



**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)*

**FIRST QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2011**

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

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

## **HIGHLIGHTS**

- The Group's revenue amounted to approximately HK\$5,553,000 for the three months ended 30 June 2011, which represented an increase of approximately 339% as compared with the Group's revenue recorded in the corresponding period in 2010.
- The loss attributable to equity holders of the Company was approximately HK\$426,000 for the three months ended 30 June 2011 compared with approximately HK\$616,000 recorded in the corresponding period in 2010.
- Loss per share for the three months ended 30 June 2011 was approximately HK\$0.07 cents (2010: HK\$0.10 cents).
- The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2011 (2010: Nil).

## FIRST 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 ended 30 June 2011 together with the comparative figures for the corresponding period in 2010 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months ended 30 June 2011*

		Unaudited Three months ended 30 June	
	Notes	2011 HK\$	2010 HK\$
<b>Revenue</b>	2	<b>5,553,406</b>	1,265,669
Cost of services rendered		<u>(3,503,290)</u>	<u>(566,632)</u>
Gross profit		<b>2,050,116</b>	699,037
Other income		<b>106,168</b>	10,761
General administrative expenses		<b>(1,746,320)</b>	(1,193,313)
Selling and distribution costs		<b>(207,249)</b>	(153,155)
Finance costs	4	<u><b>(7,879)</b></u>	<u>(7,359)</u>
<b>Profit (Loss) before taxation</b>	4	<b>194,836</b>	(644,029)
Taxation	5	<u><b>(323,926)</b></u>	<u>—</u>
<b>Loss for the period</b>		<u><b>(129,090)</b></u>	<u><b>(644,029)</b></u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>(425,916)</b>	(616,423)
Minority interests		<u><b>296,826</b></u>	<u>(27,606)</u>
		<u><b>(129,090)</b></u>	<u><b>(644,029)</b></u>
<b>Loss per share for loss attributable to equity holders of the Company</b>			
Basic and Diluted	7	<u><b>(0.07) HK cents</b></u>	<u><b>(0.10) HK cents</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months ended 30 June 2011*

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$</b>	<b>HK\$</b>
Loss for the period	(129,090)	(644,029)
<b>Other comprehensive loss</b>		
Exchange difference on translation of foreign subsidiaries	<u>(72,667)</u>	<u>(3,358)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(201,757)</u></b>	<b><u>(647,387)</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	(470,948)	(619,139)
Minority interests	<u>269,191</u>	<u>(28,248)</u>
	<b><u>(201,757)</u></b>	<b><u>(647,387)</u></b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED QUARTERLY FINANCIAL STATEMENT

*For the three months ended 30 June 2011*

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

### **Corporate information**

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

### **Basis of preparation**

The unaudited condensed consolidated first quarterly financial statements of the Company for the three months ended 30 June 2011 (the “First 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 First Quarterly Financial Statements requires the management to make judgments, 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 First 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 2011, 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 the Hong Kong Institute of Certified Public Accountants. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2011 (the “Annual Report”).

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

The accounting policies and methods of computation applied in the preparation of the First 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 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 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:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2011</b>	2010
	<b>HK\$</b>	<b>HK\$</b>
Co-branded card annual and transaction fee income	–	3,817
Card acceptance transaction fee income	<b>3,912,848</b>	669,900
Foreign exchange rate discount income	<b>1,250,558</b>	201,952
Marketing service fee income	<b>390,000</b>	390,000
	<u><b>5,553,406</b></u>	<u>1,265,669</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").

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

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

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

**Three months ended 30 June 2011 (unaudited)**

	<b>Card acceptance business HK\$</b>	<b>Co-branded card partnership business and marketing business HK\$</b>	<b>Consolidated HK\$</b>
<b>Segment revenue</b>	<b><u>5,163,406</u></b>	<b><u>390,000</u></b>	<b><u>5,553,406</u></b>
<b>Segment results</b>	<b><u>1,062,606</u></b>	<b><u>282,855</u></b>	<b>1,345,461</b>
Unallocated interest and other income			<b>106,168</b>
Unallocated finance costs			<b>(7,879)</b>
Unallocated other expenses			<b><u>(1,248,914)</u></b>
Profit before taxation			<b>194,836</b>
Taxation			<b><u>(323,926)</u></b>
Loss for the period			<b><u>(129,090)</u></b>

**Three months ended 30 June 2010 (unaudited)**

	<b>Card acceptance business HK\$</b>	<b>Co-branded card partnership business and marketing business HK\$</b>	<b>Consolidated HK\$</b>
<b>Segment revenue</b>	<b><u>871,852</u></b>	<b><u>393,817</u></b>	<b><u>1,265,669</u></b>
<b>Segment results</b>	<b><u>(69,015)</u></b>	<b><u>303,542</u></b>	<b>234,527</b>
Unallocated interest and other income			<b>10,761</b>
Unallocated finance costs			<b>(7,359)</b>
Unallocated other expenses			<b><u>(881,958)</u></b>
Loss before taxation			<b>(644,029)</b>
Taxation			<b><u>—</u></b>
Loss for the period			<b><u>(644,029)</u></b>

#### 4. PROFIT (LOSS) BEFORE TAXATION

Unaudited	
Three months ended	
30 June	
2011	2010
HK\$	HK\$

This is stated after charging:

##### Finance costs

Finance costs on other long-term liabilities	<u>7,879</u>	<u>7,359</u>
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##### Other items

Depreciation of property, plant and equipment	45,807	27,590
Staff costs, including directors' emoluments	778,275	646,995
Operating lease charges on premises	<u>275,122</u>	<u>91,076</u>

#### 5. TAXATION

Unaudited	
Three months ended	
30 June	
2011	2010
HK\$	HK\$

Current tax	<u>323,926</u>	<u>—</u>
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##### (i) Hong Kong Profits Tax

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

##### (ii) Income taxes outside Hong Kong

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

Oriental City Group (Thailand) Company Limited ("OCG Thailand") is subject to Thailand income tax at 30%.

Oriental City Group (Hainan) Services Limited ("OCG China"), being a foreign-invested enterprise established in a special economic zone of the PRC, is subject to the PRC enterprise income tax at the rate of 18% in year 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012 (and thereafter), 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 an interim dividend for the three months ended 30 June 2011 (2010: Nil).

## 7. LOSS PER SHARE

Basic loss per share for the three months ended 30 June 2011 is calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$426,000 (2010: HK\$616,000) and on the weighted average number of 600,000,000 ordinary shares (2010: 600,000,000 ordinary shares) in issue during the periods.

Diluted loss 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

	Attributable to equity holders of the Company					Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>For the three months ended 30 June 2011</b>								
At 1 April 2011 (audited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(208,340)</u>	<u>(8,930,763)</u>	<u>18,415,827</u>	<u>1,364,704</u>	<u>19,780,531</u>
Loss for the period	-	-	-	-	(425,916)	(425,916)	296,826	(129,090)
Exchange difference on translation of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,032)</u>	<u>-</u>	<u>(45,032)</u>	<u>(27,635)</u>	<u>(72,667)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,032)</u>	<u>(425,916)</u>	<u>(470,948)</u>	<u>269,191</u>	<u>(201,757)</u>
At 30 June 2011 (unaudited)	<u><u>6,000,000</u></u>	<u><u>14,558,608</u></u>	<u><u>6,996,322</u></u>	<u><u>(253,372)</u></u>	<u><u>(9,356,679)</u></u>	<u><u>17,944,879</u></u>	<u><u>1,633,895</u></u>	<u><u>19,578,774</u></u>

	Attributable to equity holders of the Company						Minority interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$	Total HK\$		
For the three months ended 30 June 2010								
At 1 April 2010 (audited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(316,870)</u>	<u>(5,597,777)</u>	<u>21,640,283</u>	<u>805,918</u>	<u>22,446,201</u>
Loss for the period	-	-	-	-	(616,423)	(616,423)	(27,606)	(644,029)
Exchange difference on translation of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,716)</u>	<u>-</u>	<u>(2,716)</u>	<u>(642)</u>	<u>(3,358)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,716)</u>	<u>(616,423)</u>	<u>(619,139)</u>	<u>(28,248)</u>	<u>(647,387)</u>
At 30 June 2010 (unaudited)	<u><u>6,000,000</u></u>	<u><u>14,558,608</u></u>	<u><u>6,996,322</u></u>	<u><u>(319,586)</u></u>	<u><u>(6,214,200)</u></u>	<u><u>21,021,144</u></u>	<u><u>777,670</u></u>	<u><u>21,798,814</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The financial performance of the Group improved when compared with that of the Group recorded in last year. This was mainly attributable to the improvement in the Group's business in Thailand for the three months ended 30 June 2011 (the "Review Period"). For the three months ended 30 June 2010, the Group's business in Thailand suffered from a great challenge as a result of the political instability. The China National Tourism Administration even issued a warning to the Chinese tourists in mid-April 2010 notifying Chinese tourists to temporarily suspend their visit to Thailand. As such, there was a significant reduction in the number of the PRC tour groups going to Thailand for the corresponding period last year. The political situation was much more stable during the Review Period and the revenue generated from the card acceptance business in Thailand amounted to approximately HK\$5,163,000, representing an increase of approximately 492% as compared with the amount for the corresponding period in 2010.

### Use of Proceeds

The net proceeds from the placing of the Company's shares on the GEM of the Stock Exchange on 28 August 2009 have been applied by the Group in accordance with the Directors' assessment of the development of the market condition:

1. In relation to the Group's co-branded card partnership business: during the period between 14 August 2009, being the latest practicable date as defined in the prospectus of the Company dated 24 August 2009, and 24 February 2011, the Group focused on the promotion campaigns for the Pacific – OCG Golf Card in accordance with the agreement signed between OCG China and the Hainan branch of the Bank of Communications Co., Limited. The agreement expired on 24 February 2011 and both parties to the agreement decided not to renew the agreement upon such expiration. The Directors are still looking for other business opportunities for co-branded card partnership business in the PRC;
2. In relation to the Group's card acceptance business: the participation agreement with Siam Commercial Bank Public Company Limited was terminated on 10 May 2010. After the termination, the Company installed 30 new point-of-sales card terminals and has been looking for new merchants in Thailand. The Group will keep monitoring the political development in Thailand with a view to business expansion in Thailand. As regards the expansion of the card acceptance business in Laos, the Group has already obtained a foreign investment licence, business operating licence and 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 China Unionpay ("CUP") has not yet been obtained as Oriental City Group Lao Co., Limited ("OCG Laos") is required to obtain the prerequisite letter of approval from the 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 Bank of Laos. The business will commence after the approval of CUP has been obtained;

3. In relation to 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
4. As regards the remaining net proceeds from the GEM placing, as at 30 June 2011, they were being held in an interest bearing deposit account maintained with a bank in Hong Kong.

## **BUSINESS OUTLOOK**

With improved financial performance in its Thailand operation, the Group will continue to monitor the recent political situation in Thailand and will seek to expand its business cautiously. Besides, the Group is also dedicated to exploring new business opportunities to maximize returns to its shareholders.

## **FINANCIAL REVIEW**

The Group's revenue for the Review Period amounted to approximately HK\$5,553,000, representing an increase of approximately 339% as compared to HK\$1,266,000 for the corresponding period in 2010. The net loss attributable to equity holders of the Company was approximately HK\$426,000 for the Review Period compared with approximately HK\$616,000 for the corresponding period in 2010.

The increase in the Group's revenue was mainly due to the significant increase in CUP cards acceptance transaction volume. As discussed in the paragraph headed "Business Review" under the section headed "Management Discussion and Analysis" above, with the political unrest in Bangkok, where the Group's business in Thailand was headquartered, the Group suffered from a great challenge in the corresponding period in 2010. Political stability in Thailand was much improved in the Review Period. The transaction volume handled by the Group during the Review Period reached approximately Baht 1,153 million (approximately HK\$295 million), representing an increase of 479% from Baht 199 million (approximately HK\$47 million) for the three months ended 30 June 2010.

The Group's gross profit for the Review Period was approximately HK\$2,050,000, representing an increase of approximately 193% from approximately HK\$699,000 recorded for the three months ended 30 June 2010. Gross profit margin for the three months ended 30 June 2011 and 2010 was approximately 37% and 55% respectively. The decrease in the Group's gross profit margin was mainly attributable to the decrease in the proportion of the marketing service fee income, whose direct costs were insignificant, over the total revenue earned during the Review Period.

The general administrative expenses of the Group for the Review Period amounted to approximately HK\$1,746,000, representing an increase of approximately 46% as compared to HK\$1,193,000 for the corresponding period in 2010. The increase in administrative expenses was mainly due to general increase in administrative and operating expenses, including rental expenses, staff costs, professional fees and other general expenses.

The selling and distribution costs for the Review Period amounted to approximately HK\$207,000, representing an increase of approximately HK\$54,000 compared with the corresponding period in 2010. The increase was mainly due to the increase in staff cost for the marketing team in Thailand during the Review Period.

With the significant increase in the revenue during the Review Period, the net loss attributable to the equity holders of the Company was approximately HK\$426,000 compared with approximately HK\$616,000 for the corresponding period in 2010, representing a decrease of approximately 31%.

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

As at 30 June 2011, 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:

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

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Percentage of shareholding</b>
Mr. Cheng Nga Ming Vincent ("Mr. Cheng")	Corporate – Interest of controlled corporation ( <i>Note</i> )	393,000,000	65.5%
	Beneficial owner	27,000,000	4.5%
Mr. Yu Chun Fai ("Mr. Yu")	Beneficial owner	24,000,000	4%

*Note:* These Shares were held by Tian Li Holdings Limited ("Tian Li") which in turn is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee respectively. Ms. Cheng Nga Yee is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in the 393,000,000 Shares held by Tian Li under the SFO.

**(b) Associated corporations**

As at 30 June 2011, Ms. Cheng Nga Yee held 30% equity interests in Tian Li.

Save as disclosed above, as at 30 June 2011, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

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

As at 30 June 2011, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

## The Company

### *Long positions in Shares*

Name	Capacity	Number of Shares	Percentage of shareholding
Tian Li	Beneficial owner	393,000,000	65.5%

*Note:* Tian Li is a company owned as to 70% and 30% by Mr. Cheng Nga Ming Vincent and Ms. Cheng Nga Yee respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in the 393,000,000 Shares held by Tian Li under the SFO. Mr. Cheng is a director of Tian Li.

Save as disclosed above, as at 30 June 2011, 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, ceased to be the director and chairman of Oriental City Group plc (“OCG UK”), the Company’s former ultimate holding company, on 28 June 2011. Although he ceased to have any executive role in OCG UK, he remains to be the sole director of Oriental City Group Limited (“OCG HK”), a wholly-owned subsidiary of OCG UK. As at 30 June 2011, Mr. Yu did not hold any beneficial interest in OCG UK.

The non-payment golf membership card business operated by OCG UK through OCG HK 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 OCG China. Accordingly, the Directors consider that Mr. Yu can devote sufficient attention to manage the business and affairs of the Group. Mr. Yu has executed into a non-competition undertaking on 14 August 2009 pursuant to which Mr. Yu undertakes, inter alia, not to 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**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Review Period.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules during the Review Period, except the code provision A.2.1 that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. Mr. Yu is the chairman and responsible for the duties of the CEO of the Company. Mr. Yu has over 8 years of experience in card payment industry and 12 years of experience in financial services and card industry. The Board considers that vesting the roles of chairman and CEO in 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 the applicable rules and regulations, which the two committees would meet on a quarterly basis.

## **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, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transactions from 1 April 2011 to 30 June 2011.

## **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 June 2011.

## **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 Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok. All of whom are independent non-executive directors, with written terms of reference in compliance with Rule 5.28 and 5.29 of the GEM Listing Rules. Mr. Chan Chun Wai has been appointed as the chairman of the Audit Committee.



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

On behalf of the Board

**Yu Chun Fai**

*Chairman*

Hong Kong, 9 August 2011

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

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its positing and on the Company’s website at [www.ocg.com.hk](http://www.ocg.com.hk).*