

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2010**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$3,806,000 for the six months ended 30 September 2010, which represented an increase of approximately 11% as compared with the Group's revenue recorded in the corresponding period in 2009.
- The loss attributable to equity holders of the Company was approximately HK\$1,252,000 for the six months ended 30 September 2010 compared with that of approximately HK\$893,000 recorded in the corresponding period in 2009.
- Loss per share for the six months ended 30 September 2010 was approximately HK\$0.21 cents.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2010 (2009: Nil).

The board of Directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 September 2010 together with the comparative figures for the corresponding periods in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2010

		Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2010	2009	2010	2009
	NOTE	HK\$	HK\$	HK\$	HK\$
Revenue	2	2,540,208	1,864,067	3,805,877	3,434,059
Cost of services rendered		<u>(1,485,883)</u>	<u>(1,285,390)</u>	<u>(2,052,515)</u>	<u>(2,445,070)</u>
Gross profit		1,054,325	578,677	1,753,362	988,989
Other income		4,780	–	15,541	5,632
General administrative expenses		(1,460,124)	(950,224)	(2,653,437)	(1,584,870)
Selling and distribution costs		(135,113)	(132,115)	(288,268)	(238,183)
Finance costs	4	<u>(7,596)</u>	<u>(20,773)</u>	<u>(14,955)</u>	<u>(25,486)</u>
Loss before taxation	4	(543,728)	(524,435)	(1,187,757)	(853,918)
Taxation	5	<u>(38,228)</u>	<u>(29,827)</u>	<u>(38,228)</u>	<u>(35,181)</u>
Loss for the period		<u>(581,956)</u>	<u>(554,262)</u>	<u>(1,225,985)</u>	<u>(889,099)</u>
Attributable to:					
Equity holders of the Company		(635,091)	(576,814)	(1,251,514)	(892,598)
Minority interests		<u>53,135</u>	<u>22,552</u>	<u>25,529</u>	<u>3,499</u>
		<u>(581,956)</u>	<u>(554,262)</u>	<u>(1,225,985)</u>	<u>(889,099)</u>
Loss per share for loss attributable to equity holders of the Company					
Basic and diluted	6	<u>(0.11) HK cents</u>	<u>(0.11) HK cents</u>	<u>(0.21) HK cents</u>	<u>(0.19) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2010

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Loss for the period	(581,956)	(554,262)	(1,225,985)	(889,099)
Other comprehensive income (loss)				
Exchange difference on translation of foreign subsidiaries	<u>119,829</u>	<u>(129,215)</u>	<u>116,471</u>	<u>80,124</u>
Total comprehensive loss for the period	<u>(462,127)</u>	<u>(683,477)</u>	<u>(1,109,514)</u>	<u>(808,975)</u>
Attributable to:				
Equity holders of the Company	(565,658)	(711,562)	(1,184,797)	(834,315)
Minority interests	<u>103,531</u>	<u>28,085</u>	<u>75,283</u>	<u>25,340</u>
	<u>(462,127)</u>	<u>(683,477)</u>	<u>(1,109,514)</u>	<u>(808,975)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

		Unaudited 30 September 2010 HK\$	Audited 31 March 2010 HK\$
	NOTE		
Non-current assets			
Property, plant and equipment	7	444,013	321,195
Other non-current assets		<u>100,000</u>	<u>137,500</u>
		<u>544,013</u>	<u>458,695</u>
Current assets			
Trade and other receivables	8	2,970,175	1,716,943
Restricted bank balances	9	230,392	349,958
Cash and cash equivalents		<u>20,975,001</u>	<u>22,485,824</u>
		<u>24,175,568</u>	<u>24,552,725</u>
Current liabilities			
Trade and other payables	10	2,993,943	2,193,675
Tax payables		<u>40,223</u>	<u>42,581</u>
		<u>3,034,166</u>	<u>2,236,256</u>
Net current assets		<u>21,141,402</u>	<u>22,316,469</u>
Total assets less current liabilities		<u>21,685,415</u>	<u>22,775,164</u>
Non-current liabilities			
Other long-term liabilities	11	<u>348,728</u>	<u>328,963</u>
NET ASSETS		<u><u>21,336,687</u></u>	<u><u>22,446,201</u></u>
Capital and reserves			
Share capital	12	6,000,000	6,000,000
Reserves		<u>14,455,486</u>	<u>15,640,283</u>
Total equity attributable to equity holders of the Company		<u>20,455,486</u>	<u>21,640,283</u>
Minority interests		<u>881,201</u>	<u>805,918</u>
TOTAL EQUITY		<u><u>21,336,687</u></u>	<u><u>22,446,201</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to equity holders of the Company					Total HK\$	Minority interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$			
For the six months ended 30 September 2010								
At 1 April 2010 (audited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(316,870)</u>	<u>(5,597,777)</u>	<u>21,640,283</u>	<u>805,918</u>	<u>22,446,201</u>
Loss for the period	-	-	-	-	(1,251,514)	(1,251,514)	25,529	(1,225,985)
Exchange difference on translation of foreign subsidiaries	-	-	-	66,717	-	66,717	49,754	116,471
Total comprehensive loss for the period	-	-	-	66,717	(1,251,514)	(1,184,797)	75,283	(1,109,514)
At 30 September 2010 (unaudited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(250,153)</u>	<u>(6,849,291)</u>	<u>20,455,486</u>	<u>881,201</u>	<u>21,336,687</u>

	Attributable to equity holders of the Company					Total HK\$	Minority interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$			
For the six months ended 30 September 2009								
At 1 April 2009 (audited)	-	-	6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
Loss for the period	-	-	-	-	(892,598)	(892,598)	3,499	(889,099)
Exchange difference on translation of foreign subsidiaries	-	-	-	58,283	-	58,283	21,841	80,124
Total comprehensive loss for the period	-	-	-	58,283	(892,598)	(834,315)	25,340	(808,975)
Reorganisation	10,000	-	(8,933)	-	-	1,067	-	1,067
Placing of shares	1,500,000	33,000,000	-	-	-	34,500,000	-	34,500,000
Capitalisation issue	4,490,000	(4,490,000)	-	-	-	-	-	-
Share placement expenses	-	(13,951,392)	-	-	-	(13,951,392)	-	(13,951,392)
Deemed capital contribution from equity holders of the Company	-	-	150,000	-	-	150,000	-	150,000
	<u>6,000,000</u>	<u>14,558,608</u>	<u>141,067</u>	<u>-</u>	<u>-</u>	<u>20,699,675</u>	<u>-</u>	<u>20,699,675</u>
At 30 September 2009 (unaudited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(421,475)</u>	<u>(4,611,239)</u>	<u>22,522,216</u>	<u>389,695</u>	<u>22,911,911</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Unaudited	
	Six months ended	
	30 September	
	2010	2009
	HK\$	HK\$
Cash (used in) generated from operations	(1,393,256)	1,734,011
Interest received	9,665	3,629
Interest paid	(26,099)	(13,700)
Tax paid	(42,581)	—
Net cash (used in) from operating activities	(1,452,271)	1,723,940
Net cash used in investing activities	(179,760)	(36,345)
Net cash from financing activities	—	20,782,250
Net (decrease) increase in cash and cash equivalents	(1,632,031)	22,469,845
Cash and cash equivalents at beginning of period	22,485,824	674,966
Effect on exchange rate changes	121,208	29,175
Cash and cash equivalents at end of period, represented by bank balances and cash	<u>20,975,001</u>	<u>23,173,986</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. GROUP REORGANISATION AND BASIS OF PREPARATION

Group reorganisation

The Company was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation completed on 14 August 2009 (the “Reorganisation”) to rationalise the corporate structure in preparation for the listing of the Company’s shares on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of its subsidiaries (collectively referred to as the “Group”).

The shares of the Company were listed on the GEM on 28 August 2009 (the “Listing”).

As the Group were controlled by the ultimate holding company of the Group (the “Controlling Party”) before and after the Reorganisation, the Reorganisation is considered as a business combination under common control in a manner similar to pooling-of-interests and the merger accounting under Hong Kong Accounting Guideline 5 “Merger Accounting Under Common Control Combination” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Under this basis, the comparative information of the six months ended 30 September 2009 included in this unaudited condensed consolidated interim financial statements for the six months ended 30 September 2010 (the “Interim Financial Statements”) are presented as if the current group structure had been in existence since the date of incorporation/establishment of the group entities or since the date when the combining entities or business first came under common control, regardless of the date of the common control combination.

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

Given the cost of those corporate administration services was part of business activities of the Group, the following costs as shared with the Controlling Party have been charged to the condensed consolidated income statements and credited as deemed capital contribution from the Controlling Party in the equity.

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Corporate administration expenses	<u>–</u>	<u>71,000</u>	<u>–</u>	<u>150,000</u>

Basis of preparation

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by HKICPA and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2010, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) which collective term includes all applicable individual HKFRS, HKAS and Interpretation issued by HKICPA. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2010 (the “Annual Report”).

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

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

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

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The directors of the Company (the “Directors”) have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

2. REVENUE

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

	Unaudited Three months ended 30 September 2010 HK\$		Unaudited Six months ended 30 September 2010 HK\$	
		2009 HK\$		2009 HK\$
Co-branded card annual fee and transaction income	8,975	13,313	12,792	26,626
Card acceptance transaction fee income	1,749,050	1,534,477	2,418,950	2,869,864
Foreign exchange rate discount income	392,183	316,277	594,135	537,569
Marketing service fee income	390,000	—	780,000	—
	<u>2,540,208</u>	<u>1,864,067</u>	<u>3,805,877</u>	<u>3,434,059</u>

3. SEGMENT REPORTING

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

- (i) card acceptance business in Thailand; and
- (ii) co-branded card partnership business and marketing business in the People's Republic of China (the "PRC")

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

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

Six months ended 30 September 2010 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	594,135	–	594,135
Major customer B	466,693	–	466,693
Other customers	1,952,257	792,792	2,745,049
	<u>3,013,085</u>	<u>792,792</u>	<u>3,805,877</u>
Segment results	<u>111,131</u>	<u>594,426</u>	705,557
Unallocated interest and other income			15,541
Unallocated finance costs			(14,955)
Unallocated other expenses			<u>(1,893,900)</u>
Loss before taxation			(1,187,757)
Taxation			<u>(38,228)</u>
Loss for the period			<u>(1,225,985)</u>

Six months ended 30 September 2009 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	602,470	–	602,470
Major customer B	537,569	–	537,569
Other customers	2,267,394	26,626	2,294,020
	<u>3,407,433</u>	<u>26,626</u>	<u>3,434,059</u>
Segment results	<u>52,083</u>	<u>(83,611)</u>	(31,528)
Unallocated corporate administration expenses			(150,000)
Unallocated interest and other income			5,632
Unallocated finance costs			(25,486)
Unallocated other expenses			<u>(652,536)</u>
Loss before taxation			(853,918)
Taxation			<u>(35,181)</u>
Loss for the period			<u><u>(889,099)</u></u>

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

At 30 September 2010 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Property, plant and equipment	433,783	9,672	443,455
Other assets	4,770,550	80,041	4,850,591
Segment assets	5,204,333	89,713	5,294,046
Unallocated corporate assets			19,425,535
Consolidated total assets			24,719,581
Segment liabilities	3,210,960	–	3,210,960
Unallocated corporate liabilities			171,934
Consolidated total liabilities			3,382,894

At 31 March 2010 (audited)

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

4. LOSS BEFORE TAXATION

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
This is stated after charging:				
Finance costs				
Finance costs on other long-term liabilities	7,596	7,073	14,955	11,786
Interest on other short-term loan	—	13,700	—	13,700
	<u>7,596</u>	<u>20,773</u>	<u>14,955</u>	<u>25,486</u>
Other items				
Depreciation of property, plant and equipment	44,458	101,509	72,048	203,122
Staff costs, including directors' emoluments	697,502	447,508	1,344,497	681,585
Operating lease charges on premises	<u>100,930</u>	<u>57,437</u>	<u>191,997</u>	<u>103,096</u>

5. TAXATION

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Current tax	38,228	—	38,228	—
Deferred tax				
Reversal of tax losses	—	29,827	—	35,181
Total charge for the period	<u>38,228</u>	<u>29,827</u>	<u>38,228</u>	<u>35,181</u>

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has not been provided as the Group had no assessable profits arising in or derived from Hong Kong during the periods.

(ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the British Virgin Islands (“BVI”) are exempted from the payment of income tax in the Cayman Islands and the BVI.

Oriental City Group (Thailand) Company Limited (“OCG Thailand”), the Company’s subsidiary established in Thailand, is subject to Thailand income tax at 30%. However, no Thailand income tax has been provided for the period ended 30 September 2009 as OCG Thailand’s assessable profits are wholly absorbed by unrelieved tax losses brought forward from previous periods.

Oriental City Group (Hainan) Services Limited (“OCG China”), the Company’s subsidiary established in the PRC, is subject to the statutory enterprise income tax rate of 25% for the periods under the income tax rules and regulations of the PRC. OCG China is entitled for special tax benefits in special economic zones under a preferential lower tax rate of 18%, 20%, 22%, 24% and 25% for the years ending from year 2008 to 2012, respectively. However, no income tax has been provided as OCG China incurred losses for taxation purposes during the periods.

6. LOSS PER SHARE

Basic losses per share for the three months and six months ended 30 September 2010 are calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$635,091 and HK\$1,251,514 respectively, (2009: HK\$576,814 and HK\$892,598 respectively) and on the weighted average number of 600,000,000 ordinary shares (2009: 504,395,604 and 477,197,802 ordinary shares respectively) in issue during both periods.

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

Diluted losses per share amounts have not been presented as the Company did not have any dilutive potential ordinary shares during the periods.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2010, the Group spent HK\$179,760 (2009: HK\$36,345) on additions to the office equipment.

8. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2010 HK\$	Audited 31 March 2010 HK\$
Trade receivables	2,514,896	1,185,814
Other receivables		
Deposits, prepayments and other receivables	<u>455,279</u>	<u>531,129</u>
	<u>2,970,175</u>	<u>1,716,943</u>

The ageing analysis of trade receivables as at 30 September 2010 and 31 March 2010, based on the invoice date, is as follows:

	Unaudited 30 September 2010 HK\$	Audited 31 March 2010 HK\$
Outstanding balances with ages:		
30 days or below	2,492,899	1,071,366
31 to 90 days	2,436	92,536
Over 90 days	<u>19,561</u>	<u>21,912</u>
	<u>2,514,896</u>	<u>1,185,814</u>

The Group allows a credit period up to 90 days to its trade debtors and the trade debtors usually settle the outstanding balance within 90 days from the billing date.

9. RESTRICTED BANK BALANCES

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

10. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2010 HK\$	Audited 31 March 2010 HK\$
Trade payables	2,716,848	1,366,644
Other payables		
Accrued charges and other payables	<u>277,095</u>	<u>827,031</u>
	<u>2,993,943</u>	<u>2,193,675</u>

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

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

11. OTHER-LONG TERM LIABILITIES

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

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

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

As at 30 September 2010, the Group had an outstanding amount of Baht 1,375,000 (equivalent to approximately HK\$348,728) (31 March 2010: Baht 1,375,000 (equivalent to HK\$328,963)) due to a minority shareholder in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividends at 9% per annum, with an accrued dividend payable of Baht 62,045 (equivalent to HK\$15,736) (31 March 2010: Baht 113,918 (equivalent to HK\$26,009)) as included in trade and other payables.

12. SHARE CAPITAL

	Unaudited At 30 September 2010		Audited At 31 March 2010	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised				
Ordinary shares of HK\$0.01 each	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid				
Ordinary shares of HK\$0.01 each	<u>600,000,000</u>	<u>6,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>

13. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the Interim Financial Statements, the Group had the following connected and related party transactions during the periods.

Relationship with the Group	Nature of transaction	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2010	2009	2010	2009
		HK\$	HK\$	HK\$	HK\$
<i>Discontinued upon the Listing</i>					
A senior management personnel of OCG Thailand	Interest income received	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,003</u>
Ultimate holding company of the Group	Share of corporate administration expenses	<u>-</u>	<u>71,000</u>	<u>-</u>	<u>150,000</u>
<i>Continuing after the Listing</i>					
A fellow subsidiary of the Group	Administrative service fee paid	<u>28,989</u>	<u>56,813</u>	<u>57,978</u>	<u>111,788</u>

14. COMMITMENTS

Commitments under operating leases

As at 30 September 2010 and 31 March 2010, the Group had total future aggregate minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 30 September 2010 HK\$	Audited 31 March 2010 HK\$
Within one year	390,956	384,000
In the second to fifth years inclusive	61,680	160,000
	<u>452,636</u>	<u>544,000</u>

Capital expenditure commitments

	Unaudited 30 September 2010 HK\$	Audited 31 March 2010 HK\$
Contracted but not provided for, net of deposits paid	<u>225,000</u>	<u>225,000</u>

15. EVENTS AFTER THE REPORTING PERIOD

Pursuant to an ordinary resolution passed at the Board of Directors' meeting held on 24 September 2010, the Company proposes to raise HK\$21,000,000, before expenses, by issuing 300,000,000 rights shares at a price of HK\$0.07 per rights share, on the basis of one rights share for every two existing ordinary shares ("Rights Issue") held by the qualifying shareholders on the record date, together with 300,000,000 bonus shares on the basis of one bonus share for every rights share ("Bonus Issue") taken up under the Rights Issue.

In respect of the Rights Issue and Bonus Issue, the Company entered into an underwriting agreement with an underwriter at a commission payable of 2.5% on the aggregate subscription price in respect of the underwritten shares, being the 300,000,000 rights shares.

Further details of the Rights Issue and Bonus Issue are set out in the Company's announcement dated 27 September 2010.

16. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board of Directors on 3 November 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 September 2010 (the “Review Period”), political unrest and violence occurred in the urban area of Bangkok, Thailand, where the Group’s Thai business is headquartered. Following a warning notice issued in mid-April 2010 by the China National Tourism Administration requesting mainland Chinese tourists to temporarily suspend their visits to Thailand, there was a significant reduction in the number of People’s Republic of China (“PRC”) tour groups going to Thailand since April 2010. Although the situation improved in July 2010 when the political situation of Thailand became more stable, the transaction volumes processed by the Group during the Review Period were reduced. In addition, the participation agreement between Oriental City Group (Thailand) Company Limited (“OCG Thailand”), a subsidiary of the Company, and Siam Commercial Bank Public Company Limited (“SCB”) in respect of electronic data capture machines was terminated on 10 May 2010. As a result, the Group has lost the business of card acceptance merchants referred by SCB, including the King Power Group, previously a major customer of OCG Thailand. During the Review Period, the Group’s revenue generated from Thailand was approximately HK\$3,013,000 (2009: approximately HK\$3,407,000), representing a decrease of approximately 12% as compared with the Group’s revenue recorded in the corresponding period in 2009. In respect of this, although the Group received new marketing service income amounted to HK\$780,000 during the Review Period, loss attributable to the equity holders increased from approximately HK\$893,000 to approximately HK\$1,252,000 for the six months ended 30 September 2009 and 2010 respectively.

REVIEW OF OPERATIONS

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Company’s prospectus dated 24 August 2009 (the “Prospectus”) with the Group’s actual business progress for the period from 14 August 2009, being the latest practicable date as defined in the Prospectus (the “LPD”) to 30 September 2010 is set out below:

Business objectives for the period from the LPD to 30 September 2010 as stated in the Prospectus	Actual business progress up to 30 September 2010
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1. Co-branded card partnership business

To launch other lifestyle co-branded card partnership businesses with major banks in the PRC

The Group has been at the negotiation stage with potential partnership banks for banks in the PRC card business in order to explore opportunities to the best interest of the shareholders. However, no final agreement has yet been concluded.

Business objectives for the period from the LPD to 30 September 2010 as stated in the Prospectus

Actual business progress up to 30 September 2010

Work with Bank of Communications Co., Ltd (“BOCOM”) to expand customer coverage of the Pacific-OCG Golf Debit Card and Pacific-OCG Golf Credit Card in the PRC

Customer coverage was still focused on Hainan Province, China during the period. Promotion campaigns were launched and marketing booklets were distributed to enhance the awareness of the Pacific-OCG Golf Card.

Further expand the lifestyle co-branded card partnership business with another major bank to launch another lifestyle card in a major city of the PRC

The Group has been at the negotiation stage with potential partnership banks. No agreement has yet been finalised.

2. *Card acceptance business*

Continue to play a leadership role in expanding China Unionpay (the “CUP”) card acceptance service and coverage in Thailand and plan to establish a comprehensive merchant’s network throughout major tourist areas in Thailand

Although the political situation in Thailand became stable since July 2010, the Group has slowed down its development of the card acceptance business in Thailand. The Directors will closely monitor the political situation in Thailand and adjust the use of proceeds from the Placing (as defined below) according to the actual development.

Expand its merchants’ base in processing CUP card acceptance services in Laos

Foreign investment license, business license and tax license for carrying out business in Laos were obtained in the first quarter of year 2010. In addition, the Group became the first participating member of Lao Central Payment Network (“LCPN”), a central electronic network for Laos which provides the service of clearing electronic transactions. Business will be commenced after the approval from CUP is obtained.

USE OF PROCEEDS

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

	Adjusted use of the proceeds in the same manner and proportion as stated in the Prospectus from the LPD to 30 September 2010 HK\$'000	Actual use of the proceeds from the LPD to 30 September 2010 HK\$'000
Co-branded card partnership business	5,090	284
Card acceptance business	2,828	219
General working capital	1,060	2,972
Total	<u>8,978</u>	<u>3,475</u>

Notes:

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The proceeds was used in accordance with the actual development of the market.

1. Since the listing of the Company's shares on the GEM, the Group proceeded to commence with its expansion and business development. The remaining proceeds were partially applied by the end of September 2010 in order for the Group to specially monitor the on-going and developing situation of political instability in Thailand and its implications for the Group's CUP card acceptance business.
2. On its co-branded card partnership business, the Group is at the negotiation stage on the detailed partnership terms with potential partnership banks. During the period, the Group focused on the Pacific-OCG Golf Card usage and promotion campaign for the Pacific-OCG Golf Card in Hainan Province, the PRC.

3. On its card acceptance business, although the political condition starts to be stable, the Group is expanding cautiously in Thailand, and is continuing to monitor the travelling pattern of mainland Chinese tourists closely in Thailand. The Group was in the final negotiation and development stage for expanding its card acceptance business into the country of Laos (located next to Thailand) during the year ended 31 March 2010. The foreign investment license, business license and tax license in respect of such business in Laos were successfully applied for and were issued in the first quarter of 2010. The business will commence after the approval from CUP is obtained.
4. On the Group's expenditure relating to working capital, it mainly consisted of the payment of general and administrative expenses, including staff costs (including directors' remuneration), professional fees and other general operating expenses. The HK\$1,912,000 used in excess of the intended usage of proceeds was from the proceeds originally allocated for other usage.
5. The remaining net proceeds as at 30 September 2010 have been placed in interest-bearing deposit account in banks in Hong Kong.

BUSINESS OUTLOOK

Although there is increasing stability in the political situation in Thailand, the Company has been expanding cautiously in Thailand. It is expected that CUP will reply us for the application to commence the card acceptance business in Laos by the end of 2010. In order to maintain a continuous and healthy growth in the business development of the Group, as well as to diversify the business risk of the Group, the Company is currently seeking investment opportunities in the areas of internal consumption-related business in China, property investment and environmental-friendly energy business for enhancing its revenue on a stable and long term basis.

On 24 September 2010, the Company proposed to raise HK\$21,000,000, before expenses, by issuing 300,000,000 rights shares at price of HK\$0.07 per rights share, on the basis of one rights share for every two existing ordinary shares ("Rights Issue") held by the qualifying shareholders on the record date, together with 300,000,000 bonus shares on the basis of one bonus share for every rights share ("Bonus Issue") taken up under the Rights Issue.

The Directors consider that the Rights Issue allows the Group to strengthen its financial position and to enlarge its capital base without having to incur any interest expenses as compared to debt financing. The Directors also consider that the Rights Issue (together with the Bonus Issue) are in the interest of the Company and its shareholders as a whole as they offer an equal opportunity to all the shareholders (except the excluded shareholders) to participate in the future development of the Company should they wish to do so. The Bonus Issue will give the shareholders an incentive to take part in the Rights Issue.

The net proceeds of the Rights Issue would allow the Company to have sufficient funding to capture suitable investment opportunity(ies) as and when they arise.

Further details of the Rights Issue and Bonus Issue are set out in the Company's announcements dated 27 September 2010 and 21 October 2010.

FINANCIAL REVIEW

The Group's revenue for the Review Period amounted to approximately HK\$3,806,000 representing an increase of approximately 11% as compared with that of approximately HK\$3,434,000 recorded in the corresponding period in 2009. The net loss attributable to equity holders of the Company was approximately HK\$1,252,000 for the Review Period compared with that of approximately HK\$893,000 recorded in the corresponding period in 2009.

The increase in the Group's revenue was mainly due to the Group has signed a marketing service agreement with an independent third party in November 2009 to provide marketing services and consultancy services which generated income amounted to HK\$780,000 during the Review Period. Since the marketing service was newly introduced in November 2009, no such income was recorded for the six months ended 30 September 2009. However, as disclosed in the section headed "Business Review" above, with the political instability in Bangkok in the first few months of the Review Period, there was a decrease in the number of Chinese tourists in Thailand and together with the termination of the participation agreement with SCB, the CUP card acceptance transaction volume in Thailand handled by the Group during the Review Period has decreased. The transaction volume dropped to approximately Baht 712 million (equivalent to approximately HK\$172 million) for the six months ended 30 September 2010 compared with that of approximately Baht 809 million (equivalent to approximately HK\$ 183 million) for the six months ended 30 September 2009. Given that the revenue generated from the card acceptance business in Thailand has been reduced, notwithstanding that the Group received new marketing service income from its co-branded card partnership business in the PRC during the Review Period, the Group's turnover only increased by approximately 11% as compared with the Group's turnover in the corresponding period in 2009.

The gross profit for the Review Period was approximately HK\$1,753,000, representing an increase of approximately 77% from the six months ended 30 September 2009. This increase is primarily attributable to the marketing service income of HK\$780,000, which started to be received from November 2009 and which has insignificant direct costs.

Apart from the decrease in the revenue generated from the card acceptance business in Thailand, the loss result was also attributable to the increase in general administrative expenses during the Review Period.

The general administrative expenses of the Group for the Review Period amounted to approximately HK\$2,653,000, representing an increase of approximately 67% as compared with those of in the corresponding period in 2009. The increase in administrative expenses was mainly due to general increase in administrative and operating expenses, including rental expenses, staff costs (including directors' remuneration), professional fees and other general expenses.

The selling and distribution costs for the Review Period amounted to approximately HK\$288,000, representing an increase of approximately 21% compared with those recorded in the corresponding period in 2009. The increase was mainly due to the increase in marketing expenses in Thailand during the Review Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operation through internally generated cash flows and other borrowings. As at 30 September 2010, the Group's other long-term borrowings amounted to Thai Baht ("Baht") 1,375,000 (equivalent to approximately HK\$349,000) due to a minority 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, was approximately 1% as at 30 September 2010 (31 March 2010: approximately 1%).

As at 30 September 2010, the Group had net current assets of approximately HK\$21,141,000 (31 March 2010: approximately HK\$22,316,000). Current ratio as at 30 September 2010 was 7.97 (31 March 2010: 10.98). The cash and cash equivalents of the Group as at 30 September 2010 was approximately HK\$20,975,000 (31 March 2010: approximately HK\$22,486,000).

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately HK\$20,455,000 as at 30 September 2010 (31 March 2010: approximately HK\$21,640,000).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange rate risk as the Group's revenue is principally dominated in Renminbi ("RMB") and Baht while its operating expenditure is principally denominated in RMB, Baht and Hong Kong dollar. Further, the Group also received United States dollars from the operation of the CUP card acceptance business in Thailand. Apart from the receipt of CUP foreign exchange rate discount income on discount to the spot foreign exchange rate of the United States dollars against Baht, the Group has not made other arrangement to hedge against the exchange rate risk involved in the Group's revenue and expenditure. The Directors and the management will continue to monitor the foreign exchange exposure and will consider entering into forward contracts and utilising applicable derivatives to hedge out the exchange risk when necessary. As at 30 September 2010, the Group did not have any derivatives for hedging against the interest and exchange rate risk.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2010 (2009: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2010, the Group had a total staff of 12 (31 March 2010: 12) of whom 4 were based in Hong Kong, 5 were based in Thailand and the remaining staff 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

The Group has made no material acquisitions, disposals or any significant investments during the Review Period.

CHARGES ON ASSETS

As at 30 September 2010, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 September 2010, the Group did not have any significant contingent liabilities.

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

As at 30 September 2010, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK\$0.01 each of the Company (“Shares”)

Name	Capacity	Number of Shares	Percentage of shareholding
Mr. Yu Chun Fai (“Mr. Yu”)	Corporate – Interest of controlled corporation (<i>Note 1</i>)	402,000,000	67%
	Beneficial owner	24,000,000	4%
Ms. Wong Lai Chun	Beneficial owner	6,000,000	1%

Note 1: These Shares were held by Oriental City Group Asia Limited which is in turn wholly-owned by Oriental City Group International Limited, a company wholly-owned by Oriental City Group plc. As Mr. Yu is the beneficial owner of the entire issued share capital of Straum Investments Limited, a controlling shareholder of Oriental City Group plc, Mr. Yu is deemed to be interested in the 402,000,000 Shares held by Oriental City Group Asia Limited under the SFO.

Mr. Yu’s interests in the associated corporations

Name of associated corporations	Capacity	Number of shares	Percentage of shareholding
Oriental City Group Asia Limited (“OCG Asia”)	Corporate	23,116,988	100%
Oriental City Group International Limited (“OCG International”)	Corporate	23,116,988	100%
Oriental City Group plc (“OCG UK”)	Corporate	15,026,374	32.9%
Straum Investments Limited	Corporate	1 share of US\$1	100%
Oriental City Group Hong Kong Limited	Corporate (<i>Note 2</i>)	1 share of US\$1	100%
Oriental City Group Limited	Corporate (<i>Note 2</i>)	23,116,988 shares of HK\$0.00001 each	100%
Oriental City Group Bank Limited	Corporate (<i>Note 3</i>)	1,000 shares of US\$1,000 each	100%

Notes:—

- (2) As Oriental City Group Hong Kong Limited and Oriental City Group Limited are the fellow subsidiaries of the Company, Mr. Yu is deemed to be interested in these shares under the SFO.
- (3) As Oriental City Group Bank Limited is wholly-owned by Oriental City Group International Limited, Mr. Yu is deemed to be interested in its shares under the SFO.

Save as disclosed above, as at 30 September 2010, none of the Directors or chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

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

As at 30 September 2010, 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:

The Company

Long positions in Shares

Name	Capacity	Number of Shares	Percentage of shareholding
OCG Asia	Beneficial owner	402,000,000	67%
OCG International	Corporate – Interest of controlled corporation (<i>Note 1</i>)	402,000,000	67%
OCG UK	Corporate – Interest of controlled corporation (<i>Note 1</i>)	402,000,000	67%
Straum Investments Limited	Corporate – Interest of controlled corporation (<i>Note 1</i>)	402,000,000	67%
Kingston Securities Limited	Beneficial owner/other (<i>Note 2</i>)	600,000,000	100%
Galaxy Sky Investments Limited	Corporate – Interest of controlled corporation (<i>Note 2</i>)	600,000,000	100%
Eagle Mission Limited	Corporate – Interest of controlled corporation (<i>Note 2</i>)	600,000,000	100%
Active Dynamic Limited	Corporate – Interest of controlled corporation (<i>Note 2</i>)	600,000,000	100%
Chu Yuet Wah	Interests in controlled corporation (<i>Note 2</i>)	600,000,000	100%

Note: 1. OCG Asia is a company wholly-owned by OCG International which is in turn wholly-owned by OCG UK, a company incorporated in England and Wales and listed on the PLUS-quoted market of the United Kingdom of which Straum Investments Limited is the controlling shareholder. Accordingly, each of OCG International, OCG UK and Straum Investments Limited is deemed to be interested in 402,000,000 Shares held by OCG Asia under the SFO. The deemed interests of OCG International, OCG UK, Straum Investments Limited and Mr. Yu and the interest of OCG Asia in the 402,000,000 Shares were in respect of the same interest and duplicated each other. Mr. Yu is a director of each of OCG Asia, OCG International, OCG UK and Straum Investments Limited.

- Save as disclosed in the Business Outlook, on 24 September 2010, the Company proposed to raise HK\$21,000,000, before expenses, by issuing 300,000,000 rights shares at price of HK\$0.07 per rights share, on the basis of one rights share for every two existing ordinary shares (“Rights Issue”) held by the qualifying shareholders on the record date, together with 300,000,000 bonus shares on the basis of one bonus share for every rights share (“Bonus Issue”) taken up under the Rights Issue. Such 600,000,000 underlying shares are the rights shares (together with the bonus shares) underwritten by Kingston Securities Limited.

Kingston Securities Limited is a company wholly-owned by Galaxy Sky Investments Limited, which in turn wholly-owned by Eagle Mission Limited of which Active Dynamic Limited is a controlling shareholder. Active Dynamic Limited is in turn wholly-owned by Chu Yuet Wah. Accordingly, each of Galaxy Sky Investments Limited, Eagle Mission Limited, Active Dynamic Limited and Chu Yuet Wah is deemed to be interested in 600,000,000 underlying shares held by Kingston Securities Limited under the SFO. The deemed interests of Galaxy Sky Investments Limited, Eagle Mission Limited, Active Dynamic Limited and Chu Yuet Wah and the interest of Kingston Securities Limited in the 600,000,000 underlying shares were in respect of the same interest and duplicated each other.

Save as disclosed above, as at 30 September 2010, 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.

COMPETING INTERESTS

Mr. Yu, an Executive Director of the Company, is also the chairman and the director of OCG UK, the Company's ultimate holding company. He holds over 30% beneficial interest in OCG UK. In view of the fact that following the listing of the Company's shares on GEM, (i) Mr. Yu has been involved in the day-to-day management of the business of the Company whilst Ms. Wong Lai Chun, the other director of OCG UK and the Non-executive Director of the Company, has mainly been responsible for the management of OCG UK and (ii) the Company remains a subsidiary of OCG UK and one of the group members of OCG UK, the Company considers that there will be no material conflict of interest resulting from the overlapping positions of Mr. Yu and Ms. Wong Lai Chun as directors of the Company and OCG UK. Mr. Yu and Ms. Wong Lai Chun are merely business associates. Following the listing of the Company's shares on GEM, Mr. Yu's role in OCG UK has been focused on business development strategies and Ms. Wong's role in OCG UK has been focused on providing business development advice. With effect from 4 September 2009, Mr. Yu ceased to have any executive role in OCG UK and remains appointed as non executive chairman of OCG UK and Ms. Wong Lai Chun has been appointed as chief executive officer of OCG UK.

The non-payment golf membership card business operated by OCG UK through Oriental City Group Limited is relatively much smaller in scale (in terms of revenue and resources allocated) than the card acceptance business operated by OCG Thailand and the co-branded card partnership business operated by Oriental City Group (Hainan) Services Ltd.. Accordingly, the Directors consider that Mr. Yu can devote sufficient attention to manage the business and affairs of the Group. Each of OCG UK, Mr. Yu and Ms. Wong Lai Chun has entered into a non-competition undertaking on 14 August 2009 pursuant to which, inter alia, OCG UK together with its subsidiaries (including Oriental City Group Bank Limited) and associates (other than the Group), shall not conduct any business that will be in competition with that of the Group.

Save as disclosed above, during the Review Period, none of the Directors or management shareholders of the Company or their respective associates 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.

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 participants. Eligible participants of the Scheme include, without limitation, employees, Directors, shareholders of the Group.

For the six months ended 30 September 2010, no share option has been granted or agreed to be granted to any person under the Scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed shares during the Review Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed shares during the Review Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules during the Review Period, except the code provision A.2.1 that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. Mr. Yu is the Chairman and responsible for the duties of the CEO of the Company. Mr. Yu has over 8 years of experience in card payment industry and 12 years of experience in financial services and card industry. The Board considers that vesting the roles of chairman and CEO in the same individual provided the Group with consistent leadership in the development and execution of long-term business strategies.

The Company established an internal control committee and a compliance committee on 14 August 2009 to ensure the Group’s proper and appropriate control and the compliance of rules and regulations. The Directors consider that the internal control and the compliance functions of the Group have become matured and consequently resolved that the two committees would meet on a quarterly, rather than monthly, basis with effective from July 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the adopted code of conduct regarding the Directors' securities transactions from 1 April 2010 to 30 September 2010.

INTEREST OF THE COMPLIANCE ADVISER

As notified by SBI E2-Capital (HK) Limited ("SBI"), the Company's compliance adviser, neither SBI nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2010.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors, namely Mr. Chan Chun Wai (Chairman), Mr. Tsang Siu Tung and Mr. Chan Wing Cheung, Joseph. The primary responsibilities of the Audit Committee are (i) to review the annual report and accounts, interim reports and quarterly reports and provide advice, comments thereon and recommendation to the Board and (ii) to review and supervise the financial reporting process and internal control system of the Group. The Group's unaudited results for the six months ended 30 September 2010 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

On behalf of the Board
Yu Chun Fai
Chairman

Hong Kong, 3 November 2010

As at the date of this announcement, the executive director of the Company is Mr. Yu Chun Fai; the non-executive director is Ms. Wong Lai Chun; and the independent non-executive directors are Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung.

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