

China Smartpay Group Holdings Limited

(formerly known as Oriental City Group Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8325)

ANNUAL REPORT 2014

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

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DIRECTORS

Executive Directors

Mr. Cheng Nga Ming Vincent
Ms. Cheng Nga Yee
Mr. Cao Guoqi (appointed on 18 September 2013)
Mr. Fung Weichang (appointed on 18 September 2013)
Mr. Xiong Wensen (appointed on 3 June 2014)

Non-executive Director

Mr. Zhang Huaqiao (*Chairman*)

Independent Non-executive Directors

Mr. Chan Chun Wai (resigned on 2 August 2013)
Mr. Chow King Lok (resigned on 8 October 2013)
Mr. Lee Kin Fai (resigned on 19 May 2014)
Mr. Wang Yiming (appointed on 2 August 2013)
Mr. Lu Dongcheng (appointed on 2 August 2013)
Dr. Yuan Shumin (appointed on 19 May 2014)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3202, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

COMPANY SECRETARY

Mr. Yu Wan Hei, *CPA, FCCA*
(resigned on 26 February 2014)
Mr. Tang Wai Leung, *CPA*
(appointed on 26 February 2014)

COMPLIANCE OFFICERS

Mr. Cheng Nga Ming Vincent
Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Lee Kin Fai (appointed on 2 August 2013 and resigned on 19 May 2014)
Mr. Chan Chun Wai (resigned on 2 August 2013)

AUDIT COMMITTEE

Dr. Yuan Shumin (*Chairman*) (appointed on 19 May 2014)
Mr. Chan Chun Wai (*Chairman*)
(resigned on 2 August 2013)
Mr. Lee Kin Fai (*Chairman*) (re-designated from member to Chairman on 2 August 2013 and resigned on 19 May 2014)
Mr. Lu Dongcheng (appointed on 2 August 2013)
Mr. Wang Yiming (appointed on 8 October 2013)
Mr. Chow King Lok (resigned on 8 October 2013)

REMUNERATION COMMITTEE

Dr. Yuan Shumin (*Chairman*) (appointed on 19 May 2014)
Mr. Lee Kin Fai (*Chairman*) (resigned on 19 May 2014)
Mr. Wang Yiming (appointed on 2 August 2013)
Mr. Lu Dongcheng (appointed on 8 October 2013)
Mr. Chan Chun Wai (resigned on 2 August 2013)
Mr. Chow King Lok (resigned on 8 October 2013)

NOMINATION COMMITTEE

Mr. Lu Dongcheng (*Chairman*)
(appointed on 8 October 2013)
Mr. Chow King Lok (*Chairman*)
(resigned on 8 October 2013)
Mr. Wang Yiming (appointed on 2 August 2013)
Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Chan Chun Wai (resigned on 2 August 2013)
Mr. Lee Kin Fai (resigned on 19 May 2014)

INTERNAL CONTROL COMMITTEE

Dr. Yuan Shumin (*Chairman*) (appointed on 19 May 2014)
Mr. Chan Chun Wai (*Chairman*)
(resigned on 2 August 2013)
Mr. Lee Kin Fai (*Chairman*) (re-designated from member to Chairman on 2 August 2013 and resigned on 19 May 2014)
Mr. Lu Dongcheng (appointed on 2 August 2013)
Mr. Wang Yiming (appointed on 8 October 2013)
Mr. Chow King Lok (resigned on 8 October 2013)

COMPLIANCE COMMITTEE

Mr. Cheng Nga Ming Vincent (*Chairman*)
Mr. Lu Dongcheng (appointed on 2 August 2013)
Mr. Wang Yiming (appointed on 8 October 2013)
Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Chan Chun Wai (resigned on 2 August 2013)
Mr. Chow King Lok (resigned on 8 October 2013)
Mr. Lee Kin Fai (resigned on 19 May 2014)

Corporate Information

AUTHORISED REPRESENTATIVES

Mr. Cheng Nga Ming Vincent

Mr. Yu Wan Hei (resigned on 26 February 2014)

Mr. Tang Wai Leung (appointed on 26 February 2014)

COMPANY WEBSITE

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STOCK CODE

08325

LEGAL ADVISOR

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The Landmark

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AUDITOR

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Certified Public Accountants

42/F, Central Plaza

18 Harbour Road

Wan Chai

Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

18/F, Fook Lee Commercial Centre

Town Place, 33 Lockhard Road

Wan Chai

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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking

Corporation Limited

Dah Sing Bank Limited

Bangkok Bank Public Company Limited

INVESTOR RELATIONS

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To all shareholders,

I am pleased to present the annual report of China Smartpay Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014 to the shareholders of the Company.

Results of the Year

In addition to the card acceptance business in Thailand as previous years, the Group, during the year ended 31 March 2014, had a new income stream from its cross-border e-commerce solution business carried out in Hong Kong and in the People's Republic of China (the "PRC"). Thanks to the efforts of our management and the employees, the Group's total revenue for the year ended 31 March 2014 was approximately HK\$148.47 million, representing an increase of approximately 76% when compared with that of approximately HK\$84.58 million recorded in last year. Gross profit increased by approximately 32%, to approximately HK\$35.94 million for the year ended 31 March 2014. However, with the increase in the general administrative expenses of the Group which was caused by the increase in the share-based payment expenses on share options granted and the legal and professional expenses incurred for the possible acquisitions and investments of the Group during the year ended 31 March 2014 and the political instability in Thailand commenced in early November 2013, the loss attributable to the equity holders of the Company was increased to approximately HK\$17.76 million, representing an increase of approximately 35 times from that of approximately HK\$0.50 million for the year ended 31 March 2013. Basic loss per share for this year was 2.72 HK cents (2013: 0.08 HK cents).

Review for the Year

Expanding from its core business in electronic payment, trading and settlement platforms, the Group was continuously exploring new business opportunities in order to improve the Group's operating results and enhance the competitiveness during the year ended 31 March 2014. A wholly-owned subsidiary was acquired by the Group in January 2014. Its principal activity is to provide one-stop cross-border e-commerce solution services.

Further, the Group has been negotiating for the acquisition of the equity interest of a target company which, together with its subsidiary, is principally engaged in the payment card business in the PRC (the "Possible Acquisition"). As at the date of this report, the parties involved in this Possible Acquisition were still undergoing the process of negotiating the terms of final agreement.

During the year, the Group entered into a non-legally binding memorandum of understanding in respect of a possible investment in relation to a prepaid card business and internet payment services in the PRC (the "Possible Investment"). In November 2013, the Group entered into the framework agreement (the "Framework Agreement") with the relevant parties, pursuant to which the relevant parties will enter into the control agreements (the "Control Agreements") and the loan agreement upon completion of the Framework Agreement subject to fulfillment or waiver (as the case may be) of the conditions precedent as set out in the Framework Agreement. The purpose of the Control Agreements is to provide the Group with effective control over and the rights to enjoy the economic benefits in assets of a company established in the PRC, including its interest in a license company (the "License Company") generating revenue its prepaid card business. A supplemental agreement was signed in December 2013.

Further, in March 2014, the Group entered into a capital injection agreement (the "Capital Injection Agreement") for the investment in a target company of which the target company is a manufacturer and operator of smart point-of-sale (the "POS") terminals technology. By entering into such Capital Injection Agreement, the Board believes capital injection agreement will create strong synergy with the mobile payment and Online-to-Offline strategies of the Group.

Chairman's Statement

On 25 May 2014, the Group and other parties to the Framework Agreement entered into an agreement to terminate the Framework Agreement (as supplemented and amended by the supplemental agreement). On the same date, the Group entered into a new framework agreement (the "New Framework Agreement") and a letter of intent in relation to provision of loan in order to continue the Possible Investment but under different arrangement and with different contracting parties. Subject to fulfillment or waiver (as the case may be) of the conditions precedent of the New Framework Agreement, the Group will enter into the control agreements (the "New Control Agreements") and certain loan agreements with relevant parties to the New Framework Agreements so as to obtain effective control over and the rights to enjoy the economic benefits in assets of a company established in the PRC, including its interest in the License Company.

The Group has also made several appointments in preparation for the completion of the Possible Investment. The Company appointed Mr. Fung Weichang ("Mr. Fung") as an executive director and the chief executive officer of the Company in September 2013 and November 2013 respectively. Mr. Fung had worked for MasterCard Incorporated from October 1992 to December 2008 and his last position was executive vice president and general manager of the Greater China region for MasterCard Incorporated, Asia Pacific Region. From January 2009 to December 2010, Mr. Fung was the senior consultant of MasterCard Incorporated, Asia Pacific Region. Prior to joining the Company, Mr. Fung provided consultancy services in respect of mobile payment. In June 2014, the Group appointed Mr. Xiong Wensen ("Mr. Xiong") as an executive director and the president of the Company. From October 2008 up to May 2014, Mr. Xiong had been the vice president and the senior vice president, and the director of 通聯支付網絡服務股份有限公司 (Allinpay Network Service Co., Ltd.*), one of the largest payment acceptance agencies in the PRC.

The Directors consider the above are in line with the business strategy of the Group and will enhance its profitability and thereby increase the value of the Company.

The Group will continue to seek new opportunities, including but not limited to electronic payment, trading and settlement platforms, aiming to broaden the revenue base and enhance the profitability of the Group and therefore to increase the value of the Company.

Appreciation

On behalf of the board of Directors of the Company (the "Board"), I would like to take this opportunity to express my sincere gratitude to our management team and our employees for their dedication and contribution to the Group. I would also like to express my appreciation to our shareholders and business partners for their enduring support and confidence in the Group. I looking forward for all shareholders will benefit from the result of the Group in the future.

Zhang Huaqiao

Chairman

Hong Kong, 23 June 2014

* for identification purposes only

BUSINESS REVIEW

During the year ended 31 March 2014, apart from the card acceptance transaction fee income and the foreign exchange rate discount income generated from the card acceptance business in Thailand, the Group also generated income from the cross-border e-commerce solution business from its wholly-owned subsidiary acquired in January 2014.

For the card acceptance business in Thailand, there was a growth in the transaction volume handled by the Group for the first half of the year ended 31 March 2014. However, with the political instability commenced from early November 2013; the transaction volume handled by the Group for the second half of the year ended 31 March 2014 decreased by approximately 16% when compared with the corresponding period in last year. However, with the significant growth in revenue for the first six months, the revenue for the year ended 31 March 2014 still outperformed the records in last year by approximately 35%.

The Group's cross-border e-commerce solution business provided one-stop solution to connect the PRC e-commerce merchants with overseas buyers and covered all aspects of international e-commerce, including product sourcing and distribution, cross-border payment, logistics, packaging, human resources outsourcing, advertising, brand management etc. Such one-stop solution is especially appealing for medium-, small- and even mini-sized e-commerce merchants who lack the resources to build e-commerce infrastructure. Since acquiring this new area of business in January 2014, the Group had benefited from the increasing volume of cross-border e-commerce trading from businesses to businesses ("B2B"), from businesses to consumers ("B2C") and from consumers to consumers ("C2C"). The Group also employed its own e-commerce solution to engage in cross-border trading businesses.

BUSINESS OUTLOOK

Expanding from its core business in electronic payment, trading and settlement platforms, the Group has been continuously exploring new business opportunities in order to improve the Group's future operating results and enhance the competitiveness.

The Group will gradually shift the strategic focus to payment business in the PRC (the "PRC payment business"). The Group will base the PRC payment business on prepaid payment, internet payment, mobile payment and online-offline (the "O2O") services. The PRC payment business will ultimately enable the Group to build a large-scale real-name customer information database and to offer comprehensive personal financial services to the customers.

As a convenient, secure and interactive payment method, the prepaid payment market in the PRC (the "PRC prepaid market") offers immense potential. Based on the information available to the Board, the total market size of prepaid cards in the PRC reached RMB2 trillion in 2012, and will grow to RMB3 trillion in 2015 with a compound annual growth rate of 15%. However, the prepaid market is still at a pre-mature stage of development, and is marked by under-innovation, regional over-competition and tightening regulations. As industry consolidation looms large, the Board believes that only the contender with strengths in all of the four attributes, namely, the license, the team, the technology and the acceptance network, can prevail. To succeed, the Group is building strong capability in all of these four attributes.

Management Discussion and Analysis

The pre-requisite for the PRC payment business is to obtain the license to engage in prepaid and internet payment services on a nationwide basis. To gain this strategic license, the Group will focus on completing the Possible Investment of the License Company (as detailed/defined by the announcement dated 4 November 2013). The Group will also push for the conclusion of the Possible Acquisition (as defined by the announcement dated 26 February 2013), the target company of which is a major prepaid card company in the PRC. Combined with the License Company, this Possible Acquisition can enable the Group to become a major player in the PRC prepaid market. In the meantime, the Group is actively negotiating with holders of other types of payment licenses for potential partnership and/or investment in order to strengthen the first-mover advantage of the Group after completion of the Possible Investment.

The second focus of the PRC payment business is recruitment of leading talents and industry veterans. Over the past year, the Group has already assembled some of the top professionals in China's payment industry. The Company appointed Mr. Fung Weichang ("Mr. Fung") as an executive director and the chief executive officer of the Company in September 2013 and November 2013 respectively. Mr. Fung had worked for MasterCard Incorporated from October 1992 to December 2008 and his last position was executive vice president and general manager of the Greater China region for MasterCard Incorporated, Asia Pacific Region. From January 2009 to December 2010, Mr. Fung was the senior consultant of MasterCard Incorporated, Asia Pacific Region. In June 2014, the Group appointed Mr. Xiong Wensen ("Mr. Xiong") as an executive director and the president of the Company. From October 2008 up to May 2014, Mr. Xiong had been the vice president and the senior vice president, and the director of 通聯支付網絡服務股份有限公司 (Allinpay Network Service Co. Ltd.*), one of the largest payment acceptance agencies in the PRC. Mr. Xiong was also once the president of 開聯信息技術有限公司 (Open Union Information Technology Co. Ltd.*). Other key appointments include: Mr. Chen Lie, a former vice general manager of e-commerce at Dalian Wanda Group and former director of product development at Alibaba Group, as Chief Operating Officer; Mr. Liu Jie ("Mr. Liu") as Vice President. Mr. Liu founded 大連先鋒商務服務有限公司 (Dalian UCF Business Services Co. Ltd.) ("Dalian UCF"), where he led the efforts to obtain prepaid card and internet payment services license granted by the People's Bank of China, before Credit China Holdings Limited later acquired Dalian UCF. Earlier, he served as a senior manager at 聯動優勢科技有限公司 (Union Mobile Pay Co. Ltd.), a joint venture between China UnionPay and China Mobile. The Group will continue to make appointments in order to build a first-class management team.

The Group has also recruited a strong implementation team from leading payment companies in order to build an advanced and proprietary information technology system. This system will not only satisfy the Group's future demands for prepaid card issuance and acceptance, but will also enable rapid deployment of internet payment, mobile payment, loyalty and rewards management and big-data analysis. Further, in March 2014, the Group entered into the Capital Injection Agreement to acquire 22.22% interest in Shanghai Koolcloud Technology Co. Limited ("Shanghai Koolcloud"), which is a manufacturer and operator of cutting-edge smart POS terminal technology. The smart POS terminal technology accepts almost all payment technologies on one single platform, and can provide diversified services for merchants and consumers with third-party applications. As a result, this technology is an ideal gateway for mobile payment and O2O services. The Board believes that this Capital Injection Agreement will create strong synergy with the mobile payment and O2O strategies of the Group.

Last but not least, the Group is actively expanding the acceptance network to build a solid foundation for its future businesses. While the traditional prepaid payment service companies rely on bilateral negotiations with individual merchants to expand their networks, costing great amount of labour, time and resources, the Board believes that obtaining the Bank Identification Number (the "BIN business") is the optimum strategy. The BIN is obtained from major card associations such as MasterCard Incorporated or China UnionPay, and can enable a card to be accepted throughout the network of the respective card associations in one stroke. After a thorough vetting process, in April, 2014, the Group submitted the formal application for MasterCard Incorporated prepaid principal membership. Once granted, the Group can issue prepaid cards with MasterCard BIN and serve Chinese outbound travelers' huge demand for fast and convenient cross-border payment solutions. In the meantime, the Group is seeking BIN businesses with other more strategically relevant leading card associations.

* For identification purposes only

Management Discussion and Analysis

With all the above-mentioned arrangements in place, the Group is prepared to quickly introduce a stream of market-leading innovative products as soon as the Possible Investment materializes.

In the meantime, the Group will continue to develop cross-border e-commerce solution business by increasing the sales and marketing efforts and by investing in essential IT infrastructure that will enable the sector's fast expansion.

The Directors consider the above are in line with the business strategy of the Group. The Group will continue to seek new opportunities, including but not limited to electronic payment, trading and settlement platforms, aiming to diversify the income stream base and enhance the profitability of the Group and therefore to increase the value of the Company.

FINANCIAL REVIEW

Revenue

In addition to the card acceptance transaction fee income and the foreign exchange rate discount income generated from the card acceptance business in Thailand, revenue for the Group for the year ended 31 March 2014 was also generated from its cross-border e-commerce solution business which was carried out by a new subsidiary acquired by the Group in January 2014. Total revenue of the Group for the year ended 31 March 2014 amounted to approximately HK\$148.47 million, of which approximately HK\$114.32 million was attributed from the card acceptance business in Thailand and approximately HK\$34.15 million was attributed from the cross-border e-commerce solution business respectively.

Resulting from the increase in the number of transactions handled by the Group in Thailand throughout the year, transaction volume handled by the Group for the year ended 31 March 2014 amounted to approximately Thai Baht ("Baht") 27,748 million (equivalent to approximately HK\$6,836 million), representing an increase of approximately 45% to the record in last year. As such, revenue of the Group from the card acceptance business in Thailand for the year ended 31 March 2014 amounted to approximately HK\$114.32 million, represented an increase of approximately 35% as compared with that of approximately HK\$84.58 million in the previous year.

The income generated from the cross-border e-commerce solution business was driven by the increasing volume of cross-border e-commerce trading activities. The revenue of e-commerce business for the year amounted to approximately HK\$34.15 million, representing 23% of total revenue of the Group.

Cost of Services Rendered/Cost of Goods Sold

Cost of service rendered comprised the information network cost and license fee cost of the card acceptance business in Thailand and the cost of goods sold for the cross-border e-commerce solution business. The total cost of services rendered and cost of goods sold for the year ended 31 March 2014 increased by approximately 96% to approximately HK\$112.54 million as compared with those as recorded in last year, which is attributable to the increase in the information network cost and license fee cost of the card acceptance business in Thailand resulting from the increase in the transaction volume handled by the Group and the costs incurred by the new subsidiary of the Group in respect of its cross-border e-commerce solution business.

General Administrative Expenses

The general administrative expenses of the Group for the year ended 31 March 2014 were approximately HK\$34.43 million, representing an increase of approximately 144% from that of last year. The increase was primarily attributable to the increase in the share based payment expenses relating to the share options granted amounted to approximately HK\$9.5 million (2013: approximately HK\$1 million) and the legal and professional expenses incurred for the possible acquisitions and investments amounted to approximately HK\$4.5 million (2013: approximately HK\$1.6 million) during the year ended 31 March 2014.

Management Discussion and Analysis

Selling and Distribution Costs

The selling and distribution costs for the year ended 31 March 2014 amounted to approximately HK\$2.90 million, which was similar to the record for last year.

Finance Costs

The finance costs for the years ended 31 March 2014 and 2013 represented the 9% dividend payable to a non-controlling shareholder in respect of the issue and paid up preference share capital of Oriental City Group (Thailand) Company Limited (“OCG Thailand”).

Loss for the Year

During the year ended 31 March 2014, the Group reported a net loss attributable to equity holders of the Company amounted to approximately HK\$17.76 million, representing an increase of approximately 35 times over the last year. Loss per share was approximately 2.72 HK cents compared with 0.08 HK cents recorded in 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 2014, the Group's other long-term borrowings amounted to Baht 1,650,000 (equivalent to approximately HK\$393,000) 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 2014 and 31 March 2013 were approximately 0.21% and 0.44% respectively.

As at 31 March 2014, the Group had net current assets of approximately HK\$139.33 million (2013: HK\$15.63 million). Current ratio as at 31 March 2014 was 4.44 (2013: 1.20). The cash and cash equivalents of the Group as at 31 March 2014 were approximately HK\$47.14 million (2013: approximately HK\$23.01 million).

On 25 October 2013, the Company completed the placing of 120,000,000 placing shares at a price of HK\$1.03 per placing share. The net proceeds from the placing, after deducting related placing commission and other related expenses in connection with the placing, is approximately HK\$119.7 million. Of these net proceeds, around HK\$50 million was used as deposit for the Possible Investment, and the remaining balance of approximately HK\$ 69.7 million was used as general working capital.

On 11 April 2014, after the end of the reporting period, the Company completed the subscription of 144,000,000 placing shares at a price of HK\$1.46 per placing share with net proceeds, after deducting related placing commission and other related expenses, of approximately HK\$203.3 million. The Company intends to apply the aggregate net proceeds from the placing to finance the Possible Investment and/or Possible Acquisition (if materialised) or towards other lucrative business and investment opportunities which may arise in the future or otherwise as general working capital of the Group.

Other receivables mainly represented (i) the deposit on investment paid in respect of the Possible Investment, please refer to note 33(ii) to the consolidated financial statements for details; and (ii) the prepayment of approximately HK\$43,000,000 to suppliers in respect of the cross-border e-commerce solution business, as included in deposits, prepayments and other debtors.

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately HK\$134.45 million as at 31 March 2014 (2013: approximately HK\$16.24 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 United States Dollars (“US\$”). The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As at 31 March 2014, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$1,000,000 (equivalent to approximately HK\$7,758,000) (2013: US\$8,355,000, equivalent to approximately HK\$65,172,000). 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 foreign exchange rate risk as 31 March 2014.

RESULTS AND DIVIDENDS

For the year ended 31 March 2014 the Group recorded a revenue of approximately HK\$148.47 million (2013: approximately HK\$84.58 million) and a loss attributable to equity holders of the Company of approximately HK\$17.76 million as compared with approximately HK\$0.50 million for the previous year. The loss per share was 2.72 HK cents (2013: 0.08 HK cents).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group had a total staff of 29 (2013: 16) of whom 11 were based in Hong Kong, 11 were based in Thailand and the remaining 7 were based in the PRC. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this report, the Group has made no other material acquisitions, disposals or any significant investments during the year ended 31 March 2014.

CAPITAL COMMITMENTS

As at 31 March 2014, the Group had commitments contracted for but not provided in the consolidated financial statements amounting to RMB20 million (equivalent to approximately HK\$25 million) in respect of the capital injection of Shanghai Koolcloud (2013: Nil).

Management Discussion and Analysis

CHARGES ON ASSETS

As at 31 March 2014, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 31 March 2014, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in note 33 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Cheng Nga Ming Vincent (“Mr. Cheng”), aged 43, was appointed as an executive director of the Company in March 2011. He is the chairman of the compliance committee of the Company. He graduated from California State University, Sacramento with major in finance. He is a private investor who has extensive experience in investment management and securities analysis. He has about 18 years of experience in investment with hedge fund groups responsible for investment portfolios with a primary focus in Asia. Mr. Cheng is responsible for the overall corporate strategies and business development of the Group.

Ms. Cheng Nga Yee (“Ms. Cheng”), aged 40, was appointed as an executive director of the Company in March 2011. She graduated from San Francisco State University with major in marketing. She is the sister of Mr. Cheng. She has about 13 years of experience in investment. She also has about 3 years’ experience as business consultant in a company listed in the Main Board of the Stock Exchange. Ms. Cheng is mainly responsible for the marketing function of the Group. According to Article 84(1) of the Articles of Association of the Company, Ms. Cheng will retire as an executive director at the forthcoming annual general meeting of the Company. Ms. Cheng will not offer herself for re-election.

Mr. Cao Guoqi (“Mr. Cao”), aged 50, was appointed as an executive director of the Company in September 2013. He obtained a doctoral degree in political economics from Shanghai Academy of Social Sciences in 2004. He has been the MBA supervisor in Shanghai Advanced Institute of Finance, Shanghai Jiaotong University since December 2011, the part-time professor of Hunan University since April 2008, the consultant to the government of Dongli District of Tianjin Municipality since March 2010, the executive director and general manager of Probest Limited in Hong Kong, the executive director and general manager of Master Energy INC in Hong Kong, and was appointed as the general manager of Shanghai Haigang New City Investment and Development Co., Ltd. from April 2002 to April 2005. Mr. Cao is an independent non-executive director of (i) Shanghai Jiaoda Withub Information Industrial Company Limited and (ii) Dongwu Cement International Limited, companies whose shares are listed on the GEM and the Main Board of the Stock Exchange respectively. He is also an independent director of Inner Mongolia Jinyu Group Stock Company Limited, a company whose shares are listed on the Shanghai Stock Exchange. In April 2014, Mr. Cao was appointed as a chairman of SBI China Capital Holdings Limited.

Mr. Fung Weichang (“Mr. Fung”), aged 65, was appointed as an executive director and chief executive officer of the Company in September 2013 and November 2013 respectively. He obtained a master degree in business administration from the Santa Clara University in California in the United States in 1976. Mr. Fung had worked for MasterCard International from October 1992 to December 2008 and his last position was executive vice president and general manager of the Greater China region for MasterCard International, Asia Pacific Region. From January 2009 to December 2010, Mr. Fung was the senior consultant of MasterCard International, Asia Pacific Region. Prior to joining the Company, Mr. Fung provided consultancy services in respect of mobile payment.

Mr. Xiong Wensen (“Mr. Xiong”), aged 46, was appointed as an executive director and the president of the Company in June 2014. He obtained a bachelor’s degree in engineering (Computer Science and Technology) from Tsinghua University in July 1990 and a master’s degree in business administration from Cheung Kong Graduate School of Business in December 2004. Mr. Xiong joined China Merchants Bank from 1990 as the programmer of the computer department at the head office and the deputy general manager until 2003. He was the deputy general manager of 上海銀商資訊有限公司 (China Union Loyalty Co. Ltd.*) from September 2006 to August 2007; and the president of 開聯信息技術有限公司 (Open Union Information Technology Co. Ltd.*) from October 2007 to October 2008 respectively. From October 2008 up to May 2014, Mr. Xiong had been the vice president and the senior vice president, and the director of 通聯支付網絡服務股份有限公司 (Allinpay Network Service Co., Ltd.*).

* for identification purposes only

Biographical Details of Directors and Senior Management

Non-executive Director

Mr. Zhang Huaqiao (“Mr. Zhang”), aged 51, was appointed as the non-executive director and the chairman of the Company in September 2012 and March 2014 respectively. He worked at the Equities Department of UBS AG, Hong Kong Branch from June 1999 to April 2006 with last capacity as the co-head of its China research team. From May 2006 to September 2008, Mr. Zhang served as an executive director of Shenzhen Investment Limited, a company listed on the Main Board of the Stock Exchange. From September 2008 to June 2011, Mr. Zhang worked with UBS AG, Hong Kong with last capacity as the deputy head of China Investment Banking Department. Mr. Zhang then was the chairman of Guangzhou Wansui Micro Credit Co., Ltd. between June 2011 and July 2012; and an executive director and chief executive officer of Man Sang International Limited, a company listed on the Main Board of the Stock Exchange, between September 2011 and April 2012.

Currently, Mr. Zhang is the chairman of China Mezzanine Capital Group. He is also a non-executive director of Boer Power Holdings Limited; and an independent non-executive director of Fosun International Limited, Zhong An Real Estate Limited, Fuguiniao Co., Ltd., China Huirong Financial Holdings Limited and Logan Property Holdings Company Limited, the shares of all these companies are listed on the Main Board of the Stock Exchange. In February 2013, Mr. Zhang was appointed as a director of Nanjing Central Emporium Stocks Company Limited, a company listed on the Shanghai Stock Exchange. In April 2014, Mr. Zhang was appointed as a non-executive director of Yancoal Australia Limited, a company listed on the Australian Securities Exchange.

Mr. Zhang obtained a master’s degree in economics from the Financial Research Institute of the People’s Bank of China in 1986 and a master’s degree of economics of development from the Australian National University in 1991.

Independent Non-executive Directors

Mr. Wang Yiming (“Mr. Wang”), aged 47, was appointed as an independent non-executive director of the Company in August 2013. Mr. Wang is a member of the Company’s audit committee, remuneration committee, nomination committee, internal control committee and compliance committee. Mr. Wang holds a bachelor degree in electronic and a master degree in business administration from Shanghai Jiao Tong University. He was appointed as an executive director of Shanghai Jiaoda Withub Information Industrial Company Limited, a company listed on GEM, in September 2004. Mr. Wang is currently the chief executive officer and the executive director of Shanghai Jiaoda Withub Information Industrial Company Limited.

Mr. Lu Dongcheng (“Mr. Lu”), aged 47, was appointed as an independent non-executive director of the Company in August 2013. Mr. Lu is the chairman of the Company’s nomination committee and a member of the Company’s audit committee, remuneration committee, nomination committee, internal control committee and compliance committee. Mr. Lu holds a Master degree of Business Administration from Yale University and a Doctor degree from Peking Medical University which has merged with Peking University. He was the partner of Infinity Group (Peking) Venture Capital Management Co., Ltd. during June 2008 to April 2011 and the chief executive officer of AnPing Capital Management Limited during May 2011 to April 2012. Mr. Lu is currently the chief executive officer of Suzhou Mountain View Equity Investment Management Co., Ltd. and the supervising partner of Mountain View Capital PE Funds.

Dr. Yuan Shumin (“Dr. Yuan”), aged 65, was appointed as an independent non-executive director of the Company in May 2014. Dr. Yuan is the Company’s compliance officer, the chairman of the Company’s audit committee, remuneration committee and internal control committee, and a member of the Company’s nomination committee and compliance committee. Dr. Yuan was a member of the Chinese Institute of Certified Public Accountants. He obtained a doctorate degree in Science (part-time doctorate program) in the School of Management from Fudan University in January 1998. Dr. Yuan was the supervisor of teaching department, the assistant supervisor and the assistant dean of the School of Accountancy in Shanghai University of Finance and Economics from 1993 to 2000; and the standing assistant dean and the dean of the School of Adult Education in Shanghai University of Finance and Economics from 2000 to 2005. Dr. Yuan has joined the School of Accountancy in Shanghai Finance University since September 2005 and had been the president of that School of Accountancy until 2013.

Biographical Details of Directors and Senior Management

From 2008 to March 2014, Dr. Yuan was an independent director of Shanghai Tofflon Science and Technology Co., Ltd., whose shares are listed on the Chinext of Shenzhen Stock Exchange. Dr. Yuan is an independent director of (i) Deluxe Family Co., Ltd.; (ii) Shanghai Jiabao Industry & Commerce (Group) Co., Ltd., the shares of these companies are listed on the Shanghai Stock Exchange; and (iii) Shanghai Morn Electric Equipment Co., Ltd., the shares of this company are listed on the Shenzhen Stock Exchange. Dr. Yuan is also an independent non-executive director of Shanghai Jiaoda Withub Information Industrial Company Limited, whose shares are listed on the GEM.

SENIOR MANAGEMENT

Mr. Tang Wai Leung (“Mr. Tang”) aged 33, was appointed as the company secretary of the Company in February 2014. Mr. Tang holds a bachelor degree of Bachelor of Arts (Hons) in Accounting from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tang has over 8 years of experience in accounting and auditing.

Mr. Phuri Khamphidet, aged 48, joined the Group in January 2005. He is the managing director of OCG Thailand. Mr. Khamphidet has strong experience in credit card business development and marketing and has more than 18 years of experience in merchant acquiring business in high profile financial institutions, including Citibank N.A. and Diners Club (Thailand) Co., Ltd. He brings quality local market knowledge, network and working experience to the Group, with primary focus on merchant relationship building and marketing. Mr. Khamphidet obtained a bachelor degree in political science from Ramkhamhaeng University in Thailand in 1988.

Mr. Panthong Limpkittisin, aged 45, joined OCG Thailand in December 2004 as the operation controller who is in charge of the operation process for card acceptance business of OCG Thailand. Mr. Limpkittisin has many years of working experience since 1990 in credit card industry such as SCB Business Service Company Limited, a subsidiary of Siam Commercial Bank Public Company Limited, Standard Chartered Bank, Citibank N.A, and AIG Card (Thailand) Company Limited. He has in-depth professional knowledge in settlement, fraud analysis, chargeback, customer service, merchant service, card production and transaction processing. Mr. Limpkittisin holds a master degree of business administration in general management from Ramkhamhaeng University in Thailand.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code").

Throughout the year ended 31 March 2014, the Company has complied with the code provisions in the CG Code with the exception of the code provision A.2.1. Please refer to the paragraph headed "Chairman and Chief Executive Officer" of this report for the details of such deviation.

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 2013 to 31 March 2014.

BOARD OF DIRECTORS

Responsibility and Delegation

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as monitoring the internal control policies and evaluating the financial performance of the Group. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders' value.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for approval by the Board before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control systems and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Board is also responsible for developing and reviewing the Group's policies and practices on corporate governance and reviewing and monitoring the training and continuous professional development of our Directors.

Biographical Details of Directors and Senior Management

The composition of the Board reflects the necessary balance of skills, experience and diversity of perspectives desirable for effective leadership of the Company and independence in decision making.

As at 31 March 2014, there were eight members in the Board comprising four executive directors, one non-executive director and three independent non-executive directors ("INEDs"). The biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" on page 13 to page 15 of this annual report. Their role and function are published on the Company's website and the Stock Exchange's website. Save as disclosed in this annual report, none of the Directors has any relationship (including financial, business, family or other material relationship) with each other.

Corporate Governance Report

In compliance with Rules 5.05 (1), 5.05 (2) and 5.05A of the GEM Listing Rules, the Company has appointed sufficient number of INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise and that the number of INEDs must be at least one-third of the Board. The INEDs, together with the executive directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interest of the Company and its shareholders. The Company has received an annual confirmation of independence from each of the INEDs and considers that their independence is in compliance with Rule 5.09 of the GEM Listing Rules as at the date of this report.

Board Meetings

During the year ended 31 March 2014, the Board met 11 times. The attendances of individuals at these Board meetings, audit committee meetings, remuneration committee meetings, nomination committee meetings, annual general meeting, extra-ordinary general meetings, compliance committee meetings and internal control committee meetings are set out below:

Name of director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extra-ordinary General Meeting	Compliance Committee Meeting	Internal Control Committee Meeting
<i>Executive directors</i>								
Mr. Cheng Nga Ming Vincent	11/11	N/A	N/A	N/A	1/1	3/3	4/4	N/A
Ms. Cheng Nga Yee	11/11	N/A	N/A	N/A	1/1	2/3	N/A	N/A
Mr. Cao Guoqi (appointed on 18 September 2013)	2/4	N/A	N/A	N/A	N/A	1/2	N/A	N/A
Mr. Fung Weichang (appointed on 18 September 2013)	2/4	N/A	N/A	N/A	N/A	1/2	N/A	N/A
<i>Non-executive director</i>								
Mr. Zhang Huaqiao	9/11	N/A	N/A	N/A	1/1	1/3	N/A	N/A
<i>Independent non-executive directors</i>								
Mr. Chan Chun Wai (resigned on 2 August 2013)	4/4	1/1	N/A	N/A	0/0	1/1	1/1	1/1
Mr. Lee Kin Fai (resigned on 19 May 2014)	11/11	4/4	2/2	3/3	1/1	1/3	4/4	4/4
Mr. Chow King Lok (resigned on 8 October 2013)	7/7	2/4	2/2	2/2	1/1	1/1	2/2	2/2
Mr. Wang Yiming (appointed on 2 August 2013)	5/7	2/3	2/2	3/3	1/1	1/2	3/3	3/3
Mr. Lu Dongcheng (appointed on 2 August 2013)	5/7	3/3	0/2	1/3	1/1	1/2	3/3	3/3

Corporate Governance Report

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 separated and should not be performed by the same individual.

For the period from 1 April 2013 to 7 November 2013, Mr. Cheng was the Chairman and responsible for the duties of the CEO of the Company. Mr. Cheng has about 18 years of experience in financial sector. The Board considers that vesting the roles of Chairman and CEO in Mr. Cheng provided the Group with consistent leadership in the development and execution of long-term business strategies. On 7 November 2013, Mr. Fung Weichang, an executive director of the Company, was appointed as the CEO of the Company whilst Mr. Cheng remains as the Chairman of the Company. On 11 March 2014, Mr. Cheng resigned as the Chairman of the Company and Mr. Zhang, a non-executive director of the Company, was appointed as the Chairman of the Company to fill the vacancy after the resignation of Mr. Cheng.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

All directors are appointed for a specific term. All the executive directors of the Company are engaged on a service contract/letter of appointment with the Company for a term of three years (except Mr. Cheng whose letter of appointment is for a term of one year).

Each of the non-executive director and the INEDs was appointed by a letter of appointment with the Company is for a term of one year and a period of three years respectively, subject to re-election and other requirements under the Company’s Articles of Association and their respective letters of appointment.

Besides, the procedures and process of appointment, re-election and removal of Directors are laid down in the Company’s Articles of Association. According to Article 84 the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Directors shall be subject to retirement at an annual general meeting at least once every three years.

Details for the re-election of Directors are set out in the “Directors’ Report” of this annual report.

COMMITTEES

As part of the corporate governance practices, the Board has established a nomination committee, a remuneration committee, an audit committee, an internal control committee and a compliance committee. All of the committees are composed of INEDs (except the compliance committee which comprises all the three INEDs and Mr. Cheng) with terms of reference in accordance with the principles set out in the CG Code. The respective terms of reference of the audit committee, nomination committee and the remuneration committee have been published on the Company’s website and the Stock Exchange’s website. The compositions of the various committees of the Company on 31 March 2014 were set out below:

Nomination committee

The Company has established a nomination committee which considers and recommends to the Board suitably qualified persons to become the Company’s directors and is responsible for reviewing the structure, size and composition of the Board on a regular basis. The nomination committee members are as follows:

Independent Non-Executive Directors

Mr. Lu Dongcheng (Chairman) (appointed on 8 October 2013)

Mr. Chow King Lok (Chairman) (resigned on 8 October 2013)

Mr. Wang Yiming (appointed on 2 August 2013)

Dr. Yuan Shumin (appointed on 19 May 2014)

Mr. Chan Chun Wai (resigned on 2 August 2013)

Mr. Lee Kin Fai (resigned on 19 May 2014)

Corporate Governance Report

The Board has adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of having a diverse Board, which can be achieved through the consideration of a number of factors, including but not limited to talents, skills regional and industry experience, background, gender and other qualities of the members of the Board. The Nomination Committee is responsible for identifying qualified candidates to become members of the Board. All appointments of members of the Board are based on merit and contribution that the selected candidates are likely to bring to the Board. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its continuing effectiveness.

The meetings of the nomination committee shall be held not less than once a year. The nomination committee held three meetings during the year. Details of the attendance by the members of the nomination committee are set out on page 17. The full terms of reference are available on the Company's website and the Stock Exchange's website.

Remuneration committee

The Company has established a remuneration committee which makes recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee regularly monitors the remuneration of all of the directors and senior management of the Group such that their remuneration is set at appropriate levels. The remuneration committee members are as follows:

Independent Non-Executive Directors

Dr. Yuan Shumin (Chairman) (appointed on 19 May 2014)
Mr. Lee Kin Fai (Chairman) (resigned on 19 May 2014)
Mr. Wang Yiming (appointed on 2 August 2013)
Mr. Lu Dongcheng (appointed on 8 October 2013)
Mr. Chan Chun Wai (resigned on 2 August 2013)
Mr. Chow King Lok (resigned on 8 October 2013)

The meetings of the remuneration committee shall be held not less than once a year. The remuneration committee held two meetings during the year. Details of the attendance by the members of the remuneration committee are set out on page 17. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee has reviewed the current remuneration packages of the Board members. Details of the Directors' remuneration are set out in note 9 to the consolidated financial statements. Remuneration payable to members of senior management (including directors) are fell within the following bands:

	Number
Nil to HK\$1,000,000	9
HK\$1,000,001 to HK\$2,000,000	4
HK\$2,000,001 to HK\$3,000,000	1
	<hr/>
	14
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Audit committee

The audit committee members of the Company are as follows:

Independent Non-Executive Directors

Dr. Yuan Shumin (Chairman) (appointed on 19 May 2014)
Mr. Chan Chun Wai (Chairman) (resigned on 2 August 2013)
Mr. Lee Kin Fai (Chairman) (re-designated from member to Chairman on 2 August 2013 and resigned on 19 May 2014)
Mr. Lu Dongcheng (appointed on 2 August 2013)
Mr. Wang Yiming (appointed on 8 October 2013)
Mr. Chow King Lok (resigned on 8 October 2013)

Corporate Governance Report

The written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules are available on the Company's website and the Stock Exchange's website.

The audit committee shall be held at least every three months to consider, among others, the Company's budget, revised budget and quarterly, half-yearly and annual results prepared by the Board and the Company's internal control system. The audit committee held four meetings during the year. Details of the attendance by the members of the audit committee are set out on page 17.

During the year ended 31 March 2014, the Audit Committee met with the external auditor to discuss the general scope of their audit work and reviewed the management representation letter. They also reviewed the quarterly, interim and annual financial statements and reports and discussed with external auditors on any significant or unusual items before submission to the Board, reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement and reviewed the adequacy and effectiveness of the Company's financial reporting system, internal control system and associated procedures. They also reviewed the training and continuous professional development of the Directors and senior management and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Internal control committee

The Company has established an internal control committee to review the Group's internal control procedures on regular basis to ensure that proper and appropriate control in respect of the Group's finance, operations and human resources is in place. The internal control committee is also vested with the responsibility of reviewing and monitoring the training and continuous professional development of the Group's senior management.

The internal control committee members are as follows:

Independent Non-Executive Directors

Dr. Yuan Shumin (Chairman) (appointed on 19 May 2014)

Mr. Chan Chun Wai (Chairman) (resigned on 2 August 2013)

Mr. Lee Kin Fai (Chairman) (re-designated from member to Chairman on 2 August 2013 and resigned on 19 May 2014)

Mr. Lu Dongcheng (appointed on 2 August 2013)

Mr. Wang Yiming (appointed on 8 October 2013)

Mr. Chow King Lok (resigned on 8 October 2013)

The meetings of the internal control committee shall be held quarterly. The internal control committee held four meetings during the year. Details of the attendance by the members of the internal control committee are set out on page 17. The full terms of reference are available on the Company's website and the Stock Exchange's website.

Compliance committee

The Company has established a compliance committee to ensure the Group's compliance of rules and regulations applicable to the Group and in particular the GEM Listing Rules, and to monitor the preference share structure arrangement of OCG Thailand as well as the Group's tax affairs. Further, the compliance committee is responsible for developing, reviewing and monitoring the code of conduct applicable to our Directors and the Group's employees and reviewing the Company's compliance with the CG Code and the disclosure in the Company's Corporate Governance Report. The compliance committee will report directly to the Board on the compliance matters of the Group. It will also seek advice from the Company's legal advisers to be retained from time to time.

Corporate Governance Report

The Compliance committee members are as follows:

Executive Directors

Mr. Cheng Nga Ming Vincent, a compliance officer of the Company (Chairman)

Independent Non-Executive Directors

Mr. Lu Dongcheng (appointed on 2 August 2013)

Mr. Wang Yiming (appointed on 8 October 2013)

Dr. Yuan Shumin, a compliance officer of the Company (appointed on 19 May 2014)

Mr. Chan Chun Wai (resigned on 2 August 2013)

Mr. Chow King Lok (resigned on 8 October 2013)

Mr. Lee Kin Fai, a compliance officer of the Company (resigned on 19 May 2014)

The meetings of the compliance committee shall be held quarterly. The compliance committee held four meetings during the year. Details of the attendance by the members of the compliance committee are set out on page 17. The full terms of reference are available on the Company's website and the Stock Exchange's website.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Records of continuous professional development were received from the Directors. All of them have attended seminars and/or read materials and update relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements during the year ended 31 March 2014.

All Directors pursued continuous professional development and the relevant details are set out below:

	Attending seminars/ conferences/forums	Reading journals/ updates/articles/ materials
Executive Directors:		
Mr. Cheng Nga Ming, Vincent	–	√
Ms. Cheng Nga Yee	–	√
Mr. Cao Guoqi	√	√
Mr. Fung Weichang	√	√
Mr. Xiong Wensen	√	√
Non-Executive Director:		
Mr. Zhang Huaqiao	√	√
Independent Non-Executive Directors:		
Mr. Wang Yiming	√	√
Mr. Lu Dongcheng	√	√
Dr. Yuan Shumin	√	√

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the responsibility of the Board to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. Management shall provide sufficient explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. Further, the Company also provides all members of the Board with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each director to discharge their duties.

The Board also acknowledges their responsibilities of the preparation of the consolidated financial statements of the Group and ensures that the financial statements are in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance. The Board also ensures the timely publication of the financial statements of the Group.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the Board will continue to prepare the consolidated financial statements on a going concern basis.

The statement of external auditor of the Company, Mazars CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

Internal control

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Group's assets against unauthorised use and disposal, and to protect the interests of shareholders of the Company. The Board assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system.

During the year, the Board, through the audit committee and the internal control committee, assesses the effectiveness of the Group's internal control system which cover all material controls, including financial, operational and compliance controls and risk management functions. The Board also reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

During the year, no major issue has been identified by the audit committee and the internal control committee of the Company. The Board is of the view that the internal control system is in place for the year and up to the date of this annual report, to safeguard the interests of the shareholders and the assets of the Group.

Auditor's remuneration

The auditor provides an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. For the year ended 31 March 2014, the remuneration paid/payable to the auditor, Mazars CPA Limited, was set out below:

Nature of services	Fees paid/payable HK\$'000
Audit service	340*
Audit related service	
– Agreed-upon procedures on quarterly and interim results	64
– Professional services for the Possible Acquisition/Investment	930
	994
Non-audit service	
– Due diligence review for the Possible Acquisition/Investment	426
Total	1,760

* The auditor's remuneration disclosed in note 8(d) to the consolidated financial statements included HK\$67,000, which was paid to the statutory auditors of the overseas subsidiaries of the Company (not Mazars CPA Limited).

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary meeting and putting forward proposals at general meeting

Pursuant to the articles of association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such meeting within twenty-one days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors of the Company.

Shareholders may also make enquires with the Board at the general meetings of the Company.

COMPANY SECRETARY

The company secretary supports the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary is appointed by the Board and reports to the Chairman. The company secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the GEM Listing Rules.

On 26 February 2014, Mr. Yu Wan Hei ("Mr. Yu") has resigned as the company secretary of the Company and Mr. Tang Wai Leung ("Mr. Tang") has been appointed as the company secretary of the Company in place of Mr. Yu on the same day. Both Mr. Yu and Mr. Tang was/is a full-time employee of the Company and undertook over 15 hours of relevant professional training to update their skills and knowledge during the year ended 31 March 2014.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investors.

The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports and notices, announcements and circulars. The corporate website of the Company (www.ocg.com.hk) provides a communication platform to the public and the shareholders.

Directors' Report

The Board of Directors is pleased to present its annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements which appear on page 34 to page 77 of this annual report.

The Board does not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary on page 78 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

RESERVE

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company's reserve available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately HK\$102,986,000 (2013: approximately HK\$1,919,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2014, the percentage of revenue and cost of services rendered attributable to the Group's major customers and suppliers are set out below:

Revenue	
– The largest customer	23%
– The total of five largest customers	61%
Cost of services rendered	
– The largest supplier	73%
– The total of five largest suppliers	98%

As far as the Directors are aware, neither the Directors nor their associates nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers and suppliers of the Group.

DIRECTORS

The Directors of the Company during the year and up to date of the report were:

Executive Directors:

Mr. Cheng Nga Ming Vincent
Ms. Cheng Nga Yee
Mr. Cao Guoqi (appointed on 18 September 2013)
Mr. Fung Weichang (appointed on 18 September 2013)
Mr. Xiong Wensen (appointed on 3 June 2014)

Non-executive Director

Mr. Zhang Huaqiao

Independent Non-executive Directors:

Mr. Chan Chun Wai (resigned on 2 August 2013)
Mr. Lee Kin Fai (resigned on 19 May 2014)
Mr. Chow King Lok (resigned on 8 October 2013)
Mr. Wang Yiming (appointed on 2 August 2013)
Mr. Lu Dongcheng (appointed on 2 August 2013)
Dr. Yuan Shumin (appointed on 19 May 2014)

In accordance with Article 84(1) of the Company's Articles of Association, Mr. Cheng Nga Ming Vincent and Ms. Cheng Nga Yee shall retire from office at the forthcoming annual general meeting of the Company. Being eligible, Mr. Cheng Nga Ming Vincent will offer himself for re-election as an executive director of the Company, whilst Ms. Cheng Nga Yee will not offer herself for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 83(3) of the Company's Articles of Association, Mr. Cao Guoqi, Mr. Fung Weichang, Dr. Yuan Shumin (who was appointed as an independent non-executive Director of the Company on 19 May 2014) and Mr. Xiong Wensen (who was appointed as an executive Director of the Company on 3 June 2014) shall hold office only until the forthcoming annual general meeting of the Company and being eligible, has offered themselves for re-election at the said forthcoming annual general meeting.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographic information of the Directors and senior management of the Group are set out on page 13 to page 15 of this annual report.

DIRECTOR'S SERVICE CONTRACTS/LETTER OF APPOINTMENT

Mr. Cheng Nga Ming Vincent ("Mr. Cheng") and Ms. Cheng Nga Yee ("Ms. Cheng") were appointed as executive Directors of the Company on 25 March 2011 for a term of one year unless terminated by not less than one month's notice in writing served by either party or previously terminated in accordance with the terms and conditions specified in the letter of appointment dated 25 March 2011. The remuneration of each of Mr. Cheng and Ms. Cheng shall be a director's fee at a rate of HK\$10,000 per month payable monthly in arrears. Their appointments were renewed on 25 March 2014.

Mr. Cao Guoqi ("Mr. Cao") and Mr. Fung Weichang ("Mr. Fung") were appointed as executive Directors of the Company for an initial term of three years commencing from 18 September 2013 and expiring on 17 September 2016, subject to retirement by rotation and re-election under the Articles of Association of the Company. Mr. Cao and Mr. Fung shall receive a director's fee of HK\$20,000 and HK\$30,000 per monthly respectively payable monthly in arrears.

Directors' Report

The current basic annual salaries of the executive Directors are as follows:

Name	Amount
Mr. Cheng	HK\$120,000
Ms. Cheng	HK\$120,000
Mr. Cao	HK\$240,000
Mr. Fung	HK\$360,000

Mr. Zhang, a non-executive director of the Company, entered into a letter of appointment with the Company with a fixed term of services for three years commencing from 7 September 2012, subject to Article 83(3) and provisions for the retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. Mr. Zhang is entitled to receive a director's fee of HK\$40,000 per month. The Board has also granted to Mr. Zhang, who has also accepted, 6,000,000 share options on 7 September 2012 pursuant to the letter of appointment to subscribe 6,000,000 ordinary shares of HK\$0.01 each of the Company under and subject to and upon the terms and conditions of the share options scheme adopted by the Company on 14 August 2009. The exercise price of the share options shall be HK\$0.84 per share. The validity period of the share options shall be five years from 7 September 2012. 2,000,000 share options have been vested on each of 6 March 2013 and 6 March 2014 respectively and 2,000,000 share options will be vested on 6 March 2015.

Mr. Lee Kin Fai ("Mr. Lee") was appointed as INED of the Company for a term of one year commencing from 25 March 2012. His director's fee was HK\$48,000 per annum. The appointment of Mr. Lee was renewed on 25 March 2014 and he resigned as the INED of the Company with effect from 19 May 2014. Mr. Wang and Mr. Lu were appointed as INEDs of the Company for a term of one year commencing from 2 August 2013. Their directors' fee was HK\$72,000 per annum respectively. None of the INEDs is expected to receive any other remuneration (save for the share options that may be granted) for holding their offices as the INEDs.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting ("AGM") has entered into any service agreement with the Company which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

The Directors' remuneration (including any share options that may be granted to the Directors) is determined with reference to the results of the Group and the performance of the individual director.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

COMPETING INTERESTS

During the year ended 31 March 2014, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 9 to 10 to the consolidated financial statements, respectively.

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

As at 31 March 2014, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

Name	Capacity	Number of Shares	Percentage of shareholding
Mr. Cheng	Corporate – Interest of controlled corporation (<i>Note 1</i>)	387,000,000	53.75%
	Beneficial owner	27,000,000	3.75%
Mr. Cao	Corporate – Interest of controlled corporation (<i>Note 2</i>)	49,140,000	6.83%
	Beneficial owner (<i>Note 4</i>)	6,000,000	0.83%
	Interest of spouse (<i>Note 3</i>)	770,000	0.11%
Mr. Fung	Beneficial owner (<i>Note 4</i>)	2,000,000	0.28%
Mr. Zhang	Beneficial owner (<i>Note 4</i>)	6,000,000	0.83%

Directors' Report

(b) Short positions in Shares

Name	Capacity	Number of Shares	Percentage of shareholding
Mr. Cheng	Corporate – Interest of controlled corporation (<i>Note 1</i>)	212,500,000	29.51%

- Note:*
1. These Shares were held by Tian Li Holdings Limited ("Tian Li") which in turn is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee ("Ms. Cheng") respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in these Shares held by Tian Li under the SFO.
 2. These 49,140,000 Shares were held by Probest Limited ("Probest") which in turn is wholly owned by Mr. Cao. As Mr. Cao is the controlling shareholder of Probest, he is deemed to be interested in these 49,140,000 Shares held by Probest under the SFO.
 3. These 770,000 Shares were held by Ms. Zheng Lu who is the wife of Mr. Cao. Accordingly, Mr. Cao is deemed to be interested in these 770,000 Shares under the SFO.
 4. These Shares represent the options of shares granted to Mr. Cao, Mr. Fung and Mr. Zhang pursuant to the Company's share option scheme. Accordingly, they are deemed to be interested in these Shares under the SFO.

(c) Associated corporation

As at 31 March 2014, Ms. Cheng held 30% equity interests in Tian Li.

Save as disclosed above, as at 31 March 2014, so far as is known to any of the Directors or the chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

On 14 August 2009, the Company adopted a share option scheme (the "Scheme") for the purpose of recognising and motivating the contribution of the eligible persons to the Company and/or any of its subsidiaries and/or Invested Entity (as defined below). Pursuant to the Scheme, the Board may grant options to (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Company or any of its subsidiaries holds an equity interest, including any executive director but excluding any non-executive director of the Company, any of its subsidiaries or any Invested Entity; (ii) any non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any shareholder of the Company, any of its subsidiaries or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any of its subsidiaries or any Invested Entity; (iv) any supplier of goods and/or services to the Company, any of its subsidiaries or any Invested Entity; (v) any business collaborator, business consultant, joint venture or business partner, technical, financial, legal and other professional advisers engaged by the Company, any of its subsidiaries or any Invested Entity; or (vi) any associate of the directors or the substantial shareholders of the Company, any of its subsidiaries or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any of its subsidiaries or any Invested Entity.

The total number of the Shares which may be issued upon exercise of all options to be granted under the Scheme and any other scheme must not exceed 86,400,000 Shares, representing 10 per cent. of the Shares in issue as at the date of this report. The total number of the Shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent. of the Shares in issue on the last day of such 12-month period unless approval from the shareholders of the Company in general meeting is obtained with such participant and his/her associates abstaining from voting.

Directors' Report

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

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

For the year ended 31 March 2014, the Company granted the following share options under the Scheme:

Grantee:	Mr. Zhang (a non-executive director)	(a) Mr. Cao (an executive director) (b) Mr. Fung (an executive director)
Date of grant:	7 September 2012	19 November 2013
Exercise price of the Share options granted:	HK\$0.84 per share	HK\$1.66 per share
Number of the Share options granted:	6,000,000	(a) 6,000,000 (b) 2,000,000
Closing price of the Share on the date of grant:	HK\$0.84 per share	HK\$1.64 per share
Validity period of the Share options:	five years (7 September 2012 to 6 September 2017)	five years (19 November 2013 to 18 November 2018)
Vesting date of the Share options:	2,000,000 Share options have been vested on 6 March 2013; 2,000,000 Share options have been vested on 6 March 2014; and 2,000,000 Share options will be vested on 6 March 2015.	(a) 3,000,000 Share options have been vested on 19 November 2013; and 3,000,000 Shares options will be vested on 19 November 2014. (b) 2,000,000 Share options have been vested on 19 November 2013.

Directors' Report

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

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

As at 31 March 2014, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

The Company

Long positions in Shares

Name	Capacity	Number of Shares	Percentage of shareholding
Tian Li (Note 1)	Beneficial owner	243,000,000	53.75%
Probest (Note 2)	Beneficial owner	49,140,000	6.83%

Short positions in Shares

Name	Capacity	Number of Shares	Percentage of shareholding
Tian Li (Note 1)	Beneficial owner	212,500,000	29.51%

Save as disclosed above, as at 31 March 2014, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

- Note: 1. Tian Li is a company owned as to 70% and 30% by Mr. Cheng and Ms. Cheng respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in these Shares held by Tian Li under the SFO. Mr. Cheng is a director of Tian Li.
2. Probest is a company wholly owned by Mr. Cao. As Mr. Cao is the controlling shareholder of Probest, he is deemed to be interested in the 49,140,000 Shares held by Probest under the SFO. Mr. Cao is a director of Probest.

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 2014.

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 3 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the INEDs to be independent.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on page 16 to page 23 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2014 have been audited by Mazars CPA Limited, who will retire and a resolution to re-appoint Mazars CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company.

ON BEHALF OF THE BOARD

Zhang Huaqiao

Chairman

Hong Kong, 23 June 2014



MAZARS CPA LIMITED
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To the shareholders of
China Smartpay Group Holdings Limited
(formerly known as Oriental City Group Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Smartpay Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 34 to 77, which comprise the consolidated and the Company's statements of financial position as at 31 March 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 23 June 2014

She Shing Pang

Practising Certificate number: P05510

Consolidated Income Statement

Year ended 31 March 2014

	Note	2014 HK\$	2013 HK\$
Revenue	6	148,474,617	84,575,255
Cost of services rendered and cost of goods sold		(112,536,193)	(57,356,508)
Gross profit		35,938,424	27,218,747
Other income	7	128,226	60,014
General administrative expenses		(34,427,393)	(14,129,846)
Selling and distribution costs		(2,900,247)	(2,883,669)
Finance costs	8	(36,587)	(33,634)
(Loss) Profit before taxation	8	(1,297,577)	10,231,612
Income tax expenses	11	(6,403,453)	(5,166,001)
(Loss) Profit for the year		(7,701,030)	5,065,611
Attributable to:			
Equity holders of the Company	12	(17,762,126)	(499,858)
Non-controlling interests		10,061,096	5,565,469
		(7,701,030)	5,065,611
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted	13	(2.72) HK cents	(0.08) HK cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2014

	2014 HK\$	2013 HK\$
(Loss) Profit for the year	(7,701,030)	5,065,611
Other comprehensive (loss) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign subsidiaries	(1,502,215)	882,508
Total comprehensive (loss) income for the year	(9,203,245)	5,948,119
Attributable to:		
Equity holders of the Company	(18,848,219)	170,344
Non-controlling interests	9,644,974	5,777,775
	(9,203,245)	5,948,119

Consolidated Statement of Financial Position

At 31 March 2014

	Note	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	15	3,319,511	3,456,031
Goodwill	16	988,256	–
		4,307,767	3,456,031
Current assets			
Trade and other receivables	17	123,641,125	64,582,032
Restricted bank balances	18	9,026,020	6,498,555
Cash and cash equivalents	19	47,141,012	23,009,059
		179,808,157	94,089,646
Current liabilities			
Trade and other payables	20	38,630,787	76,388,295
Tax payables		1,842,725	2,075,005
		40,473,512	78,463,300
Net current assets			
		139,334,645	15,626,346
Total assets less current liabilities			
		143,642,412	19,082,377
Non-current liabilities			
Deferred tax liabilities	21	658,000	177,000
Other long-term liabilities	22	393,017	433,994
		1,051,017	610,994
NET ASSETS			
		142,591,395	18,471,383
Capital and reserves			
Share capital	23	7,200,000	6,000,000
Reserves		127,254,289	10,242,387
Equity attributable to equity holders of the Company			
		134,454,289	16,242,387
Non-controlling interests		8,137,106	2,228,996
TOTAL EQUITY			
		142,591,395	18,471,383

Approved and authorised for issue by the Board of Directors on 23 June 2014

Zhang Huaqiao
Director

Cao Guoqi
Director

Statement of Financial Position

At 31 March 2014

	Note	2014 HK\$	2013 HK\$
Non-current assets			
Interests in subsidiaries	14	121,405,209	619,279
Current assets			
Trade and other receivables	17	510,890	562,307
Cash and cash equivalents	19	174,219	8,895,079
		685,109	9,457,386
Current liabilities			
Trade and other payables	20	1,476,594	1,228,910
Net current (liabilities) assets		(791,485)	8,228,476
NET ASSETS		120,613,724	8,847,755
Capital and reserves			
Share capital	23	7,200,000	6,000,000
Reserves	24	113,413,724	2,847,755
TOTAL EQUITY		120,613,724	8,847,755

Approved and authorised for issue by the Board of Directors on 23 June 2014

Zhang Huaqiao
Director

Cao Guoqi
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2014

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Share options reserve	Accumulated losses			
	HK\$	(Note 24(a)) HK\$	(Note 24(b)) HK\$	(Note 24(c)) HK\$	(Note 24(d)) HK\$	(Note 25) HK\$	HK\$			
At 1 April 2012	6,000,000	14,558,608	6,996,322	(248,891)	-	-	(12,162,413)	15,143,626	1,667,718	16,811,344
Profit for the year	-	-	-	-	-	-	(499,858)	(499,858)	5,565,469	5,065,611
Other comprehensive income:										
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange difference on translation of foreign subsidiaries	-	-	-	670,202	-	-	-	670,202	212,306	882,508
Total comprehensive income for the year	-	-	-	670,202	-	-	(499,858)	170,344	5,777,775	5,948,119
Transaction with owners:										
<i>Contribution and distributions:</i>										
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	-	-	-	-	-	-	-	-	(5,340,726)	(5,340,726)
At 31 March 2013	6,000,000	14,558,608	6,996,322	421,311	766,101	928,417	(13,428,372)	16,242,387	2,228,996	18,471,383
At 1 April 2013	6,000,000	14,558,608	6,996,322	421,311	766,101	928,417	(13,428,372)	16,242,387	2,228,996	18,471,383
Loss for the year	-	-	-	-	-	-	(17,762,126)	(17,762,126)	10,061,096	(7,701,030)
Other comprehensive loss:										
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange difference on translation of foreign subsidiaries	-	-	-	(1,086,093)	-	-	-	(1,086,093)	(416,122)	(1,502,215)
Total comprehensive loss for the year	-	-	-	(1,086,093)	-	-	(17,762,126)	(18,848,219)	9,644,974	(9,203,245)
Transaction with owners:										
<i>Contribution and distributions:</i>										
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	9,499,133	-	9,499,133	-	9,499,133
Shares issue upon placing (Note 23 (i))	1,200,000	119,223,471	-	-	-	-	-	120,423,471	-	120,423,471
Dividend paid to non-controlling interests of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	(6,599,347)	(6,599,347)
<i>Change in ownership interests:</i>										
Disposal of equity interest in a subsidiary (Note 28)	-	-	-	-	-	-	7,137,517	7,137,517	2,862,483	10,000,000
At 31 March 2014	7,200,000	133,782,079	6,996,322	(664,782)	766,101	10,427,550	(24,052,981)	134,454,289	8,137,106	142,591,395

Consolidated Statement of Cash Flows

Year ended 31 March 2014

	Note	2014 HK\$	2013 HK\$
OPERATING ACTIVITIES			
Cash (used in) generated from operations	26	(40,129,764)	17,007,488
Interest paid		(36,587)	(33,634)
Interest received		128,226	60,014
Income tax paid		(5,390,516)	(2,673,321)
Net cash (used in) from operating activities		(45,428,641)	14,360,547
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,093,396)	(3,340,875)
Acquisition of a subsidiary	27	(1,893,613)	–
Deposits on investment paid	33(ii)	(50,000,000)	–
Net cash used in investing activities		(52,987,009)	(3,340,875)
FINANCING ACTIVITIES			
Capital contributions by non-controlling interests on the ordinary share capital of a non-wholly owned subsidiary		–	124,229
Capital contributions by non-controlling interests on the preference share capital of a non-wholly owned subsidiary		–	88,621
Proceeds from disposal of ownership interests in subsidiaries that does not result in a loss of control	28	10,000,000	–
Proceeds from shares issued upon placing		120,423,471	–
Dividend paid to non-controlling interests of a non-wholly owned subsidiary		(6,599,347)	(5,340,726)
Net cash from (used in) financing activities		123,824,124	(5,127,876)
Net increase in cash and cash equivalents		25,408,474	5,891,796
Cash and cash equivalents at beginning of year		23,009,059	16,909,259
Effect on exchange rate changes		(1,276,521)	208,004
Cash and cash equivalents at end of year	19	47,141,012	23,009,059

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

1. CORPORATE INFORMATION

China Smartpay Group Holdings Limited (formerly known as 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 principal activities of its subsidiaries are set out in Note 14 to the consolidated financial statements.

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

2. 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 Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) 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 2013 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year.

A summary of the principal accounting policies adopted by the Group is set out in Note 3 to the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

Adoption of certain new/revised HKFRSs

Amendments to HKAS 1: Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to group together items within other comprehensive income that will not be reclassified to profit or loss separately from items that may be reclassified subsequently to profit or loss if certain conditions are met. Other than the presentation changes, the application of the amendments does not have an impact on the amounts recognised.

Furthermore, these amendments change the title for the “statement of comprehensive income” to the “statement of profit or loss and other comprehensive income”. However, HKAS 1 retains the option to use titles for the statement other than those used in HKAS 1. The Group continues to use the “statement of comprehensive income” instead of the “statement of profit or loss and other comprehensive income”.

HKFRS 10: Consolidated financial statements

HKFRS 10, which replaces the requirements in HKAS 27 relating to the preparation of consolidated financial statements and HKSIC-INT 12, introduces a single control model to determine whether an investee should be consolidated. It changes the definition of control by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

In accordance with the transitional provisions of HKFRS 10, the Group reassessed the control conclusion for its investees at the date of initial application. The exercise does not change any of the control conclusions reached by the Group in respect of its involvement with other entities at that date.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Adoption of certain new/revised HKFRSs *(continued)*

HKFRS 12: Disclosure of interests in other entities

HKFRS 12 sets out in a single standard all the disclosure requirements relevant to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosures required by HKFRS 12 are more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, those disclosures are set out in Note 14 to the consolidated financial statements.

HKFRS 13: Fair value measurement

This new standard improves consistency by providing a single source of guidance for fair value measurement and disclosures about fair value measurement when such measurement is required or permitted by other HKFRSs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with the transitional provisions, the new standard has been applied prospectively. The application of the new standard does not have any material impact on the amounts recognised.

Basis of measurement

The measurement basis used in the preparation of these 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.

Non-controlling interests are presented, separately from equity holders of the Company, in consolidated income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. 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, are 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. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

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 even if this results in the non-controlling interests having a deficit balance.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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), 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 are accounted for 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 are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when the control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Over the unexpired term of lease
Office equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement (continued)

(2) Financial liabilities

The Group's financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Share capital

Ordinary shares are classified as equity.

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

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following basis.

Card acceptance transaction fee income is generally recognised on an accruals basis when the service has been provided, which generally coincides with the time when the transactions are approved and executed.

Foreign exchange rate discount income is recognised when the foreign currency denominated funds are received from the card acceptance business partner who offered a favourable exchange rate in settling its outstanding payable to the Group and converted into local currency which is usually on every business day.

Sale of goods from cross-border e-commerce solution business is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Foreign currency translation

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

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

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

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period;
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates;
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Impairment of non-financial assets, other than goodwill

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

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

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

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases

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

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

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

Employee benefits

Short term employee benefits

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

Defined contribution plans

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

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

Share-based payment transactions

Equity-settled transactions

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Share-based payment transactions *(continued)*

Equity-settled transactions *(continued)*

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation

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

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

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

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements

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

(a) Critical judgements made in applying accounting policies

(i) *Subsidiary*

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

With reference to the preference shares structure arrangement (the "Preference Shares Structure") of OCG Thailand as described in Note 14 to the consolidated financial statements, majority of OCG Thailand's issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Company, through its wholly owned subsidiary, Oriental City Group Thailand Limited, is able to exercise more than 50% voting power in any shareholders' meeting of OCG Thailand.

The Company's legal advisors as to Thai laws have confirmed that the 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.

(b) Key sources of estimation uncertainty

(i) *Impairment of investments and receivables*

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

(ii) *Useful lives of property, plant and equipment*

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Impairment of property, plant and equipment

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

(iv) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of financial assets

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

4. FUTURE CHANGES IN HKFRSs

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 year, which the Group has not early adopted.

Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12	<i>Investment Entities</i> ¹
Amendments to HKAS 32	<i>Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i> ¹
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
HK(IFRIC) – Int 21	<i>Levies</i> ¹
Amendments to HKAS 19 (2011)	<i>Defined Benefit Plans – Employee Contributions</i> ²
Various HKFRSs	<i>Annual Improvements Project – 2010-2012 Cycle</i> ³
Various HKFRSs	<i>Annual Improvements Project – 2011-2013 Cycle</i> ³
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ⁴
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁵
Amendments to HKFRS 9 and HKFRS 7	<i>Transition Disclosure of HKFRS 9</i> ⁵
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	<i>Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)</i> ⁵

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

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 July 2014, except for certain amendments which are effective prospectively for relevant transactions occurred on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ No mandatory effective date but is available for adoption

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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

5. 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) cross-border e-commerce solution business.

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 income tax.

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 2014

	Card acceptance business HK\$	Cross-border e-commerce solution business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	24,097,050	–	24,097,050
Major customer B	23,884,564	–	23,884,564
Major customer C	–	34,149,983	34,149,983
Other customers	66,343,020	–	66,343,020
	114,324,634	34,149,983	148,474,617
Segment results	25,490,626	4,341,834	29,832,460
Unallocated interest income			128,226
Unallocated finance costs			(36,587)
Unallocated other expenses			(31,221,676)
Loss before taxation			(1,297,577)
Income tax expenses			(6,403,453)
Loss for the year			(7,701,030)

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

5. SEGMENT REPORTING (continued)

Year ended 31 March 2013

	Card acceptance business HK\$	Cross-border e-commerce solution 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
	84,575,255	–	84,575,255
Segment results	19,551,034	–	19,551,034
Unallocated interest income			60,014
Unallocated finance costs			(33,634)
Unallocated other expenses			(9,345,802)
Profit before taxation			10,231,612
Income tax expenses			(5,166,001)
Profit for the year			5,065,611

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

At 31 March 2014

	Card acceptance business HK\$	Cross-border e-commerce solution business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	2,890,435	159,619	269,457	3,319,511
Goodwill	–	988,256	–	988,256
Other assets	40,252,794	41,928,088	97,627,275	179,808,157
Total assets	43,143,229	43,075,963	97,896,732	184,115,924
Total liabilities	29,582,552	9,291,568	2,650,409	41,524,529
Additional segment information:				
Depreciation	984,651	6,422	105,796	1,096,869
Equity-settled share-based payment expenses	–	–	9,499,133	9,499,133
Additions to property, plant and equipment	1,016,849	167,479	76,547	1,260,875

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

5. SEGMENT REPORTING (continued)

At 31 March 2013

	Card acceptance business HK\$	Cross-border e-commerce solution business HK\$	Unallocated HK\$	Consolidated HK\$
Property, plant and equipment	3,157,428	–	298,603	3,456,031
Other assets	83,790,947	–	10,298,699	94,089,646
Total assets	86,948,375	–	10,597,302	97,545,677
Total liabilities	77,568,244	–	1,506,050	79,074,294
Additional segment information:				
Depreciation	911,983	–	92,658	1,004,641
Equity-settled share-based payment expenses	–	–	928,417	928,417
Additions to property, plant and equipment	3,327,888	–	12,987	3,340,875

6. REVENUE

Revenue, which represents transaction fee income and foreign exchange rate discount income from card acceptance business and sales income from cross-border e-commerce solution business, is analysed by category as follows:

	2014 HK\$	2013 HK\$
Card acceptance transaction fee income	90,227,584	65,024,622
Foreign exchange rate discount income	24,097,050	19,550,633
Sales of goods from cross-border e-commerce solution business	34,149,983	–
	148,474,617	84,575,255

7. OTHER INCOME

	2014 HK\$	2013 HK\$
Bank interest income	128,226	60,014

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

8. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging:	2014 HK\$	2013 HK\$
(a) Finance costs		
Finance costs on other long-term liabilities	36,587	33,634
(b) Staff costs, including key management remuneration		
Salaries, allowances and other short-term employee benefits	8,663,431	6,584,533
Contributions to defined contribution plans	207,691	95,882
Equity-settled share-based payment expenses	9,499,133	928,417
	18,370,255	7,608,832
(c) Key management remuneration, including directors' remuneration		
Salaries, allowances and other short-term employee benefits	4,125,303	4,719,628
Contributions to defined contribution plans	63,185	64,988
Equity-settled share-based payment expenses	6,330,451	928,417
	10,518,939	5,713,033
(d) Other items		
Auditor's remuneration	406,521	371,745
Cost of goods sold	30,632,833	–
Depreciation of property, plant and equipment	1,096,869	1,004,641
Operating lease charges on premises	1,722,109	1,217,321

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

9. DIRECTORS' REMUNERATION

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

	Directors' fees HK\$	Salaries, allowances and other short-term employee benefits HK\$	Contributions to defined contribution plans HK\$	Equity-settled share-based payment expenses HK\$	Total HK\$
Year ended 31 March 2014					
Executive directors					
Mr. Cheng Nga Ming Vincent	-	120,000	6,000	-	126,000
Ms. Cheng Nga Yee	-	120,000	6,000	-	126,000
Mr. Cao Guoqi [#]	-	128,667	-	3,313,451	3,442,118
Mr. Fung Weichang [#]	-	193,000	-	1,600,000	1,793,000
	-	561,667	12,000	4,913,451	5,487,118
Non-executive director					
Mr. Zhang Huaqiao [#]	480,000	-	-	857,000	1,337,000
Independent non-executive directors					
Mr. Chan Chun Wai [*]	33,967	-	-	-	33,967
Mr. Lee Kin Fai	48,000	-	-	-	48,000
Mr. Chow King Lok [*]	25,032	-	-	-	25,032
Mr. Wang Yiming [#]	47,806	-	-	-	47,806
Mr. Lu Dongcheng [#]	47,806	-	-	-	47,806
	202,611	-	-	-	202,611
	682,611	561,667	12,000	5,770,451	7,026,729

Year ended 31 March 2013

Executive directors					
Mr. Cheng Nga Ming Vincent	-	120,000	6,000	-	126,000
Ms. Cheng Nga Yee	-	120,000	6,000	-	126,000
	-	240,000	12,000	-	252,000
Non-executive director					
Mr. Zhang Huaqiao [#]	272,000	-	-	928,417	1,200,417
Independent non-executive directors					
Mr. Chan Chun Wai	100,000	-	-	-	100,000
Mr. Lee Kin Fai	48,000	-	-	-	48,000
Mr. Chow King Lok	48,000	-	-	-	48,000
	196,000	-	-	-	196,000
	468,000	240,000	12,000	928,417	1,648,417

[#] Appointed during the year

^{*} Resigned during the year

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 March 2014 and 2013. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 March 2014 and 2013.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2013: one) directors, Mr. Cao Guoqi and Mr. Fung Weichang (2013: Mr. Zhang Huaqiao), of whose remuneration are set out in Note 9 to the consolidated financial statements. Details of the remuneration of the remaining three (2013: four) non-directors, highest paid employees for the year are as follows:

	2014 HK\$	2013 <i>HK\$</i>
Salaries, allowances and other short-term employee benefits	2,901,081	4,130,628
Contributions to defined contribution plans	28,649	63,738
Equity-settled share-based payment expenses	2,328,682	–
	5,258,412	4,194,366

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

Band	Number of employees	
	2014	2013
Nil to HK\$1,000,000	–	3
HK\$1,000,001 to HK\$2,000,000	2	–
HK\$2,000,001 to HK\$3,000,000	1	1
	3	4

During the years ended 31 March 2014 and 2013, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the years ended 31 March 2014 and 2013.

11. TAXATION

	2014 HK\$	2013 <i>HK\$</i>
Current tax		
Hong Kong Profits Tax	716,070	–
Thailand Enterprise Income Tax	4,612,765	4,361,893
Withholding tax on dividend declared by a non-wholly owned subsidiary	593,618	801,108
	5,922,453	5,163,001
Deferred tax		
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	481,000	3,000
Income tax expenses for the year	6,403,453	5,166,001

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

11. TAXATION (continued)

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the year ended 31 March 2014. However, the Group had no assessable profits arising in or derived from Hong Kong for the year ended 31 March 2013.

(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 20% (2013: 23%).

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 25%. However, no income tax has been provided as OCG China incurred losses for taxation purposes for the years ended 31 March 2014 and 2013.

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 expenses

	2014 HK\$	2013 HK\$
(Loss) Profit before taxation	(1,297,577)	10,231,612
Income tax at applicable tax rate	(2,397,629)	2,185,935
Non-deductible expenses	7,653,558	2,085,797
Unrecognised tax losses	48,282	26,388
Withholding tax on dividend declared by a non-wholly owned subsidiary	593,618	801,108
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	481,000	3,000
Others	24,624	63,773
Income tax expenses for the year	6,403,453	5,166,001

The applicable tax rate is the weighted average of 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.

12. LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The loss attributable to the equity holders of the Company for the year ended 31 March 2014 includes a loss of HK\$18,156,635 (2013: HK\$7,415,464) which has been dealt with in the financial statements of the Company.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

13. LOSS PER SHARE

Basic loss per share is calculated based on the consolidated loss for the year ended 31 March 2014 attributable to the equity holders of the Company of HK\$17,762,126 (2013: HK\$499,858) and on the weighted average number of 651,945,205 ordinary shares (2013: 600,000,000 ordinary shares) in issue during the year ended 31 March 2014.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the years ended 31 March 2014 and 2013.

14. INTERESTS IN SUBSIDIARIES

	Note	The Company	
		2014 HK\$	2013 HK\$
Unlisted shares, at cost		8,965	8,941
Due from subsidiaries	(i)	131,253,734	6,606,895
Impairment	(ii)	(9,857,490)	(5,996,557)
		121,396,244	610,338
		121,405,209	619,279

- (i) The amounts due from subsidiaries are unsecured, interest-free and the settlement of the amounts due is neither planned nor likely to occur in the foreseeable future.
- (ii) In light of the significant net liabilities position of a subsidiary as at 31 March 2014, the Company had carried out a recoverability review of the amount due from the subsidiary which led to the recognition of impairment loss of HK\$3,860,933 (2013: HK\$5,996,557) in the financial statements of the Company.

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities
			Direct	Indirect	
Vast Prosper Limited	BVI, 17 January 2014	Ordinary, US\$1	100%	-	Investment holding
深圳前海雍勒信息技術服務有限公司 Shenzhen Yongle Information Technology Service Limited* ("Shenzhen Yongle")	The PRC, 25 December 2013	Registered capital, HK\$4,500,000	-	100%	Inactive
上海啟峻投資諮詢有限公司 Shanghai Qijun Investments Consultancy Service Limited*	The PRC, 20 December 2013	Not yet paid up	-	100%	Inactive
OCG Hong Kong Limited	Hong Kong, 6 November 2013	Ordinary, HK\$10,000	-	70%	Provision of marketing and administrative services

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

14. INTERESTS IN SUBSIDIARIES (continued)

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities
			Direct	Indirect	
Firm Idea Limited	BVI, 2 August 2013	Ordinary, US\$1	-	100%	Investment holding
New United Global Limited	BVI, 2 August 2013	Ordinary, US\$1	-	100%	Investment holding
Speedy Yield Limited	BVI, 2 August 2013	Ordinary, US\$1	100%	-	Investment holding
Wide Joy Limited	BVI, 2 August 2013	Ordinary, US\$1	-	100%	Investment holding
Goodgate Limited ("Goodgate")	Hong Kong, 9 July 2013	Ordinary, US\$1	-	100%	Investment holding
Million Promise Limited	Hong Kong, 9 July 2013	Ordinary, HK\$1	-	100%	Money lending
MCONE (HONGKONG) LIMITED ("MCONE")	Hong Kong, 19 March 2012	Ordinary, HK\$10,000	-	100%	Cross-border e-commerce solution business
OCG China Company Limited	Hong Kong, 2 December 2011	Ordinary, HK\$100	-	70%	Provision of marketing and administrative services
Rosy City Holdings Limited	BVI, 18 November 2011	Ordinary, US\$1	100%	-	Investment holding
Grand Vision Investments Limited	Hong Kong, 14 November 2011	Ordinary, HK\$10,000	-	100%	Inactive
Victory Pacific Investments Limited	BVI, 11 November 2011	Ordinary, US\$1	-	100%	Investment holding
Oriental City Group Asia Pacific Limited	BVI, 8 September 2011	Ordinary, US\$1	-	100%	Investment holding
OCG South Asia (BVI) Limited	BVI, 19 March 2010	Ordinary, US\$1	-	100%	Investment holding
Oriental City Group Lao Co., Limited	Laos, 8 January 2010	Registered capital, US\$100,000	-	100%	Card acceptance business
Charm Act Group Limited	BVI, 30 November 2007	Ordinary, US\$100	100%	-	Investment holding
Oriental City Group China Limited	BVI, 7 May 2007	Ordinary, US\$1	-	100%	Investment holding and marketing business
Oriental City Group Thailand Limited ("OCG Thailand (BVI)")	BVI, 7 May 2007	Ordinary, US\$100	-	70%	Investment holding

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

14. INTERESTS IN SUBSIDIARIES (continued)

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities
			Direct	Indirect	
奥思知(海南)服务有限公司 Oriental City Group (Hainan) Services Limited* ("OCG China")	The PRC, 24 October 2005	Registered capital, HK\$150,000	-	100%	Co-branded card partnership business
Oriental City Group (Thailand) Company Limited ("OCG Thailand")	Thailand, 27 September 2004	Ordinary, Baht 7,500,000	-	42%	Card acceptance business
		Preference, Baht 1,650,000 <Remark>	-	Nil	

* The English name is for identification purpose only.

Except for the preference share capital as issued by OCG Thailand, none of the subsidiaries had any other debt securities outstanding at the end of the year, or at any time during the year.

<Remark>

OCG Thailand's share capital is comprised of ordinary share capital of Baht 7,500,000 (equivalent to approximately HK\$1,561,000) and preference share capital of Baht 1,650,000 (equivalent to approximately HK\$393,000).

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

The holders of preference shares have the following rights:

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

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

Therefore, the results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the preference shares issued and its related cumulative dividend and the non-controlling interests, to the extent of 42% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares indirectly held by the Company through OCG Thailand (BVI).

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

14. INTERESTS IN SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

The following table shows the information relating to OCG Thailand that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

	OCG Thailand
At 31 March 2014	
Proportion of NCI's ownership interests	58%
Proportion of NCI's voting rights	60%
	HK\$
Current assets	40,252,794
Non-current assets	2,890,435
Current liabilities	(29,451,395)
Non-current liabilities	(393,017)
Net assets	13,298,817
Carrying amount of NCI	7,713,314
Year ended 31 March 2014	
	HK\$
Revenue	114,324,634
Expenses	(96,038,124)
Profit	18,286,510
Other comprehensive loss	(801,576)
Total comprehensive income	17,484,934
Profit attributable to NCI	10,283,456
Total comprehensive income attributable to NCI	9,811,360
Dividends paid to NCI	6,599,347
Net cash flows from (used in):	4,224,852
Operating activities	15,155,069
Investing activities	(1,016,793)
Financing activities	(9,913,424)

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

14. INTERESTS IN SUBSIDIARIES (continued)

Financial information of subsidiaries with individually material non-controlling interests ("NCI") (continued)

	OCG Thailand
At 31 March 2013	
Proportion of NCI's ownership interests	40%
Proportion of NCI's voting rights	42%
	<i>HK\$</i>
Current assets	83,790,947
Non-current assets	3,157,428
Current liabilities	(80,806,865)
Non-current liabilities	(433,993)
Net assets	5,707,517
Carrying amount of NCI	2,283,007
Year ended 31 March 2013	
	<i>HK\$</i>
Revenue	84,575,255
Expenses	(70,550,994)
Profit	14,024,261
Other comprehensive income	530,766
Total comprehensive income	14,555,027
Profit attributable to NCI	5,609,704
Total comprehensive income attributable to NCI	5,822,011
Dividends paid to NCI	5,340,726
Net cash flows from (used in):	14,230,884
Operating activities	23,670,781
Investing activities	(2,532,551)
Financing activities	(6,907,346)

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	The Group Office equipment	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cost			
At 1 April 2012	78,921	3,293,518	3,372,439
Additions	–	3,340,875	3,340,875
Exchange realignments	3,236	293,513	296,749
<hr/>			
At 31 March 2013 and at 1 April 2013	82,157	6,927,906	7,010,063
Additions	–	1,093,396	1,093,396
Acquisition of subsidiaries	–	167,479	167,479
Exchange realignments	(6,785)	(645,681)	(652,466)
<hr/>			
At 31 March 2014	75,372	7,543,100	7,618,472
<hr/>			
Accumulated depreciation			
At 1 April 2012	50,872	2,345,543	2,396,415
Charges	27,350	977,291	1,004,641
Exchange realignments	3,217	149,759	152,976
<hr/>			
At 31 March 2013 and at 1 April 2013	81,439	3,472,593	3,554,032
Charges	673	1,096,196	1,096,869
Exchange realignments	(6,740)	(345,200)	(351,940)
<hr/>			
At 31 March 2014	75,372	4,223,589	4,298,961
<hr/>			
Net book value			
At 31 March 2014	–	3,319,511	3,319,511
<hr/>			
At 31 March 2013 and 1 April 2013	718	3,455,313	3,456,031
<hr/>			

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

16. GOODWILL

	2014 HK\$	2013 HK\$
Reconciliation of carrying amount		
At beginning of the reporting period	–	–
Additions	988,256	–
At the end of the reporting period	988,256	–
Cost	988,256	–
Accumulated impairment losses	–	–
	988,256	–

In January 2014, the Group acquired 100% equity interests in MCONE, which is engaged in cross-border e-commerce solution business at an aggregate consideration of HK\$2,500,000. The excess of the consideration transferred over the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed of HK\$988,256 is recognised as goodwill.

At 31 March 2014, the Group assessed the recoverable amount of the goodwill, with reference to the cashflow projection of MCONE for the next twelve months and determined that no impairment for goodwill was required.

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Trade receivables	26,187,346	62,956,497	–	–
Other receivables				
Deposits on investment (Note 33(ii))	50,000,000	–	–	–
Deposits, prepayments and other debtors	47,453,779	1,625,535	510,890	562,307
	123,641,125	64,582,032	510,890	562,307

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.

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17. TRADE AND OTHER RECEIVABLES (continued)

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

	The Group	
	2014	2013
	HK\$	HK\$
United States Dollars ("US\$")	17,399,611	62,042,652

18. RESTRICTED BANK BALANCES

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

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Bank balances and cash are denominated in:				
HK\$	25,824,883	9,480,123	174,219	8,895,079
Renminbi ("RMB")	4,487,283	7,718	-	-
US\$	3,640,911	-	-	-
Baht	13,187,935	13,521,218	-	-
	47,141,012	23,009,059	174,219	8,895,079

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Trade payables	34,412,770	68,557,428	-	-
Other payables				
Accrued charges and other payables	4,218,017	7,830,867	1,476,594	1,228,910
	38,630,787	76,388,295	1,476,594	1,228,910

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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

21. DEFERRED TAXATION

The movement for the year in the Group's deferred tax liabilities was as follows:

	The Group	
	2014	2013
	HK\$	HK\$
At beginning of the reporting period	177,000	174,000
Charge to profit or loss	481,000	3,000
At end of the reporting period	658,000	177,000

Recognised deferred tax liabilities at the end of the reporting period represent the following:

	2014	2013
	HK\$	HK\$
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	658,000	177,000
Amount expected to be recovered after more than 12 months	658,000	177,000

At the end of the reporting period, the directors of the Company considered the current dividend distribution policy of a non-wholly owned subsidiary established in Thailand that the subsidiary is able to generate sufficient funding to finance its operations and distribute dividend in the foreseeable future. Accordingly, deferred tax liabilities of HK\$658,000 (2013: HK\$177,000) has been recognised for the future withholding tax implications of the undistributed earnings of the subsidiary.

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 expire as follows:

	The Group	
	2014	2013
	HK\$	HK\$
Year 2014	–	189,965
Year 2015	218,193	212,823
Year 2016	245,771	239,722
Year 2017	145,182	141,608
Year 2018	106,597	103,973
Year 2019	103,568	–
	819,311	888,091

22. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand as detailed in Note 14 to the consolidated financial statements.

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of Baht 1,650,000 (equivalent to HK\$393,017) (2013: Baht 1,650,000 (equivalent to HK\$433,994)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative 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 the reporting period.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

23. SHARE CAPITAL

	2014		2013	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised	2,000,000,000	20,000,000	2,000,000,000	20,000,000
Issued and fully paid				
At beginning of the year	600,000,000	6,000,000	600,000,000	6,000,000
Shares issued upon placing (Note 23(i))	120,000,000	1,200,000	–	–
At end of the reporting period	720,000,000	7,200,000	600,000,000	6,000,000

Note:

- (i) In October 2013, a total number of 120,000,000 ordinary shares were issued via placing at a price of HK\$1.03 per share. The Company raised proceeds of HK\$123,600,000 before expenses, to finance the Group's future potential investments or otherwise as general working capital of the Group. The expenses of approximately HK\$3,176,529 arising from the placing were recognised in the share premium account of the Company.

24. RESERVES

	Share premium HK\$ (Note 24(a))	The Company		Total HK\$
		Share options reserve HK\$ (Note 25)	Accumulated losses HK\$	
At 1 April 2012	14,558,608	–	(5,223,806)	9,334,802
Loss for the year and total comprehensive loss for the year	–	–	(7,415,464)	(7,415,464)
Transaction with owners				
<i>Contributions and distributions</i>				
Recognition of equity-settled share-based payment expenses	–	928,417	–	928,417
At 31 March 2013	14,558,608	928,417	(12,639,270)	2,847,755
At 1 April 2013	14,558,608	928,417	(12,639,270)	2,847,755
Loss for the year and total comprehensive loss for the year	–	–	(18,156,635)	(18,156,635)
Transaction with owners				
<i>Contributions and distributions</i>				
Shares issue upon placing (Note 23(i))	119,223,471	–	–	119,223,471
Recognition of equity-settled share-based payment expenses	–	9,499,133	–	9,499,133
At 31 March 2014	133,782,079	10,427,550	(30,795,905)	113,413,724

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

24. RESERVES (continued)

24(a) Share Premium

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

24(b) Capital Reserve

The capital reserve represents the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the non-controlling interests, and the deemed capital contribution from the former controlling party prior to the listing of the Company on the GEM of the Stock Exchange.

24(c) Exchange Reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policies as set out in Note 3 of the consolidated financial statements.

24(d) Statutory Reserve

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

25. SHARE OPTION SCHEME

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

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

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

25. SHARE OPTION SCHEME (continued)

Pursuant to ordinary resolution passed in Extraordinary General Meeting (“EGM”) on 20 December 2013, the refreshment of the 10% Limit (the “Refreshment”) was proposed and passed by shareholders. The total number of the shares which may be issued upon exercise of the options to be granted under the Refreshment must not exceed 72,000,000 shares, representing 10% of the issued share capital of the Company as at the date of the EGM approving the proposed Refreshment.

At the end of the reporting period, options of 72,000,000 shares (2013: 54,000,000 shares) of the Company, represented 10% (2013: 9%) of its issued share capital, are available for issue.

Movements on the number of share options outstanding during the year are as follows:

	<i>Note</i>	Number of options 2014	2013
At beginning of the reporting period		6,000,000	–
Granted during the year	<i>(i) (ii)</i>	54,000,000	6,000,000
At end of the reporting period		60,000,000	6,000,000
Weighted average exercise price			
At beginning of the reporting period		HK\$0.84	–
Granted during the year		HK\$1.66	HK\$0.84
At end of the reporting period		HK\$1.58	HK\$0.84
Exercisable		HK\$1.44	HK\$0.84
Weighted average remaining contractual life		4.52 years	4.44 years
Exercisable option at end of the reporting period		15,000,000	2,000,000
Range of exercise price for option outstanding		HK\$0.84–HK\$1.66	HK\$0.84

Note:

(i) On 7 September 2012, options of 6,000,000 shares were granted to Mr. Zhang Huaqiao, a non-executive director of the Company appointed on 7 September 2012, under the Scheme to subscribe the Company’s ordinary shares at an exercise price of HK\$0.84. The validity period of the share options is five years from 7 September 2012, subject to the following vesting conditions:

- 2,000,000 share options: vest on 6 March 2013;
- 2,000,000 share options: vest on 6 March 2014; and
- 2,000,000 share options: vest on 6 March 2015.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

25. SHARE OPTION SCHEME (continued)

Note: (continued)

(ii) On 19 November 2013, options of 6,000,000 and 2,000,000 shares were granted to Mr. Cao Guoqi and Mr. Fung Weichang respectively, who are executive directors of the Company appointed on 18 September 2013. In addition, options of 7,500,000 shares were granted to the Group's employees and options of 38,500,000 shares were granted to the Group's business consultants. The share options were granted under the Scheme to subscribe the Company's ordinary shares at an exercise price of HK\$1.66. The validity period of the share options is five years from 19 November 2013, subject to the following vesting conditions:

- 11,000,000 share options: vest on 19 November 2013;
- 4,500,000 share options: vest on 19 November 2014; and
- 38,500,000 share options: vest on the date when the services are provided and certain performance conditions are achieved. <Remark>

<Remark>

Such share option was not vested since the performances condition was not yet achieved.

The fair values of share options granted on 7 September 2012 and 19 November 2013 are calculated using the Binomial Option Pricing Model, together with the key inputs, is set out as follow:

	Date of grant	
	7 September 2012	19 November 2013
Fair value (HK\$)	HK\$0.4285	HK\$0.56, HK\$0.67, HK\$0.80, HK\$0.83
Share price at grant date (HK\$)	HK\$0.84	HK\$1.64
Exercise price (HK\$)	HK\$0.84	HK\$1.66
Expected volatility	58.78%	70.00%
Risk-free interest rate	0.291%	1.087%
Expected dividends	Nil	Nil

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

During the year ended 31 March 2014, with reference to the fair value of the Share Options, the Group recognised HK\$9,499,133 (2013: HK\$928,417) as the equity-settled share-based payment expenses.

26. CASH (USED IN) GENERATED FROM OPERATIONS

	2014 HK\$	2013 HK\$
(Loss) Profit before taxation	(1,297,577)	10,231,612
Depreciation	1,096,869	1,004,641
Foreign exchange differences	(1,481,879)	(120,932)
Finance costs	36,587	33,634
Interest income	(128,226)	(60,014)
Equity-settled share-based payment expenses	9,499,133	928,417
Changes in working capital:		
Restricted bank balances	(3,141,053)	(5,432,046)
Trade and other receivables	(13,580,235)	(56,347,627)
Trade and other payables	(31,133,383)	66,769,803
Cash (used in) generated from operations	(40,129,764)	17,007,488

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27. ACQUISITION OF A SUBSIDIARY

On 20 January 2014, the Group acquired the entire equity interest in MCONE (the "MCONE Acquisition"), which is engaged in cross-border e-commerce solution business at an aggregate consideration of HK\$2,500,000. As a result of the MCONE Acquisition, the Group is expected to expand from its core business in the operation of electronic payment, trading and settlement platforms.

The following summarises the consideration paid/payable and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	HK\$
Consideration:	
Cash paid/payable	2,500,000
<hr/>	
	HK\$
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	167,479
Cash and cash equivalents	106,387
Trade and other receivables	1,500,000
Trade and other payables	(262,122)
<hr/>	
Total identifiable net assets	1,511,744
Goodwill arising on acquisition	988,256
<hr/>	
	2,500,000
<hr/>	
	HK\$
Net cash flow on acquisition of subsidiary:	
Net cash acquired from the subsidiary	106,387
Cash consideration paid	(2,000,000)
<hr/>	
	(1,893,613)
<hr/>	

At the end of the reporting period, the remaining consideration for the MCONE Acquisition of HK\$500,000, as include in other payables, is unsecured, interest-free and repayable within one year.

In respect of the acquired subsidiaries, the fair value of trade and other receivables acquired included trade receivables with a fair value of HK\$1,500,000. The total gross contractual amount of the trade receivables is HK\$1,500,000, of which no balance is expected to be uncollectible.

The goodwill arising from the acquisition is attributable to the growth and profit potential as a result of benefiting from the growing demand in cross-border e-commerce solution business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition, the acquired business has contributed HK\$34,149,983 and HK\$2,215,764 to the revenue and profit of the Group respectively. If the business combination effected during the year had been taken up at the beginning of the year, the consolidated revenue and loss of the Group would have been approximately HK\$175,484,677 and HK\$6,199,286 respectively.

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Year ended 31 March 2014

28. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

In March 2013, the Group entered into a sale and purchase agreement with two purchasers for the disposal of the Group's 30% equity interest in OCG Thailand (BVI), a wholly owned subsidiary of the Group at that time, with an aggregate consideration of HK\$10,000,000 (the "Disposal"). The Disposal was approved at an extraordinary general meeting of the Company held on 10 May 2013. Upon the completion of the Disposal on 15 May 2013, OCG Thailand (BVI) has become a non-wholly owned subsidiary of the Group and its financial position and results continue to be consolidated by the Group.

	2014 HK\$	2013 <i>HK\$</i>
Consideration received from non-controlling interests	10,000,000	–
Carrying amount of non-controlling interests disposed of	(2,862,483)	–
<hr/>		
Difference recognised directly in equity	7,137,517	–

29. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had no further connected and related party transactions during the years ended 31 March 2014 and 2013.

30. COMMITMENTS

Commitments under operating leases

The Group leases a number of office premises under operating leases, which typically run for a period of 2 to 3 years. None of the leases includes contingent rentals.

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

	The Group		The Company	
	2014 HK\$	2013 <i>HK\$</i>	2014 HK\$	2013 <i>HK\$</i>
Within one year	2,453,176	1,179,213	1,805,680	1,176,000
In the second to fifth years inclusive	1,146,419	784,000	766,260	784,000
<hr/>				
	3,599,595	1,963,213	2,571,940	1,960,000

30. COMMITMENTS (continued)

Capital commitments

Contracted but not provided for

On 20 March 2014, Goodgate, Shanghai Koolcloud Technology Company Limited (“Shanghai Koolcloud”, English translation of 上海商酷網絡科技有限公司 for identification purpose only), and the other existing shareholders of Shanghai Koolcloud, entered into a capital injection agreement that Goodgate would inject capital in the amount totalling RMB20 million (equivalent to approximately HK\$25 million) to acquire approximately of 22.22% of the enlarged issued share capital of Shanghai Koolcloud and is entitled to an option in allowing Goodgate, at its absolute discretion, to further invest an additional RMB10 million (equivalent to approximately HK\$12.5 million) (together with the said capital injection, representing an aggregate of 30% of the further enlarged issued share capital of Shanghai Koolcloud) on or before 31 December 2014. Subsequent to end of the reporting period, RMB20 million (equivalent to approximately HK\$25 million) had been injected to Shanghai Koolcloud.

Shanghai Koolcloud is a limited company incorporated in the PRC. It is a manufacturer and operator of leading smart point-of-sale terminal technology.

31. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

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

(i) Foreign currency risk

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

However, as detailed in Note 17 of the consolidated financial statements, 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 monitor the related foreign currency risk exposure closely and, pursuant to a written foreign currency hedging policy as approved by the Directors, the Group would only enter into foreign currency forward contracts should needs arise. At the end of the reporting period, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$1,000,000 (equivalent to approximately HK\$7,758,000) (2013: US\$8,355,000 (equivalent to approximately HK\$65,172,000)). No material fair value gain or loss has been recognised for the foreign currency forward contracts.

At the end of the reporting period, if US\$ had strengthened/weakened by 1% (2013: 1%) against Baht with all other variables held constant, the Group’s net loss for the year would have been approximately HK\$172,000 lower/higher (2013: net profit for the year would have been approximately HK\$620,000 higher/lower), mainly as a result of translation of the US\$ denominated financial assets into Baht with a corresponding credit/charge to profit or loss. Such exposure would be largely mitigated by the foreign currency forward contracts as detailed above.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

31. FINANCIAL INSTRUMENTS (continued)

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

(i) Foreign currency risk (continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at end of the reporting period and had been applied to Group's exposure to currency risk for the financial instruments denominated in US\$ in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably daily possible changes in foreign exchange rates.

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

In addition, as detailed in Note 18 and Note 19 of the consolidated financial statements, part of the restricted and unrestricted bank balances and cash are denominated either in RMB or Baht. The conversion of RMB and Baht into foreign currencies, including HK\$, is subject to the rules and regulations of foreign exchange control promulgated by the PRC and Thailand government, respectively.

(ii) Interest rate risk

The Company's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including restricted and unrestricted bank balance and cash and time deposits as detailed in Note 18 and Note 19 of the consolidated financial statements. The management considers that the interest rate risk encountered by the Group is currently not significant.

(iii) Credit risk

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

	The Group		The Company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Trade and other receivables	123,641,125	64,582,032	510,890	562,307
Restricted bank balances	9,026,020	6,498,555	–	–
Cash and cash equivalents	47,141,012	23,009,059	174,219	8,895,079

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

31. FINANCIAL INSTRUMENTS (continued)

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

(iii) Credit risk (continued)

At the end of the reporting period, the Group had a concentration of credit risk as 66% (2013: 99%) and 99% (2013: 99%) of the total trade receivables were made up by the Group's largest customer's and the two largest customers' outstanding balances respectively.

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

(iv) Liquidity risk

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

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

	Within one year or on demand <i>HK\$</i>	The Group Upon winding up of OCG Thailand <i>HK\$</i>	Total <i>HK\$</i>	The Company Within one year or on demand <i>HK\$</i>
At 31 March 2014				
Trade and other payables	38,630,787	-	38,630,787	1,476,594
Other long-term liabilities <Remark>	-	393,017	393,017	-
	38,630,787	393,017	39,023,804	1,476,594
At 31 March 2013				
Trade and other payables	76,388,295	-	76,388,295	1,228,910
Other long-term liabilities <Remark>	-	433,994	433,994	-
	76,388,295	433,994	76,822,289	1,228,910

<Remark>

The estimated annual finance cost of other long-term liabilities approximates to Baht 148,500 (equivalent to approximately HK\$36,600) (2013: Baht 134,000 (equivalent to approximately HK\$33,600)), which is not included in the above summary.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

31. FINANCIAL INSTRUMENTS (continued)

(b) Fair value disclosure

The following financial assets and financial liabilities which are carried at amounts not materially different from their fair value as at 31 March 2014 and 2013, are set out as follows:

	The Group		The Company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Loans and receivables:				
Trade and other receivables	123,641,125	64,582,032	510,890	562,307
Restricted bank balances	9,026,020	6,498,555	–	–
Cash and cash equivalents	47,141,012	23,009,059	174,219	8,895,079
	179,808,157	94,089,646	685,109	9,457,386
Financial liabilities measured at amortised costs:				
Trade and other payables	38,630,787	76,388,295	1,476,594	1,228,910
Other long-term liabilities	393,017	433,994	–	–
	39,023,804	76,822,289	1,476,594	1,228,910

32. CAPITAL MANAGEMENT

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

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 2013.

33. EVENTS AFTER THE REPORTING PERIOD

- (i) In February 2013, the Group entered into a non-legally binding memorandum of understanding (the “Memorandum”) with a third party in respect of a possible acquisition of equity interests in a target company (the “Possible Acquisition”). The target company, together with its subsidiary, is principally engaged in the payment card business in the PRC. In May 2014, the parties to the Memorandum have agreed to extend the date for signing of the formal agreement, which shall take place no later than 31 August 2014. A legally binding agreement in relation to the Possible Acquisition is yet to be finalised as at the date of approving these consolidated financial statements and therefore, it is not practicable to reliably estimate the financial impacts for the Possible Acquisition.
- (ii) In November 2013, Shenzhen Kuai Yi Jie Information Technology Company Limited (“Kuai Yi Jie”, English translation of 深圳市快易捷信息技術有限公司 for identification purpose only), the shareholders of the Kuai Yi Jie, Goodgate and OCG China entered into a framework agreement (the “Framework Agreement”) on the proposed acquisition of 30% interest in Open Union Network Technology Service Limited (“Open Union”, English translation of 開聯通網絡技術服務有限公司 for identification purpose only) at an aggregated consideration of RMB156 million (equivalent to approximately HK\$195 million) through certain contractual arrangements, details of which had been disclosed in the Company’s announcement dated 4 November 2013. As at 31 March 2014, deposits of HK\$50 million (the “Deposits”) had been paid to Kuai Yi Jie.

In view that certain conditions precedent to the Framework Agreement would not be fulfilled by the agreed long-stop date on 31 May 2014, on 25 May 2014, the parties to the Framework Agreement entered into a termination agreement and agreed to terminate the Framework Agreement with immediate effect.

On 25 May 2014, Wei Ke Rui Si Online (Beijing) Technology Company Limited (“Beijing Weike”, English translation of 微科睿思在線(北京)科技有限公司 for identification purpose only), the shareholders of Beijing Weike, Shenzhen Yongle, and two employees of the Group, who shall procure the establishment of a domestic limited liability company in the PRC, Shanghai Yongle Information Technology Company Limited (“Shanghai Yongle”, English translation of 上海雍勒信息技術有限公司 for identification purpose only), entered into a new framework agreement (the “New Framework Agreement”) on the proposed acquisition of 33% interest in Beijing Weike, which is a company established in the PRC with limited liability and holds 90% interest in Open Union, through certain contractual arrangements at an aggregate consideration of RMB156 million (equivalent to approximately HK\$195 million) (the “Proposed Beijing Weike Acquisition”) together with a deposit of RMB64 million (equivalent to approximately HK\$80 million) to be made for a call option for the acquisition of the remaining 67% interest in Beijing Weike at an aggregate consideration of RMB312 million (equivalent to approximately HK\$390 million), details of which had been disclosed in the Company’s announcement dated 27 May 2014.

As agreed among the relevant parties, the Deposit will be transferred to Shanghai Yongle in fulfilling the Group’s obligations under the New Framework Agreement.

Open Union is a company established in the PRC with limited liability, which possesses the relevant licence to conduct prepaid card business and internet payment services in the PRC.

Upon the completion of the Proposed Beijing Weike Acquisition, (i) Shanghai Yongle will be consolidated in the Group’s consolidated financial statements as if it was a subsidiary of the Group; and (ii) Beijing Weike and Open Union will be recognised as associates of the Group and accounted for using equity accounting method.

- (iii) In April 2014, the Company completed the placing of 144,000,000 placing shares at a price of HK\$1.46 per placing share with net proceeds, after deducting related placing commission and other related expenses, of approximately HK\$203.3 million.

Financial Summary

A summary of the Group's results for the last five financial years and the assets and liabilities of the Group as at 31 March 2014, 2013, 2012, 2011 and 2010, as extracted from the published audited financial statements for the year ended 31 March 2014, 31 March 2013, 31 March 2012, 31 March 2011 and 31 March 2010, is set out below. The amounts as set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2014 <i>HK\$</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
RESULTS					
Revenue	148,474,617	84,575,255	22,569,189	14,102,005	12,464,267
Cost of services rendered and cost of goods sold	(112,536,193)	(57,356,508)	(15,254,037)	(8,695,634)	(8,284,869)
Gross profit	35,938,424	27,218,747	7,315,152	5,406,371	4,179,398
Other income	128,226	60,014	197,591	211,936	40,079
General administrative expenses	(34,427,393)	(14,129,846)	(7,545,009)	(7,197,475)	(4,525,457)
Selling and distribution costs	(2,900,247)	(2,883,669)	(961,136)	(694,486)	(673,706)
Finance costs	(36,587)	(33,634)	(31,265)	(30,682)	(39,709)
Profit (Loss) before taxation	(1,297,577)	10,231,612	(1,024,667)	(2,304,336)	(1,019,395)
Income tax expenses	(6,403,453)	(5,166,001)	(1,291,860)	(543,761)	(474,141)
Profit (Loss) for the year	(7,701,030)	5,065,611	(2,316,527)	(2,848,097)	(1,493,536)
Attributable to:					
Equity holders of the Company	(17,762,126)	(499,858)	(3,231,650)	(3,332,986)	(1,879,136)
Non-controlling interest	10,061,096	5,565,469	915,123	484,889	385,600
	(7,701,030)	5,065,611	(2,316,527)	(2,848,097)	(1,493,536)
ASSETS, LIABILITIES					
Total assets	184,115,924	97,545,677	26,787,897	26,982,759	25,011,420
Total liabilities	(41,524,529)	(79,074,294)	(9,976,553)	(7,202,228)	(2,565,219)
Net assets	142,591,395	18,471,383	16,811,344	19,780,531	22,446,201