

Oriental City Group Holdings Limited

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



Interim Report 2009

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

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This report, for which the directors (the “Directors”) of Oriental City Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- The Company's shares were listed on GEM of the Stock Exchange on 28 August 2009.
- The Group's revenue amounted to approximately HK\$3,434,000 for the six-month period ended 30 September 2009, which represented a decrease of approximately 10% as compared with the corresponding period in 2008.
- The loss attributable to equity holders of the Company was approximately HK\$893,000 for the six-month period ended 30 September 2009 compared with a profit attributable to equity holders of the Company of approximately HK\$43,000 for the corresponding period in 2008.
- Losses per share for the six-month period ended 30 September 2009 was approximately HK0.19 cents.
- The Board does not recommend the payment of any dividend for the six-month period ended 30 September 2009.

INTERIM RESULTS (UNAUDITED)

The board of Directors of the Company (the "Board") is pleased to present the unaudited condensed consolidated financial results of the Group for the six-month and three-month periods ended 30 September 2009 together with the comparative figures for the corresponding periods in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month and three-month periods ended 30 September 2009

	Note	Unaudited Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
		2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Revenue	2	3,434,059	3,819,921	1,864,067	1,653,428
Cost of services rendered		(2,445,070)	(2,536,951)	(1,285,390)	(1,104,747)
Gross profit		988,989	1,282,970	578,677	548,681
Other income		5,632	14,059	-	906
General administrative expenses		(1,584,870)	(1,059,460)	(950,224)	(487,196)
Selling and distribution costs		(238,183)	(266,074)	(132,115)	(106,437)
Finance costs	4	(25,486)	-	(20,773)	-
Loss before taxation	4	(853,918)	(28,505)	(524,435)	(44,046)
Taxation	5	(35,181)	488,395	(29,827)	488,395
(Loss) Profit for the period		(889,099)	459,890	(554,262)	444,349
Attributable to:					
Equity holders of the Company		(892,598)	43,291	(576,814)	221,624
Minority interests		3,499	416,599	22,552	222,725
		(889,099)	459,890	(554,262)	444,349
(Losses) Earnings per share for (loss) profit attributable to equity holders of the Company					
Basic and diluted	6	(0.19) HK cents	0.01 HK cents	(0.11) HK cents	0.49 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month and three-month periods ended 30 September 2009

	Unaudited Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
(Loss) Profit for the period	(889,099)	459,890	(554,262)	444,349
Other comprehensive income (loss)				
Exchange difference on translation of foreign subsidiaries	80,124	(154,450)	(129,215)	(33,295)
Total comprehensive (loss) income for the period	(808,975)	305,440	(683,477)	411,054
Attributable to:				
Equity holders of the Company	(834,315)	22,579	(711,562)	195,853
Minority interests	25,340	282,861	28,085	215,201
	(808,975)	305,440	(683,477)	411,054

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2009*

	Note	Unaudited 30 September 2009 HK\$	Audited 31 March 2009 HK\$
Non-current assets			
Property, plant and equipment	7	399,394	538,358
Deferred tax assets		277,105	295,284
		676,499	833,642
Current assets			
Trade and other receivables	8	2,591,265	7,365,987
Restricted bank balances	9	1,116,925	2,552,930
Bank balances and cash		23,173,986	674,966
		26,882,176	10,593,883
Current liabilities			
Trade and other payables	10	4,330,672	8,406,314
Net current assets		22,551,504	2,187,569
Total assets less current liabilities		23,228,003	3,021,211
Non-current liabilities			
Other long-term liabilities	11	316,092	-
NET ASSETS		22,911,911	3,021,211
Capital and reserves			
Share capital	12	6,000,000	-
Share premium and reserves		21,133,455	6,375,497
Accumulated losses		(4,611,239)	(3,718,641)
Total equity attributable to equity holders of the Company		22,522,216	2,656,856
Minority interests		389,695	364,355
TOTAL EQUITY		22,911,911	3,021,211

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 September 2009

	Attributable to equity holders of the Company							Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
For the six-month period 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	
	6,000,000	14,558,608	141,067	-	-	20,699,675	-	20,699,675	
At 30 September 2009 (unaudited)	6,000,000	14,558,608	6,996,322	(421,475)	(4,611,239)	22,522,216	389,695	22,911,911	

	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
For the six-month period ended 30 September 2008								
At 1 April 2008 (audited)	-	-	6,555,255	(340,754)	(3,573,190)	2,641,311	-	2,641,311
Profit for the period	-	-	-	-	43,291	43,291	416,599	459,890
Exchange difference on translation of foreign subsidiaries	-	-	-	(20,712)	-	(20,712)	(133,738)	(154,450)
Total comprehensive income for the period	-	-	-	(20,712)	43,291	22,579	282,861	305,440
Deemed capital contribution from equity holders of the Company	-	-	150,000	-	-	150,000	-	150,000
At 30 September 2008 (unaudited)	-	-	6,705,255	(361,466)	(3,529,899)	2,813,890	282,861	3,096,751

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six-month period ended 30 September 2009

	Unaudited Six-month period ended 30 September	
	2009 HK\$	2008 HK\$
Cash generated from operations	1,734,011	69,997
Interest received	3,629	9,457
Interest paid	(13,700)	-
Net cash from operating activities	1,723,940	79,454
Net cash used in investing activities	(36,345)	(406,000)
Net cash from (used in) financing activities	20,782,250	(1,109,245)
Net increase (decrease) in cash and cash equivalents	22,469,845	(1,435,791)
Cash and cash equivalents at beginning of period	674,966	2,011,658
Effect on exchange rate changes	29,175	(144,641)
Cash and cash equivalents at end of period, represented by bank balances and cash	23,173,986	431,226

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

For the six-month period ended 30 September 2009

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"). Details of the Reorganisation were set out in the prospectus of the Company dated 24 August 2009 (the "Prospectus").

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 the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Under this basis, the unaudited condensed consolidated interim financial statements for the six-month period ended 30 September 2009 (the "Interim Financial Statements"), including comparative figures, are presented as if the current group structure had been in existence on 1 April 2008, as appropriate, the beginning of the earliest period presented.

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 Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Corporate administration expenses	150,000	150,000	71,000	75,000

Basis of preparation

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the 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 2009, 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 the HKICPA. They shall be read in conjunction with the Group's accountants' report as set out in Appendix I of the Prospectus (the "Accountants' 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 Accountants' Report, except for the changes in accounting policies set out below.

Changes in accounting policies

The adoption of the following new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods, except that certain presentation and disclosures of financial statements items have been revised, as appropriate.

HKAS 1 (Revised): Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

The revised standard requires non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two linked statements (the income statement and the statement of other comprehensive income). The Group has adopted the "two linked statements" presentation format. The revised standard also requires that when comparative information is restated or reclassified, a restated statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and comparative period, should be presented.

HKFRS 8: Operating Segments

HKFRS 8 replaces HKAS 14: "Segment Reporting" and requires segment information to be reported based on internal information used by the chief operating decision makers to evaluate the performance of operating segments and allocate resources to those segments. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is 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 is analysed by category as follows:

	Unaudited Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Co-branded card annual fee income	18,672	34,893	9,336	23,258
Co-branded card transaction fee income	7,954	13,503	3,977	5,347
Card acceptance transaction fee income	2,869,864	2,904,157	1,534,477	1,272,383
Foreign exchange rate discount income	537,569	867,368	316,277	352,440
	3,434,059	3,819,921	1,864,067	1,653,428

3. SEGMENT REPORTING

The Group has adopted HKFRS 8 with effect from 1 April 2009. However the adoption of this standard has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

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

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

Segment result, which is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represents the profit earned or loss incurred by each segment without allocation of interest and other income, corporate administration expenses, other unallocated expenses, finance costs 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 as follows:

Six-month period ended 30 September 2009 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business HK\$	Consolidated HK\$
Segment revenue	3,407,433	26,626	3,434,059
Segment result	52,083	(83,611)	(31,528)
Unallocated corporate administration expenses			(150,000)
Unallocated interest and other income			5,632
Unallocated finance costs			(25,486)
Unallocated other expenses			(652,536)
Loss before taxation			(853,918)
Taxation			(35,181)
Loss for the period			(889,099)

Six-month period ended 30 September 2008 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business HK\$	Consolidated HK\$
Segment revenue	<u>3,771,525</u>	<u>48,396</u>	<u>3,819,921</u>
Segment result	<u>347,607</u>	<u>(234,968)</u>	112,639
Unallocated corporate administration expenses			(150,000)
Unallocated interest and other income			9,553
Unallocated other expenses			<u>(697)</u>
Loss before taxation			(28,505)
Taxation			<u>488,395</u>
Profit for the period			<u>459,890</u>

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

At 30 September 2009 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business HK\$	Consolidated HK\$
Segment assets	<u>4,907,344</u>	<u>53,424</u>	<u>4,960,768</u>
Unallocated corporate assets			<u>22,597,907</u>
Consolidated total assets			<u>27,558,675</u>
Segment liabilities	<u>3,962,753</u>	-	<u>3,962,753</u>
Unallocated corporate liabilities			<u>684,011</u>
Consolidated total liabilities			<u>4,646,764</u>

At 31 March 2009 (audited)

	Card acceptance business HK\$	Co-branded card partnership business HK\$	Consolidated HK\$
Segment assets	<u>6,199,011</u>	<u>39,001</u>	6,238,012
Unallocated corporate assets			<u>5,189,513</u>
Consolidated total assets			<u>11,427,525</u>
Segment liabilities	<u>5,122,608</u>	<u>7,996</u>	5,130,604
Unallocated corporate liabilities			<u>3,275,710</u>
Consolidated total liabilities			<u>8,406,314</u>

4. LOSS BEFORE TAXATION

	Unaudited Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
This is stated after charging:				
Finance costs				
Finance costs on other long-term liabilities	11,786	-	7,073	-
Interest on other short-term loan	13,700	-	13,700	-
	25,486	-	20,773	-
Other items				
Depreciation of property, plant and equipment	203,122	185,483	101,509	101,687
Staff costs, including directors' emoluments	681,585	533,403	447,508	243,372
Operating lease charges on premises	103,096	7,698	57,437	3,756

5. TAXATION

	Unaudited Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Current tax	-	-	-	-
Deferred tax				
Reversal (Benefit) of tax losses	35,181	(488,395)	29,827	(488,395)
Total charge (credit) for the period	35,181	(488,395)	29,827	(488,395)

(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 is incorporated in the Cayman Islands as an exempted company and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiaries established in the BVI are incorporated under International Business Act of the BVI and, accordingly, are exempted from payment of the BVI income tax.

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 periods as OCG Thailand's assessable profits are wholly absorbed by unrelieved tax losses brought forward from previous periods. The Group initially recognised the deferred tax assets arising from the unused tax losses carried forward by OCG Thailand of approximately HK\$1,627,000 during the six-month period ended 30 September 2008 because it is probable that future taxable profit will be available against which OCG Thailand can utilise the benefits before their expiry. As at 30 September 2009, the unused tax losses carried forward by OCG Thailand was approximately HK\$924,000 (31 March 2009: approximately HK\$984,000).

奥思知(海南)服务有限公司("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. (LOSSES) EARNINGS PER SHARE

Basic (losses) earnings per share for the six-month period ended and the three-month period ended 30 September 2009 are calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$892,598 and HK\$576,814, respectively, (2008: profit of HK\$43,291 and HK\$221,624, respectively) and on the weighted average number of 477,197,802 and 504,395,604 ordinary shares, respectively, (2008: 450,000,000 and 450,000,000 ordinary shares respectively) in issue during the periods.

In determining the weighted average number of ordinary shares in issue, 1,000,000 ordinary shares issued on incorporation of the Company, as consideration for the acquisition by the Company for issued share capital of Charm Act Group Limited ("Charm Act") and the share allotments 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 2008 for the purpose of the calculation of basic earnings per share.

Diluted (losses) earnings 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-month period ended 30 September 2009, the Group spent HK\$36,345 (2008: HK\$406,000) on additions to the office equipment.

8. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2009 HK\$	Audited 31 March 2009 HK\$
Trade receivables	2,412,175	2,272,570
Other receivable		
Deposits, prepayments and other receivables	179,090	5,080,187
Due from related parties	-	13,230
	179,090	5,093,417
	2,591,265	7,365,987

The ageing analysis of trade receivables as at 30 September 2009 and 31 March 2009, based on the invoice date, is as follows:

	Unaudited 30 September 2009 HK\$	Audited 31 March 2009 HK\$
Outstanding balances with ages:		
30 days or below	2,398,862	2,256,407
31 to 90 days	13,313	16,163
	2,412,175	2,272,570

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 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 2009 HK\$	Audited 31 March 2009 HK\$
Trade payables	3,576,476	4,953,935
Other payables		
Accrued charges and other payables	754,196	1,050,861
Due to related parties	-	2,401,518
	754,196	3,452,379
	4,330,672	8,406,314

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 represented 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 the 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 was 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 dividend 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 2009, the Group had an outstanding amount of Baht 1,375,000 (equivalent to approximately HK\$316,092) (31 March 2009: Nil) due to a minority shareholder in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum, with an accrued dividend payable of Baht 52,212 (equivalent to approximately HK\$12,003) (31 March 2009: Nil) as included in trade and other payables.

12. SHARE CAPITAL

	Note	Unaudited At 30 September 2009		Audited At 31 March 2009	
		Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised	12(a)/(b)	2,000,000,000	20,000,000	39,000,000	390,000

	Note	Unaudited At 30 September 2009		Audited At 31 March 2009	
		Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Issued and fully paid:					
At beginning of period/year	12(a)	1	-	1	-
Issue of shares on Reorganisation	12(b)	999,999	10,000	-	-
Placing of shares	12(c)	150,000,000	1,500,000	-	-
Capitalisation issue	12(c)	449,000,000	4,490,000	-	-
At end of period/year		600,000,000	6,000,000	1	-

Note:

- (a) The Company was incorporated on 12 December 2007 with an authorised share capital of HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each, of which one share of HK\$0.01 each was allotted and issued at nil paid (the "Subscriber's Share") to the subscriber and subsequently transferred to Oriental City Group Asia Limited ("OCG Asia"), the immediate holding company of the Group, prior to the Reorganisation.
- (b) In preparation for the listing of the Company's shares on the GEM, the following changes in authorised and issued share capital of the Company had taken place on 14 August 2009:

- (i) the authorised share capital of the Company was increased from HK\$390,000 to HK\$20,000,000 by the creation of an additional 1,961,000,000 ordinary shares of HK\$0.01 each;
- (ii) as a consideration for the acquisition by the Company of the entire issued share capital of Charm Act from OCG Asia, an aggregate of 893,332 ordinary shares of the Company were issued and credited as fully paid to OCG Asia and credited as fully paid the nil paid Subscriber's Share; and
- (iii) the allotment of 106,667 ordinary shares of the Company at HK\$0.01 per share to the following individuals:

Name	Relationship to the Group	No. of shares
Mr. Yu Chun Fai	Executive director	53,334
Ms. Wong Lai Chun	Non-executive director	13,333
Mr. Sung Hak Keung, Andy	Company secretary	26,667
Mr. Kanjanapas Shui Yiu Kelvin	Ex-director of OCG Thailand	13,333

- (c) On 28 August 2009, 150,000,000 ordinary shares of HK\$0.01 each were issued by way of placing (the "Placing") at a price of HK\$0.23 per share for cash consideration of HK\$34,500,000. The excess of the placing price over the par value of the shares issued was credited to the share premium account. On the same date, an aggregate of 449,000,000 ordinary shares of HK\$0.01 each were allotted, issued at par and fully paid to the shareholders whose names appeared on the register of members of the Company as at 14 August 2009 by way of capitalisation of a total sum of HK\$4,490,000 out of the share premium account of the Company arising from the Placing.

All the shares issued during the period rank pari passu in all respects with the then existing shares.

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 Six-month period ended 30 September		Unaudited Three-month period ended 30 September	
		2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
<i>Discontinued upon the Listing</i>					
An ex-minority shareholder of OCG Thailand	Interest income received	-	1,582	-	740
A senior management personnel of OCG Thailand	Interest income received	2,003	-	-	-
A company of which a controlling party of a minority shareholder of OCG Thailand is a director	Administration expenses paid	-	12,190	-	5,668
Ultimate holding company of the Group	Share of corporate administration expenses	150,000	150,000	71,000	75,000
<i>Continuing after the Listing</i>					
A fellow subsidiary of the Group	Administrative service fee paid	111,788	-	56,813	-

During the six-month period ended 30 September 2009, the amount due from related parties of HK\$13,230 as at 31 March 2009 was collected.

During the six-month period ended 30 September 2009, the Group settled the amount due to related parties of HK\$2,401,518 as at 31 March 2009 using an unsecured 3-month short-term loan of HK\$4,000,000 (the "Loan") borrowed from an independent third party. The Loan and related interest expense accrued at 5% per annum were fully repaid on 7 September 2009.

14. OPERATING LEASE COMMITMENTS

As at 30 September 2009 and 31 March 2009, the Group had total future aggregate minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 30 September 2009 HK\$	Audited 31 March 2009 HK\$
Within one year	391,503	84,161
In the second to fifth years inclusive	352,000	-
	743,503	84,161

15. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board of Directors on 12 November 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is pleased to report the first interim results for the six-month period ended 30 September 2009 (the "Review Period") following its successful listing on GEM of the Stock Exchange on 28 August 2009 (the "Listing"). The net proceeds raised from the Listing were approximately HK\$20.5 million.

While the Group focused on its China Unionpay (the "CUP") card acceptance merchants network in Thailand, the country was impacted by the continued political unrest in Thailand during the Review Period. Given that the business performance of the Group is highly dependent on the performance of Thailand economy, the Group's card acceptance business was affected for the Review Period. However, the Group did experience a rebound on the card transaction volume starting from July 2009 and maintained as the market leader in processing CUP transactions in Thailand during the Review Period. In view of such positive sign, the management continued to see the upward business momentum in Thailand. Besides, our subsidiary, Oriental City Group (Thailand) Co., Ltd. ("OCG Thailand") was informed by the Board of Investment, Thailand (the "BOI") that its BOI application for seeking promotional privileges to enable it to operate business activities, including those restricted businesses under the Foreign Business Act (the "FBA"), was approved by BOI on 26 August 2009 and the BOI Promotion Certificate was issued on 4 November 2009. With the BOI status obtained, OCG Thailand is eligible to be converted to a 100% foreign owned company subject to preparation of certain application and supporting documents to request for the BOI's approval. As OCG Thailand is our principal operating and non wholly-owned subsidiary, any proposed acquisition of shares in OCG Thailand by us may constitute a connected and/or major transaction of the Company. We will comply with the applicable requirements under the GEM Listing Rules when we enter into such acquisition. As at the date of this report, our Directors have no intention to make any such acquisition.

Due to the ongoing global financial crisis, there was a decrease in revenue of the Group's co-branded card partnership business in the PRC. The Group continues to launch a card usage promotion campaign in the PRC in the fourth quarter of 2009 to promote the awareness and usage of its Golf Card Program in partnership with the Hainan provincial branch of Bank of Communications Co., Ltd. (the "BOCOM") in Hainan, the PRC.

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 up to 30 September 2009 is set out below:

Business objectives up to 30 September 2009 as set out in the Prospectus	Actual business progress up to 30 September 2009
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Co-branded card partnership business

Work with BOCOM's Hainan provincial branch for the expansion of the Group's promotion campaigns in Hainan

The Group launched usage promotion campaign in Hainan, the PRC by conducting an advertisement campaign on one of the most popular local newspapers

Card acceptance business

Continue to play a leadership role in expanding CUP acceptance services and coverage in Thailand, and plans to further expand the Group's merchant network in Phuket and Chaing Mai, Thailand

OCG Thailand maintained its market share leading position in Thailand for CUP card acceptance services in Thailand, and also increased the number of merchants accepting CUP Cards in both Phuket and Chiang Mai

USE OF PROCEEDS

As disclosed in the announcement dated 26 August 2009, 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 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. As the date of this

report, we do not anticipate any change to this plan. During the period between 14 August 2009, being the latest practicable date as defined in the Prospectus ("LPD") and 30 September 2009, there was no significant amount of usage made out of the net proceeds from the Listing. The net proceeds from the issue of new shares from the LPD to 30 September 2009 had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus from the LPD to 30 September 2009 HK\$'000	Actual use of proceeds from the LPD to 30 September 2009 HK\$'000
Co-branded card business	71	21
Card acceptance business	1,060	20
General working capital	353	300
Total	1,484	341

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 uses of proceeds were applied in accordance with the actual development of the market.

1. Since the Listing on 28 August 2009, the Group proceeded to commence with its expansion and business development. The remaining proceeds were not fully applied by the end of September 2009 in order for the Group to monitor the on-going situation of political instability in Thailand.
2. On co-branded card business, the Company is at the negotiation stage on the partnership terms with potential partnership banks.
3. On card acceptance business, the Company is expanding cautiously in Thailand after the global financial crisis, and continues to monitor the tourists' traveling pattern closely.
4. The remaining net proceeds as at 30 September 2009 have been placed as interest bearing deposits in banks in Hong Kong.

BUSINESS OUTLOOK

With the increasing stability of the global economy since the third quarter of year 2009, the Group has noted an increasing trend of tourist traffic from China to Thailand and other countries in South-east Asia. The Group has begun to work with CUP's South-East Asia operational headquarters to evaluate the expansion of CUP card acceptance services to other major travelling destinations for Chinese tourists. The Group has identified the country of Laos to be one of the major upcoming tourist markets for Chinese tourists due to its proximity to China and its natural appeal to Chinese tourists. An initial business analysis is currently being conducted by the Group in partnership with CUP. The Group is also launching a major advertising and promotion campaign for its Pacific-OCG Golf Card in the PRC in partnership with BOCOM Hainan provincial branch in order to appeal to more lifestyle prospective card members and merchant partners in the PRC. The Group will continue seeking opportunities in card payment business to broaden the Group's income base and expand the Group's operations.

FINANCIAL REVIEW

The Group's revenue for the Review Period amounted to approximately HK\$3,434,000, representing a decrease of approximately 10% as compared to HK\$3,820,000 for the corresponding period in 2008. The net loss attributable to equity holders of the Company was approximately HK\$893,000 for the Review Period compared with a net profit attributable to equity holders of the Company was approximately HK\$43,000 for the corresponding period in 2008.

The loss result was mainly attributable to (i) the decrease in revenue as a result of the continued political unrest in Thailand, the (ii) the decrease in foreign exchange rate discount income, which was mainly due to China Unionpay introducing with effect from July 2008 the Bloomberg platform, which is nearly the same as Reuters on onshore market, as the backup rate and (iii) the general increase in administrative and operating expenses. In addition, the Group recorded a deferred tax credit amounting to approximately HK\$488,000 for the six-month period ended 30 September 2008 which was the initial recognition in that period, but no such further deferred tax credit was recorded for the Review Period.

Cost of services rendered for the six-month period ended 30 September 2009 amounted to approximately HK\$2,445,000, when compared with that of approximately HK\$2,537,000 to the corresponding period in 2008, representing a decrease of approximately 4%.

The gross profit for the Review Period was approximately HK\$989,000, representing a decrease of approximately 23% from the six-month period ended 30 September 2008. This was primarily attributable to the decrease in foreign exchange rate discount income as discussed above.

The general administrative expenses of the Group for the Review Period amounted to approximately HK\$1,585,000, representing an increase of approximately 50% as compared to the corresponding period in 2008. 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\$238,000, representing a decrease of approximately HK\$28,000 compared with the corresponding period in 2008. The decrease was mainly due to the reduction in marketing activity relating to the Pacific-OCG Golf Cards in the current period.

Finance costs for the Review Period amounted to HK\$25,000 which represented (i) interest payment for an unsecured short term loan from an independent third party, which was financed to settle the amount due to related parties before the Listing; and (ii) 9% dividend payable to a minority shareholder in respect of the issued and paid up preference share capital of OCG Thailand.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operation through internally generated cash flows and other borrowings. As at 30 September 2009, the Group had other long-term borrowings amounted to Thai Baht ("Baht") 1,375,000 (equivalent to approximately HK\$316,000) 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 cost. The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, was approximately 1.1% as at 30 September 2009 (31 March 2009: 21%).

As at 30 September 2009, the Group had net current assets of approximately HK\$22,552,000 (31 March 2009: HK\$2,188,000). Current ratio as at 30 September 2009 was 6.21 (31 March 2009: 1.26). The bank and cash position of the Group as at 30 September 2009 was approximately HK\$23,174,000 (31 March 2009: 675,000). The improvement of gearing ratio and the current ratio were attributable to the funds raised from issuance of 150,000,000 ordinary shares pursuant to the Placing on 28 August 2009.

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately HK\$22,522,000 as at 30 September 2009 (31 March 2009: HK\$2,657,000). The increase was mainly due to the funds raised from the Placing as discussed above.

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 CUP Card clearing system 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 management will continue to monitor the foreign exchange exposure and will consider entering into forward contracts and utilizing applicable derivatives to hedge out the exchange risk when necessary. As at 30 September 2009, our 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-month period ended 30 September 2009 (2008: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2009, the Group had a total staff of 11 (31 March 2009: 10) of whom 3 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. Discretionary bonus is linked to the performance of the Group as well as individual performance. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. The Group also arranges its staff for training to enhance their skills and knowledge.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

As disclosed in the Prospectus, on 28 April 2009, Oriental City Group Thailand Limited exercised its option pursuant to the share purchase option agreement dated 22 June 2005 to buy back from Mr. Panthong Limpkittisin, a former shareholder of OCG Thailand, his prior 11% holding of ordinary shares in OCG Thailand for a consideration of Baht 687,500 (equivalent to approximately HK\$151,250).

Save as disclosed above, the Group had no material acquisitions, disposals or did it make significant investments during the six-month period ended 30 September 2009.

CHARGES OF ASSETS

As at 30 September 2009, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 September 2009, 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 2009, 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	41.59%
Straum Investments Limited	Corporate	1 share of US\$1	100%
Oriental City Group Hong Kong Limited	Corporate (Note 2)	1 share of US\$1	100%
Oriental City Group Limited	Corporate (Note 2)	23,116,988 shares of HK\$0.00001 each	100%
Oriental City Group Bank Limited	Corporate (Note 3)	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 follow 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 2009, 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 and in the Prospectus, 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 in the Prospectus, 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 2009, 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 (Note)	402,000,000	67%
OCG UK	Corporate – Interest of controlled corporation (Note)	402,000,000	67%
Straum Investments Limited	Corporate – Interest of controlled corporation (Note)	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 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.

Save as disclosed above, as at 30 September 2009, 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 42% beneficial interest in OCG UK. In view of the fact that following the listing of the 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 Shares, 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 to provide 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 Scheme include, without limitation, employees, Directors, shareholders of the Group.

For the six-month period ended 30 September 2009, no share option has been granted or agreed to be granted to any person under the Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 from the date of Listing up to 30 September 2009, except the code provision A.2.1 that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. 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 chief executive officer in the same individual provided the Group with consistent leadership in the development and execution of long-term business strategies.

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 Directors' securities transactions from the date of Listing up to 30 September 2009.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by SBI E2-Capital (HK) Limited ("SBI"), the Company's compliance adviser, neither SBI nor any of its directors or employees or associates had any 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 2009.

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-month period ended 30 September 2009 have been reviewed by the Audit Committee. The Board was of opinion that the preparation of such financial statements 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, 12 November 2009

As at the date of this report, 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.