奥思知集團
Oriental City Group

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8325)

ANNUAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

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

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

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK$14,102,000 for the year ended 31 March 2011, which represented an increase of approximately 13% as compared with the Group's revenue recorded in the corresponding period in 2010.

- The loss attributable to equity holders of the Company was approximately HK$3,333,000 for the year ended 31 March 2011 compared with that of approximately HK$1,879,000 recorded in the corresponding period in 2010.

- Basic losses per shares for the year ended 31 March 2011 was approximately 0.56 HK cents (2010: 0.35 HK cents).

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: 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 2011 together with the comparative figures for the corresponding period in 2010.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	NOTE	**2011**	2010
		HK$	*HK$*
Revenue	*5*	**14,102,005**	12,464,267
Cost of services rendered		**(8,695,634)**	(8,284,869)
Gross profit		**5,406,371**	4,179,398
Other income	*6*	**211,936**	40,079
General administrative expenses		**(7,197,475)**	(4,525,457)
Selling and distribution costs		**(694,486)**	(673,706)
Finance costs	*7*	**(30,682)**	(39,709)
Loss before taxation	*7*	**(2,304,336)**	(1,019,395)
Taxation	*8*	**(543,761)**	(474,141)
Loss for the year		**(2,848,097)**	(1,493,536)
Attributable to:			
Equity holders of the Company		**(3,332,986)**	(1,879,136)
Minority interests		**484,889**	385,600
		(2,848,097)	(1,493,536)
Losses per share for loss attributable to equity holders of the Company			
Basic and diluted	*9*	**(0.56) HK cents**	(0.35) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	2011	2010
	HK$	*HK$*
Loss for the year	**(2,848,097)**	(1,493,536)
Other comprehensive income		
Exchange difference on translation of foreign subsidiaries	**182,427**	218,851
Total comprehensive loss for the year	**(2,665,670)**	(1,274,685)
Attributable to:		
Equity holders of the Company	**(3,224,456)**	(1,716,248)
Minority interests	**558,786**	441,563
	(2,665,670)	(1,274,685)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTE	2011 HK$	2010 HK$
Non-current assets			
Property, plant and equipment		**493,495**	321,195
Other non-current assets		**75,000**	137,500
		568,495	458,695
Current assets			
Trade and other receivables	*11*	**5,322,454**	1,716,943
Restricted bank balances		**1,209,716**	349,958
Cash and cash equivalents		**19,882,094**	22,485,824
		26,414,264	24,552,725
Current liabilities			
Trade and other payables	*12*	**6,605,960**	2,193,675
Tax payables		**243,830**	42,581
		6,849,790	2,236,256
Net current assets		**19,564,474**	22,316,469
Total assets less current liabilities		**20,132,969**	22,775,164
Non-current liabilities			
Other long-term liabilities	*13*	**352,438**	328,963
NET ASSETS		**19,780,531**	22,446,201
Capital and reserves			
Share capital	*14*	**6,000,000**	6,000,000
Reserves		**12,415,827**	15,640,283
Total equity attributable to equity holders of the Company		**18,415,827**	21,640,283
Minority interests		**1,364,704**	805,918
TOTAL EQUITY		**19,780,531**	22,446,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2009	–	–	6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
Loss for the year	–	–	–	–	(1,879,136)	(1,879,136)	385,600	(1,493,536)
Exchange difference on translation of foreign subsidiaries	–	–	–	162,888	–	162,888	55,963	218,851
Total comprehensive loss for the year	–	–	–	162,888	(1,879,136)	(1,716,248)	441,563	(1,274,685)
Reorganisation	10,000	–	(8,933)	–	–	1,067	–	1,067
Placing of new shares	1,500,000	33,000,000	–	–	–	34,500,000	–	34,500,000
Capitalisation issue	4,490,000	(4,490,000)	–	–	–	–	–	–
Share placement expenses	–	(13,951,392)	–	–	–	(13,951,392)	–	(13,951,392)
Deemed capital contribution from equity holders of the Company	–	–	150,000	–	–	150,000	–	150,000
At 31 March 2010	6,000,000	14,558,608	6,996,322	(316,870)	(5,597,777)	21,640,283	805,918	22,446,201
At 1 April 2010	6,000,000	14,558,608	6,996,322	(316,870)	(5,597,777)	21,640,283	805,918	22,446,201
Loss for the year	–	–	–	–	(3,332,986)	(3,332,986)	484,889	(2,848,097)
Exchange difference on translation of foreign subsidiaries	–	–	–	108,530	–	108,530	73,897	182,427
Total comprehensive loss for the year	–	–	–	108,530	(3,332,986)	(3,224,456)	558,786	(2,665,670)
At 31 March 2011	**6,000,000**	**14,558,608**	**6,996,322**	**(208,340)**	**(8,930,763)**	**18,415,827**	**1,364,704**	**19,780,531**

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 registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-11, Cayman Islands. The Company is an investment holding company and the principal activities of its subsidiaries are operation of card acceptance business in Thailand and co-branded card partnership business and marketing business in the People's Republic of China ("PRC").

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

At 31 March 2011 and at the date of authorising the consolidated financial statements, the immediate and ultimate holding company of the Group is Tian Li Holdings Limited ("Tian Li"), which is incorporated in the British Virgin Islands ("BVI"). In the opinion of the directors of the Company, the ultimate controlling party of the Group is Mr. Cheng Nga Ming Vincent.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Group reorganisation

Pursuant to a group reorganisation completed on 14 August 2009 (the "Reorganisation") to rationalise the corporate structure in preparation for the initial listing of the Company's shares (the "Listing") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the entities now comprising the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 24 August 2009 (the "Prospectus") in connection with the Listing.

The shares of the Company were listed on the GEM on 28 August 2009.

Basis of presentation

As the Group was controlled by Oriental City Group plc (the "Former Controlling Party") immediately before and after the Reorganisation, the Reorganisation is considered as a business combination under common control in a manner similar to pooling-of-interests and the merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting Under Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Under this basis, the comparative information of the year ended 31 March 2010 included in the consolidated financial statements for the year ended 31 March 2011 are presented as if the current group structure had been in existence since the date of incorporation/establishment of the group entities or since the date when the combining entities or business first came under common control, regardless of the date of the common control combination.

The net assets of the consolidating entities or businesses are consolidated using the existing book values from the Former Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the Former Controlling Party's interests. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the capital reserve.

In addition, the Former Controlling Party provided certain corporate administration services, including sharing of office premises and salary expenses for management team, to the Group without charges prior to the Listing.

Given that the cost of those corporate administration services was part of the business activities of the Group, the following costs as shared with the Former Controlling Party have been charged to profit or loss and credited as deemed capital contribution from the Former Controlling Party in the equity.

	2011	2010
	HK$	*HK$*
Corporate administration expenses	**–**	150,000

3. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the 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 consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 March 2010 except for the adoption of certain new/revised HKFRS effective from the current period that are relevant to the Group as detailed below.

Adoption of new/revised HKFRS

The adoption of the following new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

HKAS 27 (Revised): Consolidated and Separate Financial Statements

The revised HKAS 27 requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the Group loses control of a subsidiary, any interest retained in the former subsidiary to be remeasured at fair value with the gain or loss recognised in profit or loss. The new accounting policies are set out in the note headed "Basis of consolidation" below.

Improvements to HKFRSs 2009 – Amendments to HKFRS 8: Disclosure of information about segment assets

The amendments clarify that the disclosure of segment assets is required only if that measure is regularly reported to the chief operating decision maker.

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.

Amendments to HKFRS 1 (Revised)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[1]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
Amendments to HK(IFRIC) – Int 14	*Prepayments of a Minimum Funding Requirement*[2]
Improvements to HKFRSs 2010	*Improvements to HKFRSs 2010*[3]
Amendments to HKFRS 7	*Disclosures – Transfer of Financial Assets*[4]
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets*[5]
HKFRS 9	*Financial Instruments*[6]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company 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.

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 ceased.

Minority interests are presented separately in the consolidated income statement and statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the Company. For each business combination occurs on or after 1 April 2010, the minority interest in the acquiree is measured initially either at fair value or at the minority interest's proportionate share of the acquiree's net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. For each business combination occurred prior to 1 April 2010, the minority interest in the acquiree was measured at the minority interest's proportionate share of the acquiree's net assets.

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 minority interests. From 1 April 2010, total comprehensive income is attributed to the equity holders of the Company and the minority interest even if this results in the minority interest having a deficit balance. Prior to 1 April 2010, losses applicable to the minority interest in excess of the minority interest in the subsidiary's equity are allocated against the interests of the equity holders of the Company except to the extent that the minority interest has a binding obligation and is able to make an additional investment to cover the losses.

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 minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the minority 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 minority 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 former contractual arrangement (the "Structure Contracts") and existing 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 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. SEGMENT REPORTING

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

(i) card acceptance business in Thailand; and

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

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

Segment results, which are the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of share of corporate administration expenses, interest and other income, finance costs, general administrative expenses incurred by corporate office and taxation. Assets and liabilities are allocated to the reportable segments unless they are directly attributable to corporate office.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is reflected within operating segment information as the Group's two distinctive business activities are provided in two different locations.

Year ended 31 March 2011

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

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 C	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)

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

At 31 March 2011

	Card acceptance business *HK$*	Co-branded card partnership business and marketing business *HK$*	Consolidated *HK$*
Property, plant and equipment <*Remark*>	**359,726**	**133,769**	**493,495**
Other assets	**9,387,323**	**28,130**	**9,415,453**
Segment assets	**9,747,049**	**161,899**	**9,908,948**
Unallocated corporate assets			**17,073,811**
Consolidated total assets			**26,982,759**
Segment liabilities	**6,558,374**	**–**	**6,558,374**
Unallocated corporate liabilities			**643,854**
Consolidated total liabilities			**7,202,228**

<*Remark*>

During the year ended 31 March 2011, depreciation on the property, plant and equipment of the card acceptance business and the co-branded card partnership business and marketing business amounted to HK$153,937 and HK$10,382 respectively.

At 31 March 2010

	Card acceptance business *HK$*	Co-branded card partnership business and marketing business *HK$*	Consolidated *HK$*
Property, plant and equipment <*Remark*>	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

<*Remark*>

During the year ended 31 March 2010, depreciation on the property, plant and equipment of the card acceptance business and the co-branded card partnership business and marketing business amounted to HK$296,249 and HK$2,968 respectively.

5. 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:

	2011 *HK$*	2010 *HK$*
Co-branded card annual and transaction fee income	**46,638**	108,810
Card acceptance transaction fee income	**9,896,982**	9,604,094
Foreign exchange rate discount income	**2,598,385**	2,161,363
Marketing service fee income	**1,560,000**	590,000
	14,102,005	12,464,267

6. OTHER INCOME

	2011	2010
	HK$	*HK$*
Bank interest income	**32,871**	21,384
Income from operating sublease	**90,000**	–
Other interest income	**–**	2,003
Sundry income	**89,065**	16,692
	211,936	40,079

7. LOSS BEFORE TAXATION

	2011	2010
	HK$	*HK$*

This is stated after charging:

(a) Finance costs

Finance costs on other long-term liabilities	**30,682**	26,009
Interest expenses on other short-term loan	**–**	13,700
	30,682	39,709

(b) Staff costs, including key management remuneration

Salaries, allowances and other short-term employee benefits	**2,768,149**	2,027,500
Contributions to defined contribution plans	**91,101**	57,132
	2,859,250	2,084,632

(c) Key management remuneration, including directors' remuneration

Salaries, allowances and other short-term employee benefits	**2,132,878**	1,683,509
Contributions to defined contribution plans	**29,969**	20,891
	2,162,847	1,704,400

(d) Other items

Auditor's remuneration	**313,650**	290,898
Depreciation of property, plant and equipment	**164,319**	299,217
Operating lease charges on premises	**633,332**	285,353

8. TAXATION

	2011	2010
	HK$	*HK$*
Current tax	**543,761**	163,346
Deferred tax		
Utilisation of tax losses	**–**	310,795
Tax expense for the year	**543,761**	474,141

(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 2011 and 2010.

(ii) Income taxes outside Hong Kong

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

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

Oriental City Group (Hainan) Services Limited ("OCG China"), being a foreign-invested enterprise established in a special economic zone of the PRC, is subject to PRC enterprise income tax at 18% in the year 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012 (and thereafter), respectively, under the New Enterprise Income Tax Law and related implementation regulations effective on 1 January 2008. However, no income tax has been provided as OCG China incurred losses for taxation purposes for the years ended 31 March 2011 and 2010.

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

	2011	2010
	HK$	*HK$*
Loss before taxation	**(2,304,336)**	(1,019,395)
Income tax at applicable tax rate	**(577,445)**	(153,345)
Non-deductible expenses	**1,050,991**	544,721
Non-taxable income	**(161)**	(610)
Unrecognised tax losses	**69,755**	43,200
Others	**621**	40,175
Tax expense for the year	**543,761**	474,141

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

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:

	2011	2010
	HK$	*HK$*
Year 2011	**–**	648,664
Year 2012	**315,020**	308,644
Year 2013	**645,036**	631,981
Year 2014	**178,895**	175,274
Year 2015	**200,420**	196,364
Year 2016	**225,752**	–
	1,565,123	1,960,927

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$216,000 (2010: HK$156,000). In the opinion of the directors of the Company, 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.

9. LOSSES PER SHARE

Basic losses per share for the year ended 31 March 2011 are calculated based on the consolidated loss for the year attributable to the equity holders of the Company of HK$3,332,986 (2010: HK$1,879,136) and on the weighted average number of 600,000,000 ordinary shares (2010: 538,767,123 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 2009 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 2011 and 2010.

10. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2011.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$	*HK$*
Trade receivables	**4,412,992**	1,185,814
Other receivables		
Deposits, prepayments and other debtors	**909,462**	531,129
	5,322,454	1,716,943

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

	2011	2010
	HK$	*HK$*
Outstanding balances with ages:		
30 days or below	**4,412,992**	1,071,366
31 – 90 days	**–**	92,536
Over 90 days	**–**	21,912
	4,412,992	1,185,814

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:

	2011	2010
	HK$	*HK$*
United States Dollars ("US$")	**4,355,868**	1,004,631

12. TRADE AND OTHER PAYABLES

	2011	2010
	HK$	*HK$*
Trade payables	**5,617,854**	1,366,644
Other payables		
Accrued charges and other payables	**988,106**	827,031
	6,605,960	2,193,675

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.

13. OTHER LONG-TERM LIABILITIES

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

At 31 March 2011, the Group had an outstanding amount due to a minority shareholder of Baht 1,375,000 (equivalent to HK$352,438) (2010: Baht 1,375,000 (equivalent to HK$328,963)) 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 123,750 (equivalent to HK$30,682) (2010: Baht 113,918 (equivalent to HK$26,009)) as included in trade and other payables.

14. SHARE CAPITAL

		2011		2010	
		Number of shares	**Nominal value**	Number of shares	Nominal value
	NOTE		***HK$***		*HK$*
Authorised	*14(a)/(b)*	**2,000,000,000**	**20,000,000**	2,000,000,000	20,000,000
Issued and fully paid:					
At beginning of year	*14(a)*	**600,000,000**	**6,000,000**	1	–
Issue of shares upon reorganisation	*14(b)*	**–**	**–**	999,999	10,000
Placing of new shares	*14(c)*	**–**	**–**	150,000,000	1,500,000
Capitalisation issue	*14(c)*	**–**	**–**	449,000,000	4,490,000
At end of year		**600,000,000**	**6,000,000**	600,000,000	6,000,000

Notes:

(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 Oriental City Group Asia Limited ("OCG Asia"), the then 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

(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 (resigned on 25 March 2011)	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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue was mainly generated from its card acceptance business in Thailand and co-branded card business in the People's Republic of China ("PRC") respectively. For the card acceptance transaction fee income and the foreign exchange rate discount income, they were highly dependent on Thailand's political and economic stability. Given that there was political turmoil in Bangkok, the Group's business in Thailand was seriously affected, the China National Tourism Administration issued a warning in mid-April 2010 to notify the Chinese visitors to temporarily suspend their visit to Thailand. The revenue generated from Thailand for the three months ended 30 June 2010 suffered from a significant decrease. The Group's business in Thailand was further affected by the termination of the participation agreement signed between Oriental City Group (Thailand) Company Limited ("OCG Thailand"), a subsidiary of the Company, and Siam Commercial Bank Public Company Limited ("SCB") on 10 May 2010. As such, the Group lost the business of the card acceptance merchants referred by SCB, including the King Power Group, a major customer of OCG Thailand for the year ended 31 March 2010. However, the transaction volume started to improve in July 2010. The revenue generated from Thailand for the year ended 31 March 2011 was increased by approximately 6% as compared with the record for last year.

In relation to our cooperation on the co-branded card business with the Hainan branch of the Bank of Communications Co., Limited ("BOCOM"), the agreement between Oriental City Group (Hainan) Service Limited ("OCG China"), a wholly owned subsidiary of the Company, and BOCOM expired on 24 February 2011. Both parties decided not to renew the said agreement. However, the Board is of the view that the expiry of the agreement will not pose any material and adverse effect on the operation and financial position of the Company. For the marketing service income, it amounted to approximately HK$1,560,000 for the year, representing an increase of approximately 164% as compared with the record in last year.

In order to expand the revenue base of the Group, the Directors are actively exploring new business opportunities so as to diversify the revenue base and business risks of the Group.

Financial Review

Revenue

The Group's revenue for the year amounted to approximately HK$14,102,000, representing an increase of approximately 13% as compared to approximately HK$12,464,000 for the corresponding period in 2010.

The increase in the Group's revenue was mainly due to the increase in CUP card acceptance transaction volume in Thailand and the increase in marketing service income. Although the political condition in Thailand was unstable during the three months ended 30 June 2010 and the participation agreement with SCB was terminated in May 2010, which led to a substantial decrease in revenue in the first quarter of the year, the performance started to improve from July 2010. Resulting from the increase in amount spent for each transaction, transaction volume of the card acceptance business for the year ended 31 March 2011 reached approximately Baht 2,933 million (equivalent to approximately HK$727 million) compared to approximately Baht 2,773 million (equivalent to approximately HK$688 million) for last year. The Group's revenue was further improved by the increase in the marketing service fee income from HK$590,000 for the year ended 31 March 2010 to HK$1,560,000 for the year ended 31 March 2011. As a result, revenue for the year was increased as compared with the record of last year.

Cost of Services Rendered

The cost of services rendered of the Group increased by about 5% from approximately HK$8,285,000 for the year ended 31 March 2010 to approximately HK$8,696,000 for the year ended 31 March 2011. The cost of services rendered mainly comprised the network cost and license fee for the card acceptance business in Thailand. The increase in the cost of services rendered was in line with the increase in revenue from the card acceptance business in Thailand.

Gross Profit and Gross Profit Margin

The gross profit for the year was approximately HK$5,406,000, representing an increase of approximately 29% from the year ended 31 March 2010 of approximately HK$4,179,000. This was primarily attributable to the increase in the marketing service fee income, in respect of which the direct costs were minimal. The gross profit margin for the year ended 31 March 2010 and 2011 was approximately 34% and 38% respectively.

General Administrative Expenses

The general administrative expenses of the Group for the year amounted to approximately HK$7,197,000, representing an increase of about 59% as compared to approximately HK$4,525,000 for the year ended 31 March 2010. The increase was mainly attributable by the increase in general administrative and operating expenses after the listing of the Company on 28 August 2009. Further, the legal and professional fee has been increased significantly as compared with last year. This was resulting from (i) the proposed rights issue and bonus issue and (ii) the change in the controlling shareholder as disclosed in the Company's interim and third quarterly reports for the six months and nine months ended 30 September and 31 December 2010 respectively.

Selling and Distribution Costs

The selling and distribution costs for the year amounted to approximately HK$694,000, representing an increase of about 3% compared with the amount of approximately HK$674,000 recorded in the year ended 31 March 2010.

Finance Costs

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

Loss for the Year

The net loss attributable to equity holders of the Company was approximately HK$3,333,000 for the year compared with approximately HK$1,879,000 for the corresponding period in 2010. The loss was mainly attributable to the general increase in administrative and operating expenses as discussed above.

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flows, public fund raisings and other borrowings. As at 31 March 2011, the Group's other long-term borrowings amounted to Thai Baht ("Baht") 1,375,000 (equivalent to approximately HK$352,000) due to a minority shareholder, representing the issued and paid up preference share capital of OCG Thailand, which carries a cumulative dividend at 9% per annum and such dividend was recorded as finance costs. The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, for both years ended 31 March 2010 and 2011 was approximately 1%.

As at 31 March 2011, the Group had net current assets of approximately HK$19,564,000 (2010: HK$22,316,000). Current ratio as at 31 March 2011 was 3.86 (2010: 10.98). The cash and cash equivalents of the Group as at 31 March 2011 was approximately HK$19,882,000 (2010: approximately HK$22,486,000).

Capital Structure

Total equity attributable to equity holders of the Company amounted to approximately HK$18,416,000 as at 31 March 2011 (2010: approximately HK$21,640,000).

Foreign Exchange Exposure

The Group is exposed to foreign exchange rate risk as the Group's revenue is principally denominated in Renminbi ("RMB"), Baht and Hong Kong dollars while its operating expenditure is principally denominated in RMB, Baht and Hong Kong dollars. Further, the Group also received United States dollars from the operation of the CUP card acceptance business in Thailand. Apart from the receipt of CUP foreign exchange rate discount income on discount to the spot foreign exchange rate of the United States dollars against Baht, the Group has also entered into foreign currency forward contracts to mitigate the foreign exchange risk for the potential appreciation of Baht against United State dollars in Thailand. The Directors and the management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk at 31 March 2011.

Results and Dividends

For the year ended 31 March 2011, the Group recorded a revenue of approximately HK$14,102,000 (2010: approximately HK$12,464,000) and a net loss attributable to equity holders of the Company of approximately HK$3,333,000 as compared to approximately HK$1,879,000 for the corresponding period in the previous financial year. The basic loss per share was 0.56 HK cents (2010: 0.35 HK cents).

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2011 (2010: Nil).

Employees and Remuneration Policy

As at 31 March 2011, the Group had a total staff of 11 (31 March 2010: 12) of whom 5 were based in Hong Kong, 5 were based in Thailand and the remaining staff was based in the PRC. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

Material Acquisitions, Disposal and Significant Investment

The Group has made no material acquisitions, disposals or any significant investments during the year ended 31 March 2011.

Capital Commitments

As at 31 March 2011, the Group had capital expenditure contracted for but not provided in the consolidated financial statements amounting to HK$225,000 (2010: HK$225,000).

Charges on Assets

As at 31 March 2011, the Group did not have any charges on its assets.

Contingent Liabilities

As at 31 March 2011, the Group did not have any significant contingent liabilities.

BUSINESS OBJECTIVES AND USE OF PROCEEDS

An analysis comparing the business objectives as set out in the Company's prospectus dated 24 August 2009 (the "Prospectus") with the Group's actual business progress for the period from 14 August 2009, being the latest practicable date as defined in the Prospectus (the "LPD") to 31 March 2011 is set out below:

Business objectives for the period from the LPD to 31 March 2011 as stated in the Prospectus	Actual business progress up to 31 March 2011
1. Co-branded card partnership business	
To work with BOCOM to expand customer coverage of the Pacific-OCG Golf Debit Card and Pacific-OCG Golf Credit Card in the PRC.	The Group has focused on promoting the customer coverage in Hainan Province, PRC from the LPD to 24 February 2011, being the expiry date of the agreement between OCG China and BOCOM. The Group and BOCOM decided not to renew the agreement upon the expiration of the agreement.
To launch and further expand the life style co-branded card partnership business with other major banks to launch other lifestyle cards in PRC and to strengthen the Group's established lifestyle cards business.	The Group has been at the negotiation stage with potential partnership banks. No agreement has yet been finalised.
2. Card acceptance business	
To play a leadership role in expanding China Unionpay (the "CUP") card acceptance services and coverage in Thailand and to further expand a comprehensive merchants' network for processing CUP card acceptance services throughout major tourist areas in Thailand.	Due to the political instability in Thailand for the year ended 31 March 2010 and the first few months of current year, the Group has slowed down its development of its card acceptance business in Thailand for the said period. Given that the political situation has improved since July 2010, with the close monitoring of the Directors, the Group has installed 29 new point-of-sales terminals in Thailand after the participation agreement between OCG Thailand and SCB was terminated on 10 May 2010. The Group will continue to look for new business merchants in Thailand for further development.
To expand its merchants' base in processing CUP card acceptance services in Laos.	A foreign investment license, business license and tax license for carrying out business in Laos were obtained in the first quarter of the year 2010. In addition, the Group became the first participating member of Lao Central Payment Network ("LCPN"), a central electronic network in Laos which provides the service of clearing electronic transactions. Business will be commenced after the approval from CUP is obtained.

Use of Proceeds

As disclosed in the Company's annual report for the year ended 31 March 2010, the net proceeds from the issue of the new shares of the Company under the placing as set out in the Prospectus (the "Placing") were approximately HK$20.5 million, which was different from the estimated net proceeds of approximately HK$29 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). We intend to adjust the use of proceeds in the same manner and in the same proportion as shown in the Prospectus. As stated in the Prospectus, we plan to expand the Group's card acceptance business and co-branded card partnership business in the forthcoming future. The net proceeds from Placing have been applied by the Group in accordance with the Directors' assessment of the development of the market condition as follows:

	Adjusted use of the proceeds in the same manner and proportion as stated in the Prospectus from the LPD to 31 March 2011	Actual use of the proceeds from the LPD to 31 March 2011
	HK$'000	*HK$'000*
Co-branded card partnership business	**8,271**	466
Card acceptance business	**6,362**	219
General working capital	**1,414**	5,590
Total	**16,047**	6,275

Notes:

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

1. On its co-branded card partnership business, during the period between the LPD to 24 February 2011, the Group focused on the promotion campaigns for the Pacific – OCG Golf Card in accordance with the agreement signed between OCG China and BOCOM. The agreement expired on 24 February 2011 and both parties decided not to renew the agreement upon such expiration. The Directors are looking for other business opportunities for co-branded card partnership business in PRC;

2. On its card acceptance business, the participation agreement with SCB was terminated on 10 May 2010. After the termination, the Company installed 29 new point-of-sales card terminals and is looking for new merchants in Thailand. The Group will keep monitoring the political development in Thailand for its expansion in Thailand. As regards the expansion of the card acceptance business in Laos, the Group has already obtained the foreign investment license, business operating license and the tax license issued by the Vientiane Capital Committee of Domestic & Foreign Investment, the Department of Domestic Trade and Industry of the Ministry of Commerce and the Department of Tax of the Ministry of Finance respectively in respect of such business in Laos. The approval from CUP has not yet been obtained as OCG Laos is required to obtain the prerequisite letter of approval from the Bank of Laos before CUP would consider to allow Oriental City Group Lao Co., Limited ("OCG Laos") to proceed on the business initiative. The Group is now negotiating with both CUP and Bank of Laos. The business will commence after the approval of CUP;

3. For the Group's general expenditure, including the payment of general and administrative expenses, such as staff costs (including directors' remuneration), professional fees and other general operating expenses, approximately HK$4,176,000 used in excess of the intended usage of proceeds was derived from the proceeds originally allocated for other usage; and

4. The remaining net proceeds as at 31 March 2011 have been placed in an interest bearing deposit account maintained with a bank in Hong Kong.

BUSINESS OUTLOOK

During the year, the Group was focusing on its card acceptance business in Thailand and co-branded card partnership business in the PRC respectively. Given the impact of the termination of the participation agreement with SCB and the expiry of the agreement with BOCOM, the Group is currently looking for other business merchants and investment opportunities in other areas for enhancing its revenue on a stable and long term basis.

On 13 January 2011, the Company released a joint announcement with Tian Li Holdings Limited ("Tian Li") that Oriental City Group Asia Limited ("OCG Asia"), the then immediate holding company of the Company, had entered into a sale and purchase agreement with Tian Li on 5 January 2011 (the "S&P Agreement"), pursuant to which OCG Asia agreed to sell and Tian Li agreed to acquire 402,000,000 shares in the Company, representing 67% of the entire issued share capital of the Company as at the date of the S&P Agreement, at the consideration of HK$40,200,000 (equivalent to HK$0.1 per sale share) which was agreed between OCG Asia and Tian Li after arm's length negotiations. Completion of the S&P Agreement took place immediately after the signing of the S&P Agreement and the consideration for the sale shares was paid by Tian Li to OCG Asia in cash upon signing of the S&P Agreement.

Immediately after the completion, Tian Li and the parties acting in concert with it became interested in 429,000,000 shares, representing 71.5% of the entire issued share capital of the Company, thereby incurring an unconditional mandatory cash offer obligation pursuant to Rule 26.1 of the Takeovers Code (the "Offer").

During the offer period, there were valid acceptances in respect of a total of 200 shares, representing approximately 0.00003% of the entire issued share capital of the Company, tendered under the Offer. Upon the close of the Offer, taking into account the 200 shares transferred to Tian Li under the Offer, Tian Li and parties acting in concert with any of them are interested in 429,000,200 shares, representing approximately 71.5% of the existing issued share capital of the Company as at the date of close of the Offer.

Aggregate of 9,000,200 shares (representing approximately 1.5% of the existing issued share capital of the Company) held by Tian Li have been placed by Kingston Securities Limited to a placee, who is independent of and not connected with the directors, the chief executives and the substantial shareholders of Tian Li and the Company and their respective subsidiaries and associates, at the placing price of HK$0.1 per share on 5 January 2011 in accordance with the terms and conditions of the placing agreement. Accordingly, completion of the placing agreement took place on 29 March 2011.

It is the intention of Tian Li that the Group will continue its existing principal businesses. Tian Li does not intend to introduce any major changes to the existing operations and the business of the Company immediately after completion of the Offer. Tian Li will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group and, subject to the result of such review, it may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group would be appropriate in order to enhance the growth of the Company.

With the change in control of the Company after the Offer, Ms. Wong Lai Chun resigned as the non-executive director while Mr. Chan Wing Cheung Joseph and Mr. Tsang Siu Tung resigned as independent non-executive directors of the Company as disclosed in the Company's announcement released on 25 March 2011. On the same day, Mr. Cheng Nga Ming Vincent and Ms. Cheng Nga Yee were appointed as the executive directors while Mr. Lee Kin Fai and Mr. Chow King Lok were appointed as the independent non-executive directors 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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by SBI E2-Capital (HK) Limited ("SBI"), the Company's compliance adviser, neither SBI nor any of its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2011.

CORPORATE GOVERNANCE

Throughout the period from 1 April 2010 to 31 March 2011, the Company has complied with the code provisions in the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules with the exception of the following deviation:

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

Mr. Yu Chun Fai ("Mr. Yu") is the Chairman and assumes the duties of the CEO of the Company. Mr. Yu has over 20 years of experience in card payment and financial services industry. The Board considers that vesting the roles of chairman and chief executive officer in the same individual provided the Group with consistent leadership in the development and execution of long-term business strategies. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman and the CEO is necessary.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rues 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, the Directors have confirmed that they have complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transactions from 1 April 2010 to 31 March 2011.

AUDIT COMMITTEE

The audit committee of the Company currently 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.

The primary responsibilities of the audit committee are (i) to review the annual report and accounts, half yearly report and quarterly reports and provide advice and comments thereon to the Board and (ii) to review and supervise the financial reporting process and internal control system of the Group.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual report for the year ended 31 March 2011.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2011 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
Yu Chun Fai
Chairman

Hong Kong, 16 June 2011

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

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