

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

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

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

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

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This announcement, for which the directors (the “Directors”) of Oriental City Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief 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\$12,035,000 for the six months ended 30 September 2011, which represented an increase of approximately 216% 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\$900,000 for the six months ended 30 September 2011 compared with approximately HK\$1,252,000 recorded in the corresponding period in 2010.
- Loss per share for the six months ended 30 September 2011 was approximately HK\$0.15 cents (2010: HK\$0.21 cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: Nil).

FINANCIAL STATEMENT

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 (collectively referred to as “the Group”) for the three months and six months ended 30 September 2011 together with the comparative figures for the corresponding periods in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2011

		Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2011	2010	2011	2010
	Note	HK\$	HK\$	HK\$	HK\$
Revenue	2	6,481,737	2,540,208	12,035,143	3,805,877
Cost of services rendered		<u>(4,185,315)</u>	<u>(1,485,883)</u>	<u>(7,688,605)</u>	<u>(2,052,515)</u>
Gross profit		2,296,422	1,054,325	4,346,538	1,753,362
Other income		65,710	4,780	171,878	15,541
General administrative expenses		(1,879,920)	(1,460,124)	(3,626,240)	(2,653,437)
Selling and distribution costs		(201,064)	(135,113)	(408,313)	(288,268)
Finance costs	4	<u>(8,020)</u>	<u>(7,596)</u>	<u>(15,899)</u>	<u>(14,955)</u>
Profit (Loss) before taxation	4	273,128	(543,728)	467,964	(1,187,757)
Taxation	5	<u>(388,698)</u>	<u>(38,228)</u>	<u>(712,624)</u>	<u>(38,228)</u>
Loss for the period		<u>(115,570)</u>	<u>(581,956)</u>	<u>(244,660)</u>	<u>(1,225,985)</u>
Attributable to:					
Equity holders of the Company		(474,142)	(635,091)	(900,058)	(1,251,514)
Minority interests		<u>358,572</u>	<u>53,135</u>	<u>655,398</u>	<u>25,529</u>
		<u>(115,570)</u>	<u>(581,956)</u>	<u>(244,660)</u>	<u>(1,225,985)</u>
Losses per share for					
loss attributable to equity					
holders of the Company					
Basic and diluted	6	<u>(0.08) HK cents</u>	<u>(0.11) HK cents</u>	<u>(0.15) HK cents</u>	<u>(0.21) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2011

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2011	2010	2011	2010
	HK\$	HK\$	HK\$	HK\$
Loss for the period	(115,570)	(581,956)	(244,660)	(1,225,985)
Other comprehensive (loss) income				
Exchange difference on translation of foreign subsidiaries	<u>(52,627)</u>	<u>119,829</u>	<u>(125,294)</u>	<u>116,471</u>
Total comprehensive loss for the period	<u>(168,197)</u>	<u>(462,127)</u>	<u>(369,954)</u>	<u>(1,109,514)</u>
Attributable to:				
Equity holders of the Company	(501,673)	(565,658)	(972,621)	(1,184,797)
Minority interests	<u>333,476</u>	<u>103,531</u>	<u>602,667</u>	<u>75,283</u>
	<u>(168,197)</u>	<u>(462,127)</u>	<u>(369,954)</u>	<u>(1,109,514)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		Unaudited 30 September 2011 HK\$	Audited 31 March 2011 HK\$
	Note		
Non-current assets			
Property, plant and equipment	7	536,713	493,495
Other non-current assets		<u>75,000</u>	<u>75,000</u>
		<u>611,713</u>	<u>568,495</u>
Current assets			
Trade and other receivables	8	5,825,690	5,322,454
Restricted bank balances	9	581,913	1,209,716
Cash and cash equivalents		<u>19,346,151</u>	<u>19,882,094</u>
		<u>25,753,754</u>	<u>26,414,264</u>
Current liabilities			
Trade and other payables	10	5,917,540	6,605,960
Tax payables		<u>694,141</u>	<u>243,830</u>
		<u>6,611,681</u>	<u>6,849,790</u>
Net current assets		<u>19,142,073</u>	<u>19,564,474</u>
Total assets less current liabilities		<u>19,753,786</u>	<u>20,132,969</u>
Non-current liabilities			
Other long-term liabilities	11	<u>343,209</u>	<u>352,438</u>
NET ASSETS		<u><u>19,410,577</u></u>	<u><u>19,780,531</u></u>
Capital and reserves			
Share capital	12	6,000,000	6,000,000
Reserves		<u>11,443,206</u>	<u>12,415,827</u>
Total equity attributable to equity holders of the Company		<u>17,443,206</u>	<u>18,415,827</u>
Minority interests		<u>1,967,371</u>	<u>1,364,704</u>
TOTAL EQUITY		<u><u>19,410,577</u></u>	<u><u>19,780,531</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	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 six months ended 30 September 2011								
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	-	-	-	-	(900,058)	(900,058)	655,398	(244,660)
Exchange difference on translation of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,563)</u>	<u>-</u>	<u>(72,563)</u>	<u>(52,731)</u>	<u>(125,294)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,563)</u>	<u>(900,058)</u>	<u>(972,621)</u>	<u>602,667</u>	<u>(369,954)</u>
At 30 September 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>(280,903)</u></u>	<u><u>(9,830,821)</u></u>	<u><u>17,443,206</u></u>	<u><u>1,967,371</u></u>	<u><u>19,410,577</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 six months ended 30 September 2010								
At 1 April 2010 (audited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(316,870)</u>	<u>(5,597,777)</u>	<u>21,640,283</u>	<u>805,918</u>	<u>22,446,201</u>
Loss for the period	-	-	-	-	(1,251,514)	(1,251,514)	25,529	(1,225,985)
Exchange difference on translation of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,717</u>	<u>-</u>	<u>66,717</u>	<u>49,754</u>	<u>116,471</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,717</u>	<u>(1,251,514)</u>	<u>(1,184,797)</u>	<u>75,283</u>	<u>(1,109,514)</u>
At 30 September 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>(250,153)</u></u>	<u><u>(6,849,291)</u></u>	<u><u>20,455,486</u></u>	<u><u>881,201</u></u>	<u><u>21,336,687</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2011*

	Unaudited	
	Six months ended	
	30 September	
	2011	2010
	HK\$	HK\$
Cash used in operations	(102,436)	(1,393,256)
Interest received	21,878	9,665
Interest paid	–	(26,099)
Tax paid	(243,830)	(42,581)
Net cash used in operating activities	(324,388)	(1,452,271)
Net cash used in investing activities	(155,746)	(179,760)
Net decrease in cash and cash equivalents	(480,134)	(1,632,031)
Cash and cash equivalents at beginning of period	19,882,094	22,485,824
Effect on exchange rate changes	(55,809)	121,208
Cash and cash equivalents at end of period	<u>19,346,151</u>	<u>20,975,001</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 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 the GEM of the Stock Exchange on 28 August 2009.

Basis of preparation

The unaudited condensed interim financial statements of the Company for the six months ended 30 September 2011 (“Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by Hong Kong Institute of Certified Public Accountants (“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 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, HKAS and Interpretation issued by HKICPA. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2011 (the “Annual Report”).

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

The accounting policies and methods of computation applied in preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report. The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

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

2. REVENUE

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

	Unaudited Three months ended 30 September 2011 HK\$		Unaudited Six months ended 30 September 2011 HK\$	
		2010 HK\$		2010 HK\$
Co-branded card annual fee and transaction income	–	8,975	–	12,792
Card acceptance transaction fee income	4,664,047	1,749,050	8,576,895	2,418,950
Foreign exchange rate discount income	1,427,690	392,183	2,678,248	594,135
Marketing service fee income	390,000	390,000	780,000	780,000
	<u>6,481,737</u>	<u>2,540,208</u>	<u>12,035,143</u>	<u>3,805,877</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.

Six months ended 30 September 2011 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	2,678,249	–	2,678,249
Other customers	8,576,894	780,000	9,356,894
	<u>11,255,143</u>	<u>780,000</u>	<u>12,035,143</u>
Segment results	<u>2,355,718</u>	<u>636,548</u>	2,992,266
Unallocated interest and other income			171,878
Unallocated finance costs			(15,899)
Unallocated other expenses			<u>(2,680,281)</u>
Profit before taxation			467,964
Taxation			<u>(712,624)</u>
Loss for the period			<u>(244,660)</u>

Six months ended 30 September 2010 (unaudited)

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

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

At 30 September 2011 (unaudited)

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Property, plant and equipment	417,424	119,289	536,713
Other assets	11,087,401	11,150	11,098,551
Segment assets	<u>11,504,825</u>	<u>130,439</u>	11,635,264
Unallocated corporate assets			<u>14,730,203</u>
Consolidated total assets			<u>26,365,467</u>
Segment liabilities	<u>6,803,642</u>	<u>–</u>	6,803,642
Unallocated corporate liabilities			<u>151,248</u>
Consolidated total liabilities			<u>6,954,890</u>

At 31 March 2011 (audited)

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Property, plant and equipment	359,726	133,769	493,495
Other assets	<u>9,387,323</u>	<u>28,130</u>	<u>9,415,453</u>
Segment assets	<u><u>9,747,049</u></u>	<u><u>161,899</u></u>	9,908,948
Unallocated corporate assets			<u>17,073,811</u>
Consolidated total assets			<u><u>26,982,759</u></u>
Segment liabilities	<u><u>6,558,374</u></u>	<u><u>—</u></u>	6,558,374
Unallocated corporate liabilities			<u>643,854</u>
Consolidated total liabilities			<u><u>7,202,228</u></u>

4. PROFIT (LOSS) BEFORE TAXATION

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2011	2010	2011	2010
	HK\$	HK\$	HK\$	HK\$
This is stated after charging:				
Finance costs				
Finance costs on other long-term liabilities	<u>8,020</u>	<u>7,596</u>	<u>15,899</u>	<u>14,955</u>
Other items				
Depreciation of property, plant and equipment	59,887	44,458	105,694	72,048
Staff costs, including directors' emoluments	720,253	697,502	1,498,528	1,344,497
Operating lease charges on premises	<u>248,523</u>	<u>100,930</u>	<u>523,645</u>	<u>191,997</u>

5. TAXATION

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2011	2010	2011	2010
	HK\$	HK\$	HK\$	HK\$
Current tax	<u>388,698</u>	<u>38,228</u>	<u>712,624</u>	<u>38,228</u>

(i) Hong Kong Profits Tax

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

(ii) Income taxes outside Hong Kong

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

Oriental City Group (Thailand) Company Limited ("OCG Thailand") is subject to Thailand income tax at a rate of 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 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. LOSSES PER SHARE

Basic losses per share for the three months and six months ended 30 September 2011 are calculated based on the unaudited consolidated loss for the period attributable to the equity holders of the Company of HK\$474,142 and HK\$900,058 respectively, (2010: HK\$635,091 and HK\$1,251,514 respectively) and on the weighted average number of 600,000,000 ordinary shares (2010: 600,000,000 ordinary shares) in issue during both periods.

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

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2011, the Group spent HK\$155,746 (2010: HK\$179,760) on additions to the office equipment.

8. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2011 HK\$	Audited 31 March 2011 HK\$
Trade receivables	5,010,493	4,412,992
Other receivables		
Deposits, prepayments and other receivables	<u>815,197</u>	<u>909,462</u>
	<u>5,825,690</u>	<u>5,322,454</u>

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

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 represent bank balances in a bank in Thailand solely for the purpose of settlement of outstanding trade payables for the card acceptance business and are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in Baht.

10. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2011 HK\$	Audited 31 March 2011 HK\$
Trade payables	5,584,355	5,617,854
Other payables		
Accrued charges and other payables	<u>333,185</u>	<u>988,106</u>
	<u>5,917,540</u>	<u>6,605,960</u>

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

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

11. OTHER-LONG TERM LIABILITIES

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

- one vote for every five shares held on any resolution of OCG Thailand;
- the right to receive cumulative dividend declared by OCG Thailand at the annual rate of 9% paid up amount of the shares issued, prior to the ordinary shares; and
- the right to receive the distribution of the share capital, in the case of the winding up of 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 are classified as liabilities instead of equity in the Group's unaudited condensed consolidated statement of financial position in accordance with applicable accounting standards because they are not redeemable and the holders of which are entitled to receive cumulative dividends on the paid up amount of the preference shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

As at 30 September 2011, the Group had an outstanding amount due to minority shareholder of Baht 1,375,000 (equivalent to HK\$343,209) (31 March 2011: Baht 1,375,000 (equivalent to HK\$352,438)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividends at 9% per annum, with an accrued dividend payable of Baht 62,045 (equivalent to HK\$15,487) (31 March 2011: Baht 123,750 (equivalent to HK\$30,682)) as included in trade and other payables.

12. SHARE CAPITAL

	Unaudited At 30 September 2011		Audited At 31 March 2011	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised				
Ordinary shares of HK\$0.01 each	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid				
Ordinary shares of HK\$0.01 each	<u>600,000,000</u>	<u>6,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>

13. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Relationship with the Group	Nature of transaction	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2011 HK\$	2010 HK\$	2011 HK\$	2010 HK\$
A former fellow subsidiary of the Group <Remark>	Administrative service fee paid	<u>19,640</u>	<u>28,989</u>	<u>49,100</u>	<u>57,978</u>

<Remark>

A director of the Company, Mr. Yu Chun Fai, is also a director of the former fellow subsidiary of the Group.

14. COMMITMENTS

Commitments under operating leases

As at 30 September 2011 and 31 March 2011, the Group had total future aggregate minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 30 September 2011 <i>HK\$</i>	Audited 31 March 2011 <i>HK\$</i>
Within one year	864,960	1,024,971
In the second to fifth years inclusive	162,461	463,051
	<u>1,027,421</u>	<u>1,488,022</u>

Capital expenditure commitments

	Unaudited 30 September 2011 <i>HK\$</i>	Audited 31 March 2011 <i>HK\$</i>
Contracted but not provided for, net of deposits paid	<u>225,000</u>	<u>225,000</u>

15. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 7 November 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The financial statement for the six months ended 30 September 2011 (the “Review Period”) of the Group improved when compared with that of the Group recorded in the corresponding period of last year. This was mainly attributable to the improvement in the Group’s business in Thailand during the Review Period. For the six months ended 30 September 2010, the Group’s business in Thailand suffered from a great challenge as a result of the political instability. As such, there was a significant reduction in the number of the PRC tour groups going to Thailand. For the Review Period, political situation in Thailand was much stable, tour groups visiting Thailand was therefore increased when compared with the same period in last year. In addition, the impact of the termination of the participation agreement between 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 was relieved by the installation of new point-of-sales (“POS”) terminals by OCG Thailand. As such, revenue generated from the card acceptance business in Thailand for the Review Period amounted to approximately HK\$11,255,000, representing an increase of approximately 274% as compared with the amount for the corresponding period in 2010. With the significant improvement in the business in Thailand, the Group’s revenue was increased from approximately HK\$3,806,000 to approximately HK\$12,035,000 for the six months ended 30 September 2010 and 2011 respectively, representing an increase of 216%.

REVIEW OF OPERATIONS

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Company’s prospectus dated 24 August 2009 (the “Prospectus”) with the Group’s actual business progress for the period from 14 August 2009, being the latest practicable date as defined in the Prospectus (the “LPD”) to 30 September 2011 is set out below:

Business objectives for the period from the LPD to 30 September 2011 as stated in the Prospectus	Actual business progress up to 30 September 2011
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1. Co-branded card partnership business

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

The Group focused on promoting the customer coverage in Hainan Province, PRC from the LPD to 24 February 2011, being the expiry date of the agreement between Oriental City Group (Hainan) Services Limited (“OCG China”), a wholly owned subsidiary of the Company, and the Hainan branch of BOCOM. The Group and BOCOM decided not to renew the agreement upon the expiration of the agreement.

To launch and further expand the lifestyle co-branded card partnership business with other major banks to launch other lifestyle cards in the PRC and to strengthen the Group's established lifestyle cards business.

2. *Card acceptance business*

To play a leadership role in expanding China Unionpay ("CUP") card acceptance services and coverage in Thailand and to further expand a comprehensive merchant's network for processing CUP card acceptance services throughout major tourists areas in Thailand and Macau.

To expand its merchants' base in processing CUP card acceptance services in Laos.

The Group has undergone negotiations with potential partnership banks. No agreement has yet been finalised.

The Group currently concentrates on the development of the card acceptance business in Thailand. During the Review Period, OCG Thailand upgraded its existing information technology system in order to catch up with the system development of CUP. Further, 40 new POS terminals were installed mainly in Bangkok, Phuket and Pattaya after the termination of the participation agreement with SCB in May 2010. Since Thailand is being subject to severe flooding, the Directors will closely monitor the situation in Thailand and adjust the use of proceeds according to the actual development.

Foreign investment licence, business licence and tax licence for carrying out business in Laos were obtained in the first quarter of year 2010. The Group also became the first participating member of Laos Central Payment Network ("LCPN"), a central electronic network for Laos which provides the service of clearing electronic transactions. However, the Group has not yet got the approval from CUP. With reference to the recent global economic environment, the Group is considering postponing the commencement of the card acceptance business in Laos.

USE OF PROCEEDS

As disclosed in the Company's annual report for the year ended 31 March 2011, 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 have adjusted the use of the proceeds in the same manner and in the same proportion as shown in the Prospectus. As stated in the Prospectus, we plan to expand the Group's card acceptance business and co-branded card partnership business in the forthcoming future. The net proceeds from Placing have been applied by the Group in accordance with the Directors' assessment of the development of the market condition as follows:

	Adjusted use of the proceeds in the same manner and proportion as stated in the Prospectus from the LPD to 30 September 2011 HK\$'000	Actual use of the proceeds from the LPD to 30 September 2011 HK\$'000
Co-branded card partnership business	9,260	664
Card acceptance business	8,836	265
General working capital	1,414	7,587
	<hr/>	<hr/>
Total	<u>19,510</u>	<u>8,516</u>

Notes:

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The net proceeds have been applied by the Group in the following manners in accordance with the assessment by the Directors of the development of the market conditions.

1. In relation to the Group's co-branded card partnership business: during the period between LPD 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 BOCOM. 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: after the termination of the participation agreement with SCB on 10 May 2010, the Group installed 40 new POS terminals in the tourists areas like Bangkok, Phuket and Pattaya. Further, during the Review Period, OCG Thailand upgraded its existing information technology system in order to catch up with the system development of CUP. Since Thailand is being subject to severe flooding, the Directors will closely monitor the situation and are considering the possibility to slow down the development of its card acceptance business in Thailand and the related impact on the Group. 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 in respect such business in Laos. With reference to the recent economic development of the global market, the Group is considering postponing the commencement of the card acceptance business in Laos.
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 Placing as at 30 September 2011, they are being held in an interest bearing deposit account maintained with a bank in Hong Kong.

BUSINESS OUTLOOK

The Group's card acceptance business is mainly located in Bangkok, Phuket and Pattaya of Thailand. After the Review Period, Thailand, especially Bangkok, has been subject to severe flooding and the transaction volume dropped significantly since late October 2011. The average daily transaction volume for the first six days of November 2011 was approximately Baht 2 million (equivalent to approximately HK\$515,000), compared with the average daily transaction volume in October 2011 of Baht 15 million (equivalent to approximately HK\$3,666,000), representing a decrease of approximately 87%. The Directors confirm that the POS terminals operated by the Company's merchants have not been damaged or compromised as at the date of this announcement. The Directors will closely monitor the situation and will notify the shareholders of the Company by means of an announcement, as and when appropriate, if the flooding post a material adverse impact to the Group. In addition, the Directors are of the view that the performance of the Group's card acceptance business in Thailand also depends significantly on the political, environmental and other circumstances of Thailand which are out of the control of the Group. As such, the Directors will continue to seek for the best interest of the shareholders of the Company and, while seeking to continue the development of the Group's card acceptance business in Thailand, look for other new business opportunities in order to broaden the revenue base of the Group and thereby lessen its exposure to Thailand.

FINANCIAL REVIEW

Resulting from the significant improvement in the Group's business in Thailand, revenue of the Group was increased by approximately 216% from approximately HK\$3,806,000 for the six months ended 30 September 2010 to approximately HK\$12,035,000 for the six months ended 30 September 2011. With the improvement in the Group's revenue for the Review Period, the net loss attributable to equity holders of the Company was decreased from approximately HK\$1,252,000 for the corresponding period in 2010 to approximately HK\$900,000 for the Review Period, representing an improvement of approximately 28%. As discussed in the paragraph headed "Business Review" under the section headed "Management Discussion and Analysis" above, the Group's performance of the card acceptance business in Thailand

improved resulting from the improvement in the political stability. The transaction volume handled by the Group during the Review Period was therefore increased significantly from approximately Thai Baht (“Baht”) 712 million (approximately HK\$172 million) for the corresponding period in 2010 to approximately Baht 2,517 million (approximately HK\$645 million) in the Review Period, representing an increase of approximately 254%.

The Group’s gross profit was increased from approximately HK\$1,753,000 to approximately HK\$4,347,000 for the six months ended 30 September 2010 and 2011 respectively, representing an increase of approximately 148%. Gross profit margin for the six months ended 30 September 2011 and 2010 was approximately 36% and approximately 46% 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, in respect of which direct costs were minimal, over the total revenue earned during the Review Period.

The general administrative expenses of the Group for the Review Period amounted to approximately HK\$3,626,000, representing an increase of approximately 37% from approximately HK\$2,653,000 for the corresponding period in 2010. The increase in the general administrative expenses was mainly due to the increase in rental expenses, staff costs and other general expenses.

The selling and distribution costs for the Review Period amounted to approximately HK\$408,000, representing an increase of approximately HK\$120,000 compared with those recorded in 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operation through internally generated cash flows, public fund raisings and other borrowings. As at 30 September 2011, the Group’s other long-term borrowings amounted to Baht 1,375,000 (equivalent to approximately HK\$343,000) due to a minority shareholder, representing the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum and such dividend was recorded as finance costs. The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, for the Review Period was approximately 1% (31 March 2011: approximately 1%).

As at 30 September 2011, the Group had net current assets of approximately HK\$19,142,000 (31 March 2011: approximately HK\$19,564,000). Current ratio as at 30 September 2011 was approximately 3.90 (31 March 2011: approximately 3.86). The cash and cash equivalents of the Group as at 30 September 2011 was approximately HK\$19,346,000 (31 March 2011: approximately HK\$19,882,000).

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately HK\$17,443,000 as at 30 September 2011 (31 March 2011: approximately HK\$18,416,000).

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in Hong Kong dollars (“HK\$”), Renminbi (“RMB”) and Baht, which are the functional currencies of the relevant subsidiaries. The Group’s trade receivables arising from the operation of card acceptance business in Thailand are mainly denominated in United States dollars (“US\$”). The Group currently does not have a formal written foreign currency hedging policy. However, the management of the Group monitors the related foreign currency risk exposure closely and the Group would enter into foreign currency forward contracts should the need arise. At 30 September 2011, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$200,000 (equivalent to approximately HK\$1,550,000) (31 March 2011: US\$300,000, equivalent to approximately HK\$2,340,000). No material fair value gain or loss has been recognised for the foreign currency forward contracts. The Directors and the management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as 30 September 2011.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2011 (2010: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group had a total staff of 11 (31 March 2011: 11) of whom 5 were based in Hong Kong, 5 were based in Thailand and the remaining one was based in the PRC. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

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

CHARGES ON ASSETS

As at 30 September 2011, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 September 2011, the Group did not have any significant contingent liabilities.

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

As at 30 September 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")

Name	Capacity	Number of Shares	Percentage of shareholding
Mr. Cheng Nga Ming Vincent ("Mr. Cheng")	Corporate – Interest of controlled corporation (<i>Note</i>)	393,000,000	65.50%
	Beneficial owner	27,000,000	4.50%
Mr. Yu Chun Fai ("Mr. Yu")	Beneficial owner	22,040,000	3.67%

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 September 2011, Ms. Cheng Nga Yee held 30% equity interests in Tian Li.

Save as disclosed above, as at 30 September 2011, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executive of the Company had any interest or short position 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

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

As at 30 September 2011, so far as is known to the Directors, the following person (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	65.50%

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 September 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.

COMPLETING 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 September 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 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.

SHARE OPTION SCHEME

On 14 August 2009, the Company adopted a share option scheme (the “Scheme”) for the purpose of recognising and motivating the contribution of the eligible participants. Eligible participants of the Scheme include, without limitation, employees, Directors, shareholders of the Group.

For the six months ended 30 September 2011, no share option has been granted or agreed to be granted to any person under the Scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules during the Review Period, except the code provision A.2.1 that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. Mr. Yu is the chairman and responsible for the duties of the CEO of the Company. Mr. Yu has over 8 years of experience in card payment industry and 12 years of experience in financial services and card industry. The Board considers that vesting the roles of chairman and CEO in 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 September 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 September 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, 7 November 2011

As at the date of this announcement, the Board of Directors of the Company 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.