers were Mr. Yu Chun Fai (“Mr. Yu”) and Mr. Sung Hak Keung Andy (“Mr. Sung”) respectively. The Directors expect that the disposal could enable the Group to retain expertise from Mr. Yu and Mr. Sung who are experienced in the card acceptance business as well as enhance the cash flow of the Group which in turn could enable the Group to better utilize its resources to pursue business with growth potential when opportunities arise. Such transaction was approved by an ordinary resolution passed in the extraordinary general meeting of the Company held on 10 May 2013. Following the completion of the agreement, OCG Thailand (BVI) continued to be a subsidiary of the Company, 70% equity interest of which being held by Charm Act Group Limited, a wholly owned subsidiary of the Company.

Further, the Group is negotiating for the acquisition of the equity interest of a target company which, together with its subsidiary, are principally engaged in the payment card business in the PRC, the Directors consider that this possible acquisition will be in line with the business strategy of the Group and will enhance its profitability and thereby increase the value of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 March 2013.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2013, the Company has complied with the code provisions in the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules with exception of the following deviation:

Chairman and chief executive officer

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

Mr. Cheng Nga Ming Vincent is the Chairman and assumes the duties of the CEO of the Company. The Board considers that vesting the roles of Chairman and CEO in Mr. Cheng, who has about 17 years of experience in financial sector, provides the Group with consistent leadership in the development and execution of long-term business strategies. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman and the CEO is necessary.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors’ securities transactions in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors’ securities transactions from 1 April 2012 to 31 March 2013.

AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok, all of whom are INEDs, with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Mr. Chan Chun Wai has been appointed as the chairman of the audit committee.

REVIEW OF THE FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the preliminary announcement and the annual report for the year ended 31 March 2013.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 have been agreed by the Company's auditor, Mazars CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

By order of the Board
Oriental City Group Holdings Limited
Cheng Nga Ming Vincent
Chairman

Hong Kong, 17 June 2013

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

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