



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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8325)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2010**

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

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This announcement, for which the directors (the “Directors”) of Oriental City Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (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\$7,577,000 for the nine months ended 31 December 2010, which represented a decrease of approximately 9% 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\$2,059,000 for the nine months ended 31 December 2010 compared with that of approximately HK\$1,362,000 recorded in the corresponding period in 2009.
- Loss per share for the nine months ended 31 December 2010 was approximately HK\$0.34 cents.
- The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2010 (2009: Nil).

THIRD QUARTERLY RESULTS (UNAUDITED)

The board of Directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2010 together with the comparative figures for the corresponding periods in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2010

| | NOTE | Unaudited | | Unaudited | |
|--|------|------------------------|-----------------|------------------------|-----------------|
| | | Three months ended | | Nine months ended | |
| | | 31 December | 31 December | 2010 | 2009 |
| | | | | HK\$ | HK\$ |
| Revenue | 2 | 3,770,775 | 4,859,233 | 7,576,652 | 8,293,292 |
| Cost of services rendered | | (2,317,179) | (3,153,973) | (4,369,694) | (5,599,043) |
| Gross profit | | 1,453,596 | 1,705,260 | 3,206,958 | 2,694,249 |
| Other income | | 11,371 | 29,024 | 26,912 | 34,656 |
| General administrative expenses | | (1,792,130) | (1,440,098) | (4,445,567) | (3,024,968) |
| Selling and distribution costs | | (151,707) | (237,919) | (439,975) | (476,102) |
| Finance costs | 4 | (7,997) | (7,098) | (22,952) | (32,584) |
| Loss before taxation | 4 | (486,867) | 49,169 | (1,674,624) | (804,749) |
| Taxation | 5 | (167,991) | (243,039) | (206,219) | (278,220) |
| Loss for the period | | (654,858) | (193,870) | (1,880,843) | (1,082,969) |
| Attributable to: | | | | | |
| Equity holders of the Company | | (807,413) | (469,706) | (2,058,927) | (1,362,304) |
| Minority interests | | 152,555 | 275,836 | 178,084 | 279,335 |
| | | (654,858) | (193,870) | (1,880,843) | (1,082,969) |
| Loss per share for loss attributable to equity holders of the Company | | | | | |
| Basic and Diluted | 7 | (0.13) HK cents | (0.08) HK cents | (0.34) HK cents | (0.26) HK cents |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2010

| | Unaudited Three months ended 31 December 2010 HK\$ | | Unaudited Nine months ended 31 December 2010 HK\$ | |
|---|--|-----------------------|---|-------------------------|
| Loss for the period | (654,858) | (193,870) | (1,880,843) | (1,082,969) |
| Other comprehensive income | | | | |
| Exchange difference on translation of foreign subsidiaries | <u>76,679</u> | <u>314,682</u> | <u>193,150</u> | <u>394,806</u> |
| Total comprehensive (loss) income for the period | <u><u>(578,179)</u></u> | <u><u>120,812</u></u> | <u><u>(1,687,693)</u></u> | <u><u>(688,163)</u></u> |
| Attributable to: | | | | |
| Equity holders of the Company | (751,640) | (164,896) | (1,936,437) | (999,211) |
| Minority interests | <u>173,461</u> | <u>285,708</u> | <u>248,744</u> | <u>311,048</u> |
| | <u><u>(578,179)</u></u> | <u><u>120,812</u></u> | <u><u>(1,687,693)</u></u> | <u><u>(688,163)</u></u> |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED QUARTERLY FINANCIAL STATEMENT

For the nine months ended 31 December 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 same ultimate holding company (the “Controlling Party”) before and after the Reorganisation, the Reorganisation was 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 nine months ended 31 December 2009 included in this unaudited condensed consolidated third quarterly financial statements for the nine months ended 31 December 2010 (the “Third Quarterly 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 Three months ended 31 December 2010 HK\$ | | Unaudited Nine months ended 31 December 2010 HK\$ | |
|-----------------------------------|--|---|---|---------|
| Corporate administration expenses | — | — | — | 150,000 |

Basis of preparation

The Third Quarterly Financial Statements have been prepared in accordance 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 Third Quarterly Financial Statements 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 Third Quarterly Financial Statements include an explanation of events and transactions that are significant to an understanding of the financial 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, Hong Kong Accounting Standards (“HKAS”) and Interpretation issued by HKICPA. They should be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2010 (the “Annual Report”).

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

The accounting policies and methods of computation applied in preparation of the Third Quarterly Financial Statements are consistent with those applied in preparing the Annual Report. The adoption of those 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, which 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 | | Unaudited Nine months ended | |
|---|---------------------------------|-------------------------|--------------------------------|-------------------------|
| | 31 December | | 31 December | |
| | 2010 HK\$ | 2009 HK\$ | 2010 HK\$ | 2009 HK\$ |
| Co-branded card annual and transaction fee income | 20,821 | 24,406 | 33,613 | 51,032 |
| Card acceptance transaction fee income | 2,646,655 | 3,709,487 | 5,065,605 | 6,579,351 |
| Foreign exchange rate discount income | 713,299 | 925,340 | 1,307,434 | 1,462,909 |
| Marketing service fee income | 390,000 | 200,000 | 1,170,000 | 200,000 |
| | <u>3,770,775</u> | <u>4,859,233</u> | <u>7,576,652</u> | <u>8,293,292</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 were provided, assets and capital expenditure were attributed to the segments based on the location of the assets. The geographical segment information is already disclosed together with operating segment information.

Nine months ended 31 December 2010 (unaudited)

| | Card acceptance business HK\$ | Co-branded card partnership business and marketing business HK\$ | Consolidated HK\$ |
|---------------------------------------|--|--|----------------------|
| Segment revenue | 6,373,039 | 1,203,613 | 7,576,652 |
| Segment results | 664,161 | 891,926 | 1,556,087 |
| Unallocated interest and other income | | | 26,912 |
| Unallocated finance costs | | | (22,952) |
| Unallocated other expenses | | | (3,234,671) |
| Loss before taxation | | | (1,674,624) |
| Taxation | | | (206,219) |
| Loss for the period | | | (1,880,843) |

Nine months ended 31 December 2009 (unaudited)

| | Card acceptance business HK\$ | Co-branded card partnership business and marketing business HK\$ | Consolidated HK\$ |
|---|--|--|----------------------|
| Segment revenue | 8,042,260 | 251,032 | 8,293,292 |
| Segment results | 976,557 | 34,960 | 1,011,517 |
| Unallocated corporate administration expenses | | | (150,000) |
| Unallocated interest and other income | | | 34,656 |
| Unallocated finance costs | | | (32,584) |
| Unallocated other expenses | | | (1,668,338) |
| Loss before taxation | | | (804,749) |
| Taxation | | | (278,220) |
| Loss for the period | | | (1,082,969) |

4. LOSS BEFORE TAXATION

| | Unaudited Three months ended 31 December | | Unaudited Nine months ended 31 December | |
|--|--|---------------|---|----------------|
| | 2010 HK\$ | 2009 HK\$ | 2010 HK\$ | 2009 HK\$ |
| Finance costs | | | | |
| Finance costs on other long-term liabilities | 7,997 | 7,098 | 22,952 | 18,884 |
| Interest on other short-term loan | — | — | — | 13,700 |
| | 7,997 | 7,098 | 22,952 | 32,584 |
| Other items | | | | |
| Depreciation of property, plant and equipment | 40,061 | 64,935 | 112,109 | 268,057 |
| Staff costs, including directors' emoluments | 689,688 | 626,400 | 2,034,185 | 1,307,985 |
| Operating lease charges on premises | 166,637 | 91,716 | 358,634 | 194,812 |

5. TAXATION

| | Unaudited Three months ended 31 December | | Unaudited Nine months ended 31 December | |
|-----------------------------|--|----------------|---|----------------|
| | 2010 HK\$ | 2009 HK\$ | 2010 HK\$ | 2009 HK\$ |
| Current tax | 167,991 | — | 206,219 | — |
| Deferred tax | | | | |
| Utilisation of tax losses | — | 243,039 | — | 278,220 |
| Tax expenses for the period | 167,991 | 243,039 | 206,219 | 278,220 |

(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 those of its subsidiaries which were established in the British Virgin Island (“BVI”) are exempted from the payment of income tax in the Cayman Islands and the BVI respectively.

Oriental City Group (Thailand) Company Limited (“OCG Thailand”), the Company’s subsidiary established in Thailand, is subject to Thailand income tax at the rate of 30% and provision for current tax has been made accordingly. No Thailand income tax has been provided for the three months and nine months ended 31 December 2009 as OCG Thailand’s assessable profits were 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 at the rate of 25% for the periods under the income tax rules and regulations of the PRC. OCG China is entitled to the special tax benefits for enterprise established in the special economic zones of the PRC with a preferential lower tax rate of 18%, 20%, 22%, 24% and 25% for the years ending from 2008 to 2012 respectively. However, no income tax has been provided as OCG China incurred losses for taxation purposes during the periods.

6. DIVIDEND

The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2010 (2009: Nil).

7. LOSS PER SHARE

Basic losses per share for the three months and nine months ended 31 December 2010 are calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$807,413 and HK\$2,058,927 respectively (2009: HK\$469,706 and HK\$1,362,304 respectively) and on the weighted average number of 600,000,000 ordinary shares (2009: 600,000,000 and 518,727,273 ordinary shares respectively) in issue during both periods.

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

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

8. MOVEMENT OF EQUITY

For the nine months ended

31 December 2010

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|-------------------|------------------|------------------|--------------------|-------------------|--------------------|-------------------|
| | Share capital | Share premium | Capital reserve | Exchange reserve | Accumulated losses | Total | Minority interests | Total equity |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| At 1 April 2010 (audited) | 6,000,000 | 14,558,608 | 6,996,322 | (316,870) | (5,597,777) | 21,640,283 | 805,918 | 22,446,201 |
| Loss for the period | - | - | - | - | (2,058,927) | (2,058,927) | 178,084 | (1,880,843) |
| Exchange difference on translation of foreign subsidiaries | - | - | - | 122,490 | - | 122,490 | 70,660 | 193,150 |
| Total comprehensive loss for the period | - | - | - | 122,490 | (2,058,927) | (1,936,437) | 248,744 | (1,687,693) |
| At 31 December 2010 (unaudited) | 6,000,000 | 14,558,608 | 6,996,322 | (194,380) | (7,656,704) | 19,703,846 | 1,054,662 | 20,758,508 |

For the nine months ended

31 December 2009

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|-------------------|------------------|------------------|--------------------|-------------------|--------------------|-------------------|
| | Share capital | Share premium | Capital reserve | Exchange reserve | Accumulated losses | Total | Minority interests | Total equity |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| At 1 April 2009 (audited) | - | - | 6,855,255 | (479,758) | (3,718,641) | 2,656,856 | 364,355 | 3,021,211 |
| Loss for the period | - | - | - | - | (1,362,304) | (1,362,304) | 279,335 | (1,082,969) |
| Exchange difference on translation of foreign subsidiaries | - | - | - | 363,093 | - | 363,093 | 31,713 | 394,806 |
| Total comprehensive loss for the period | - | - | - | 363,093 | (1,362,304) | (999,211) | 311,048 | (688,163) |
| 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 |
| | 6,000,000 | 14,558,608 | 141,067 | - | - | 20,699,675 | - | 20,699,675 |
| At 31 December 2009 (unaudited) | 6,000,000 | 14,558,608 | 6,996,322 | (116,665) | (5,080,945) | 22,357,320 | 675,403 | 23,032,723 |

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first few months of the nine months ended 31 December 2010 (the “Review Period”), the Group’s business in Thailand suffered significantly as a result of the political unrest and the violence which occurred in the urban area of Bangkok, Thailand, where the Group’s Thai business is headquartered. The China National Tourism Administration issued a warning notice in mid-April 2010 requesting the mainland Chinese tourists to temporarily suspend their visit to Thailand. Thus, there was a significant reduction in the number of tour groups from the People’s Republic of China (the “PRC”) going to Thailand since April 2010. This situation improved in July 2010 when the political situation became more stable. However, the Group’s performance in Thailand was further weakened by the termination of 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 on 10 May 2010. As a result, the Group lost the business of card acceptance merchants referred by SCB, including the King Power Group which had been a major customer of OCG Thailand. The transaction volumes processed by the Group as well as the Group’s revenue during the Review Period reduced significantly. During the Review Period, the revenue generated from Thailand was approximately HK\$6,373,000 (2009: approximately HK\$8,042,000) representing a decrease of 21% as compared with the same as recorded in the corresponding period in 2009. With the significant reduction in revenue, the loss attributable to the equity holders increased from approximately HK\$1,362,000 to approximately HK\$2,059,000 for the nine months ended 31 December 2009 and 2010 respectively.

Use of proceeds

As disclosed in the Company’s annual report for the year ended 31 March 2010, the Group planned to expand its card acceptance business and co-branded card partnership business in the forthcoming future. The net proceeds from the listing of the Company’s share to the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 August 2009 (the “Listing”) have been applied by the Company as follows in accordance with the assessment by the directors of the Company (the “Director”) of the development of the market condition:

1. in monitoring the political development in Thailand and in complications for the Group’s China Unionpay (the “CUP”) card acceptance business;
2. in its co-branded card business. The Group was at the negotiation stage with other potential partnership banks for the opportunity to launch another lifestyle card. During the Review Period, the Group focused on the Pacific-OCG Golf Card usage and promotion campaigns for the Pacific-OCG Golf Card in Hainan Province, the PRC. The partnership agreement between Oriental City Group (Hainan) Service Limited (“OCG Hainan”), a wholly owned subsidiary of the Company, and Bank of Communications, Hainan provincial branch, (the “BOC”) will expire on 24 February 2011. The Directors are considering for the renewal of such agreement and now discussing with BOCOM on the continuation of the agreement;

3. in its card acceptance business. The participation agreement with SCB was terminated in May 2010. After the termination, the Company installed 21 new point-of-sales card terminals and will look for other business merchants in Thailand. For the expansion of the card acceptance business in Laos, the Group has already obtained the foreign investment licence, business operating licence and the tax licence issued by the Vientiane Capital Committee of Domestic & Foreign Investment, the Department of Domestic Trade and Industry of the Ministry of Commerce and the Department of Tax of the Ministry of Finance respectively in respect of such business in Laos. The approval from CUP has not yet been obtained as OCG Laos is required to obtain the prerequisite letter of approval from Bank of Laos before CUP would consider to allow OCG Laos to proceed on the business initiative. The Group is now negotiating with both CUP and the Bank of Laos. The business will commence after the approval of CUP;
4. in the Group's general expenditure including the payment of general and administrative expenses, such as staff costs (including directors' remuneration), professional fees and other general operating expenses; and
5. in interest-bearing deposit account maintained with a bank in Hong Kong.

BUSINESS OUTLOOK

During the Review Period, the Group was focusing on its card acceptance business and co-branded card business in Thailand and PRC respectively. Given the impact of the uncertain political situation in Thailand on the Group's performance and since the Group has lost some of its merchants following the termination of the participation agreement with SCB, the Group is currently looking for other business merchants and investment opportunities in other areas for enhancing its revenue on a stable and long term basis.

As disclosed in the interim report of the Company for the six months ended 30 September 2010, the Company had proposed 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 a 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 Company had announced that it had been in the process of actively identifying investment opportunities and intended to apply the proceeds from the Rights Issue into such investment opportunities where the Directors thought suitable. However, due to the prolonged negotiation process in relation to such opportunities, the Company was not successful in identifying any suitable investment opportunities and had decided to terminate the Rights Issue (together with the Bonus Issue).

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

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

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

FINANCIAL REVIEW

The Group’s revenue for the Review Period amounted to approximately HK\$7,577,000, representing a decrease of approximately 9% as compared to approximately HK\$8,293,000 for the corresponding period in 2009. The net loss attributable to equity holders of the Company was approximately HK\$2,059,000 for the Review Period compared with approximately HK\$1,362,000 for the corresponding period in 2009.

The decrease in the Group’s revenue was mainly due to the significant decrease in CUP Cards acceptance transaction volume as the number of Chinese tourists in Thailand dropped significantly as well as the termination of the participation agreement during the Review Period as discussed in the “Business Review” section above.

The transaction volume dropped to approximately Baht 1,485 million (equivalent to approximately HK\$365 million) for the nine months ended 31 December 2010 compared to approximately Baht 1,852 million (equivalent to approximately HK\$425 million) for the nine months ended 31 December 2009. As a result, although the Group has a marketing service income of HK\$1,170,000 during the Review Period (2009: HK\$200,000), the revenue still suffered a drop of approximately 9%.

The Group's gross profit for the Review Period was approximately HK\$3,207,000, representing an increase of approximately 19% from the nine months ended 31 December 2009. This was primarily attributable to the marketing service fee which started from November 2009 and had insignificant direct costs.

In addition to the decrease in revenue, the loss was also attributable to the general increase in administrative and operating expenses during the Review Period.

The general administrative expenses of the Group for the Review Period amounted to approximately HK\$4,446,000, representing an increase of approximately 47% as compared with the same as recorded 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\$440,000, representing a decrease of approximately HK\$36,000 compared with the same as recorded in the corresponding period in 2009.

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

As at 31 December 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") | Beneficial owner | 24,000,000 | 4% |
| Ms. Wong Lai Chun | Beneficial owner | 6,000,000 | 1% |

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 | 23.60% |
| 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\$0.000001 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 31 December 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.

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

Immediately after the completion, Tian Li and the parties acting in concern with it were interested in 429,000,000 shares, representing 71.5% of the entire issued share capital of the Company as at the date of the joint announcement.

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 31 December 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)</i> | 402,000,000 | 67% |
| OCG UK | Corporate – Interest of controlled corporation <i>(Note)</i> | 402,000,000 | 67% |

Note: 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. Accordingly, each of OCG International and OCG UK 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 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 and OCG UK.

Save as disclosed in the Company's announcement on 26 November 2010, the Company has been notified by OCG Asia that the placing (the "Placing") of 18,000,000 shares in the share capital of OCG UK, has been completed on 26 November 2010. Immediately after the Placing, the issued share capital of OCG UK has been increased from 45,675,933 shares to 63,675,933 shares, and the shareholding of Straum Investments Limited, a company the entire issued share capital of which is legally and beneficially owned by Mr. Yu in OCG UK has been diluted from approximately 32.9% to approximately 23.6%. As such, Straum Investments Limited has ceased to be the controlling shareholders of OCG UK while it remains to be the single largest shareholder of OCG UK immediately after the Placing.

Save as disclosed above, as at 31 December 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 approximately 23.6% 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.

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 Reviewed 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 Mr. Yu 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 were 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’ transactions in the securities of the Company. Having made specific enquiry to 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 31 December 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 31 December 2010.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. 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 nine months ended 31 December 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, 9 February 2011

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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the website of the Company at <http://www.ocg.com.hk> for at least seven days from the day of its posting.