
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer or this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Oriental City Group Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

Tian Li Holdings Limited
(Incorporated in the British Virgin Islands with limited liability)


Oriental City Group
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)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY



KINGSTON SECURITIES LTD.

FOR AND ON BEHALF OF TIAN LI HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN ORIENTAL CITY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY TIAN LI HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to
Tian Li Holdings Limited



KINGSTON CORPORATE FINANCE LTD.

Independent Financial Adviser to the Independent Board Committee



Capitalized terms used in this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities containing, among other things, the details of the terms of the Offer is set out on pages 6 to 15 of this Composite Document.

A letter from the Board is set out on pages 16 to 21 of this Composite Document.

A letter from the Independent Board Committee containing the recommendation of the majority of the Independent Board Committee in respect of the Offer and a statement of Ms. Wong Lai Chun (the dissenting member of the Independent Board Committee) recommending the Independent Shareholders not to accept the offer is set out on pages 22 to 23 of this Composite Document.

A letter from Cinda International containing its advice and recommendation in respect of the Offer to the Independent Board Committee is set out on pages 24 to 41 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the share registrar and transfer office of Oriental City Group Holdings Limited in Hong Kong, Union Registrars Limited, at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by no later than 4:00 p.m. on Thursday, 24 March 2011 or such later time(s) and/or date(s) as Tian Li Holdings Limited may determine and announce in accordance with the requirements of the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or, the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from Kingston Securities" on pages 6 to 15 of this Composite Document and in paragraph 7(h) of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the GEM website at www.hkgem.com and on the website of Oriental City Group Holdings Limited at www.ocg.com.hk as long as the Offer remains open.

3 March 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high 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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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made as and when appropriate. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong times and dates.

2011

Despatch date of this Composite Document and the
commencement date of the Offer Thursday, 3 March

Closing Date (*Note 1*) Thursday, 24 March

Latest time and date for acceptance of the Offer (*Note 1*) 4:00 p.m. on Thursday,
24 March

Announcement of the results of the Offer as at
the Closing Date to be posted on the
Stock Exchange's website (*Note 1*) by 7:00 p.m. on Thursday,
24 March

Latest date for posting of remittances for the amounts due
under the Offer in respect of valid acceptances received on
or before 4:00 p.m. on the Closing Date (*Note 2*). Saturday, 2 April

Notes:

1. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Thursday, 24 March 2011.
2. Remittances in respect of the consideration payable for the Shares tendered under the Offer will be despatched to the accepting holders of the Offer Shares by ordinary post at their own risk as soon as possible but in any event within 10 days of the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

DEFINITIONS

In this Composite Document, the following expressions have the following meanings set out below unless the context otherwise requires:

“Acquisition”	the purchase of the Sale Shares by the Offeror from the Vendor pursuant to the terms and conditions of the S&P Agreement
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules, the GEM Listing Rules and the Takeovers Code (as the case may be)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Cinda International”	Cinda International Capital Limited, a licensed corporation under the SFO licensed to conduct type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee
“Closing Date”	24 March 2011, being the closing date of the Offer which is 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror with consent of the Executive
“Company”	Oriental City Group Holdings Limited (stock code: 8325), a company incorporated in the Cayman Island with limited liability, the issued Shares of which are listed on GEM
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the S&P Agreement
“Completion Date”	the date of the S&P Agreement on which Completion takes place, being 5 January 2011

DEFINITIONS

“Composite Document”	this composite offer and response document dated 3 March 2011 issued jointly by the Offeror and the Company in relation to the Offer
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	a standby loan facility of up to HK\$18,000,000, which is secured by the Sale Shares, granted by Kingston Securities to the Offeror pursuant to a facility letter
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the non-executive Directors, namely Ms. Wong Lai Chun, Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung, which has been established to give recommendation to the Independent Shareholders in respect of the Offer

DEFINITIONS

“Independent Shareholders”	Shareholders other than the Offeror, its ultimate beneficial owners and parties acting in concert with any one of them
“Independent Third Parties”	the parties who, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are independent of and not connected or acting in concert with any of the Director(s), chief executive(s) of the Company or substantial Shareholder(s) or any of the subsidiaries or their respective associate(s)
“Joint Announcement”	the announcement dated 13 January 2011 jointly issued by the Offeror and the Company in relation to, among others, the Acquisition and the Offer
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Last Trading Day”	5 January 2011, being the last Trading Day of the Shares immediately prior to the suspension in trading of the Shares on the Stock Exchange at 9:30 a.m. on 6 January 2011 pending the release of the Joint Announcement
“Latest Practicable Date”	1 March 2011, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Mr. Cheng”	Mr. Cheng Nga Ming Vincent, the beneficial owner of 70% of the entire issued share capital of the Offeror
“Ms. Cheng”	Ms. Cheng Nga Yee, the beneficial owner of 30% of the entire issued share capital of the Offeror
“Offer”	the unconditional mandatory cash offer to be made by Kingston Securities for on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from the date of the Joint Announcement and ending on the Closing Date
“Offer Price”	the price at which the Offer is made, being HK\$0.1 per Offer Share

DEFINITIONS

“Offer Share(s)”	issued Share(s) and Share(s) which may be issued by the Company following the date of the Joint Announcement, other than those already owned by the Offeror, its ultimate beneficial owners and parties acting in concert with any one of them
“Offeror” or “Purchaser”	Tian Li Holdings Limited, which is a company incorporated in the BVI with limited liability. The Offeror is legally and beneficially owned as to 70% by Mr. Cheng and as to 30% by Ms. Cheng
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
“Placing Agreement”	the placing agreement dated 5 January 2011 entered into between the Offeror and Kingston Securities in respect of placing of up to 150,000,000 Shares
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, Macau Special Administrative Regions of PRC and Taiwan
“Registrar”	Union Registrars Limited, being the share registrar and transfer office of the Company in Hong Kong, whose address is at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding the commencement of the Offer Period on 13 January 2011, up to and including the Latest Practicable Date
“S&P Agreement”	the sale and purchase agreement dated 5 January 2011 entered into between the Offeror and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	402,000,000 Shares acquired by the Offeror from the Vendor pursuant to the terms and conditions of the S&P Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
“Vendor”	Oriental City Group Asia Limited, which is an investment holding company incorporated in the BVI
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM KINGSTON SECURITIES



KINGSTON SECURITIES LTD.

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

3 March 2011

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
TIAN LI HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
ORIENTAL CITY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY TIAN LI HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 13 January 2011, the Offeror and the Company jointly announced that on 5 January 2011, the Offeror and the Vendor entered into the S&P Agreement. Pursuant to the S&P Agreement, the Vendor agreed to sell and the Offeror agreed to acquire 402,000,000 Shares at consideration of HK\$40,200,000 (equivalent to HK\$0.1 per Sale Share). Completion took place immediately after the signing of the S&P Agreement. Immediately following Completion, the Offeror and parties acting in concert with it were interested in 429,000,000 Shares, representing 71.5% of the then entire issued share capital of the Company. Accordingly, the Offeror was required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Cinda International" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM KINGSTON SECURITIES

THE OFFER

As at the Latest Practicable Date, there were 600,000,000 Shares in issue. The Company has no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

Principal terms of the Offer

Kingston Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:–

For each Offer Share HK\$0.1 in cash

The Offer Price of HK\$0.1 per Offer Share is the same as the price per Sale Share paid by the Offeror under the S&P Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights accruing or attaching to them on or after the Completion Date or subsequently become attached to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

The Offer is unconditional and therefore is not conditional upon any minimum level of acceptances being received nor subject to any other conditions.

Comparison of value

The Offer Price of HK\$0.1 is determined based on the price per Sale Share paid by the Offeror under the S&P Agreement and represents:

- (i) a discount of approximately 80.4% to the closing price of HK\$0.510 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 80.4% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 Trading Days up to and including the Last Trading Day of approximately HK\$0.510 per Share;
- (iii) a discount of approximately 80.7% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 Trading Days up to and including the Last Trading Day of approximately HK\$0.517 per Share;
- (iv) a discount of 90% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (v) a premium of approximately 193.3% over the unaudited consolidated net asset value of the Group attributable to the equity holders of the Company of approximately HK\$0.0341 per Share as at 30 September 2010 (based on the unaudited consolidated accounts of the Company for the six months ended 30 September 2010 and the number of Shares in issue as at the Latest Practicable Date).

LETTER FROM KINGSTON SECURITIES

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.30 per Share (on 30 September 2010) and HK\$0.40 per Share (on 4 and 5 August 2010) respectively.

Value of the Offer

On the basis of the Offer Price of HK\$0.1 per Offer Share and 600,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$60,000,000. Excluding the 402,000,000 Sale Shares having been acquired by the Offeror pursuant to the S&P Agreement and 27,000,000 Shares already been owned by the Offeror and parties acting in concert with it, 171,000,000 Shares will be subject to the Offer and are valued at HK\$17,100,000 based on the basis of the Offer Price.

Financial resources available to the Offeror

The financial resources of the Offeror to fund the Offer, amounting to an aggregate of HK\$17,100,000 are financed by the Facility provided by Kingston Securities. The Offeror confirms that (i) payment of the interest and the principal of the Facility; and (ii) security for any liability (contingent or otherwise) under the Facility, would not be dependent to any significant extent on the business of the Group.

Kingston Corporate Finance Limited is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

Effect of accepting the Offer

By accepting the Offer, Shareholders will sell their Shares to the Offeror free from all Encumbrances and with all rights attached to them on or after the Completion Date, including but not limited to the rights to receive all dividends and distribution declared, paid or made, if any, on or after the Completion Date. As at the Latest Practicable Date, no dividend has been declared but not yet been paid.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror on behalf of the relevant Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM KINGSTON SECURITIES

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Other arrangements

As at the Latest Practicable Date, (i) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer; (ii) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; (iii) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offer; and (iv) none of the Offeror nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in the Cayman Islands and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. Shareholders who wish to participate in the Offer but with registered address outside Hong Kong will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Shareholders in respect of such jurisdiction).

Acceptances of the Offer by any such person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

LETTER FROM KINGSTON SECURITIES

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately before the Completion; (ii) as at the Latest Practicable Date; and (iii) immediately following the Completion and completion of the Placing Agreement:

Shareholders	Immediately before Completion		As at the Latest Practicable Date		Immediately following the Completion and completion of the Placing Agreement	
	Approximate%		Approximate%		Approximate%	
	Number of Shares	of issued Shares	Number of Shares	of issued Shares	Number of Shares	of issued Shares
The Vendor (<i>Note 1</i>)	402,000,000	67.0%	–	–	–	–
Offeror and parties acting in concert with it	27,000,000	4.5%	429,000,000	71.5%	420,000,000	70.0%
Mr. Yu Chun Fai (<i>Note 2</i>)	24,000,000	4.0%	24,000,000	4.0%	24,000,000	4.0%
Ms. Wong Lai Chun (<i>Note 3</i>)	6,000,000	1.0%	6,000,000	1.0%	6,000,000	1.0%
Sub-total	459,000,000	76.5%	459,000,000	76.5%	450,000,000	75.0%
Public Shareholders	141,000,000	23.5%	141,000,000	23.5%	150,000,000	25.0%
Total	<u>600,000,000</u>	<u>100.0%</u>	<u>600,000,000</u>	<u>100.0%</u>	<u>600,000,000</u>	<u>100.0%</u>

Notes:

- 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, a company having its entire issued share capital listed on the quoted market of The PLUS Stock Exchange in the United Kingdom.
- Mr. Yu Chun Fai is an executive Director and the chairman of the Company and is personally interested in 24,000,000 Shares.
- Ms. Wong Lai Chun is a non-executive Director and is personally interested in 6,000,000 Shares.

As at the Latest Practicable Date, (i) the Company had no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares; and (ii) save for the Sale Shares acquired through the Acquisition and 27,000,000 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror, its directors, nor the parties acting in concert with the Offeror has held, owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares during the Relevant Period.

Mr. Yu Chun Fai did not intend to accept the Offer in respect of his own beneficial holdings of Shares and Ms. Wong Lai Chun did not intend to accept the Offer in respect of her own beneficial holdings of Shares and the remaining Directors were not interested in any Shares. As stated in the “Letter from the Independent Board Committee” as set out on page 22 to page 23 of this Composite Document, Ms. Wong Lai Chun does not consider the terms of the Offer to be fair and reasonable and does not recommend the Independent Shareholders to accept the Offer because the Offer Price represents discounts to the recent market prices of the Shares and might not appear to be attractive to the Independent Shareholders.

LETTER FROM KINGSTON SECURITIES

DEALINGS IN SECURITIES OF THE COMPANY

Kingston Securities and its ultimate beneficial owners are independent third parties not connected with the Offeror or any of its connected persons save to the extent that, by virtue of the provision of the Facility to the Offeror, Kingston Securities is presumed to be a party acting in concert with the Offeror under the Takeovers Code.

All Shares to be acquired by the Offeror under the Offer by the use of the Facility provided by Kingston Securities shall be deposited to the margin account opened by the Offeror with Kingston Securities from time to time as collateral for the Facility, and shall be released to the Offeror upon full repayment of all the outstanding amount of the Facility (including all the outstanding principal amount, accrued interest, fees and charges) by the Offeror to Kingston Securities. Save as aforesaid, the Offeror has no intention to transfer, charge or pledge the Shares acquired in pursuance with the Offer to any other persons.

Save for the acquisition of the Sale Shares under the S&P Agreement and the entering into of the Placing Agreement, none of the Offeror nor parties acting in concert with it has dealt in the Shares and any outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period. As at the Latest Practicable Date, the Offeror and parties acting in concert with it have not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor have any of its members borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. As at the Latest Practicable Date, save for the Sale Shares held by the Offeror and the 27,000,000 Shares already owned by the Offeror and its associates, the Offeror and parties acting in concert with it did not hold, own or control any Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Offer.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability. The Purchaser is legally and beneficially owned as to 70% by Mr. Cheng and as to 30% by Ms. Cheng. Immediately before Completion, the Offeror and parties acting in concert with it were interested in 27,000,000 Shares, of which Mr. Cheng was personally interested in 27,000,000 Shares, representing 4.5% of the entire issued share capital of the Company as at the Latest Practicable Date. Immediately prior to the entering into of the S&P Agreement, each of the Offeror and its ultimate beneficial shareholders are Independent Third Parties. Other than the entering into of the S&P Agreement and the Placing Agreement, the Offeror has not conducted any business since its incorporation.

LETTER FROM KINGSTON SECURITIES

Mr. Cheng, aged 40, graduated from California State University, Sacramento with major in finance. He is a private investor who has extensive experience in investment management and securities analysis. He has about 15 years of experience in investment with hedge fund groups responsible for investment portfolios with a primary focus in Asia.

Ms. Cheng, aged 37, graduated from San Francisco State University with major in marketing. She is the sister of Mr. Cheng. She has about 10 years of experience in investment. She also has about 3 years' experience as business consultant in Wang On Group Limited, a company listed in the main board of the Stock Exchange.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands and through its subsidiaries, is principally engaged in the cards and payment related businesses, namely the card acceptance business and the co-branded card partnership business in Thailand and the PRC respectively.

The Group recorded audited loss attributable to equity holders of the Company of HK\$145,451 for the financial year ended 31 March 2009 and audited loss attributable to equity holders of the Company of HK\$1,879,136 for the financial year ended 31 March 2010. The unaudited consolidated net assets value attributable to equity holders of the Company as at 30 September 2010 was approximately HK\$20,455,000.

As at the Latest Practicable Date, the Company has not entered into any agreement, arrangement, undertaking, intention or negotiation about any:

- (i) disposal/termination/scaling-down of the existing business of cards and payment related business (namely the card acceptance business, co-branded card partnership business in Thailand and the PRC); and
- (ii) acquisition of new assets or businesses.

OFFEROR'S INTENTION ON THE GROUP

The Offeror considers that the acquisition of a majority stake in the share capital of the Company is an appealing investment opportunity. After performing a preliminary review on the business currently engaged by the Group, the Offeror was attracted by the Company's good reputation in the card acceptance business, its streamlined management structure and simple corporate structure of the Group. Whilst the Offeror and its ultimate beneficial owners do not have any experience in the business currently engaged by the Group, it is considered that with the extensive experience of the Offeror and its ultimate beneficial owners in the investment management and with aids from the existing management team of the Company, the Company would be an ideal platform for the Offeror and its ultimate beneficial owners to start a long-term business and to realise their business ambition.

LETTER FROM KINGSTON SECURITIES

It is the intention of the Offeror that the Group will continue with its existing principal businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company after the Offer. The Offeror will, shortly after the close of the Offer, conduct a more detailed review on the operations of the Group with a view to formulate a comprehensive business strategy for the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or deploy the assets of the Group (other than those in its ordinary course of business). As at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by the Group.

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board comprises one executive Director, namely Mr. Yu Chun Fai, one non-executive Director, namely Ms. Wong Lai Chun, and three independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung.

The Offeror intends that it will nominate Mr. Cheng and Ms. Cheng as executive Directors and Mr. Lee Kin Fai and Mr. Chow King Lok as independent non-executive Directors on such date as the Takeovers Code permits. Ms. Wong Lai Chun will resign as non-executive Director and Mr. Chan Wing Cheung Joseph and Mr. Tsang Siu Tung will resign as independent non executive Directors after the close of the Offer or such date as the Takeovers Code permits.

The biographies of Mr. Cheng and Ms. Cheng are set out in the paragraph headed “Information on the Offeror” above. The biographies of the other proposed Directors are set out below:

Mr. Lee Kin Fai (“Mr. Lee”), aged 38, is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration from the Manchester Business School of University of Manchester, United Kingdom. He was an executive director of Apollo Solar Energy Technology Holdings Limited (Stock Code: 566), a company listed on the main board of the Stock Exchange, during January 2009 to August 2010. Mr. Lee is currently an independent non-executive director of ePRO Limited (Stock Code: 8086), a company listed on GEM.

Prior to joining Apollo Solar Energy Technology Holdings Limited in 2004, he worked in another company listed on the main board of the Stock Exchange and an international accounting firm. Mr. Lee has more than 10 years’ experience in accounting, audit and taxation field.

Mr. Chow King Lok (“Mr. Chow”), aged 63, is currently a committee member of Hong Kong Shatin Industries and Commerce Association Ltd., and a director of an engineering company. He has a bachelor degree in Mechanical Engineering from Cheng Kung University, Taiwan. Mr. Chow was an independent non-executive director of Apollo Solar Energy Technology Holdings Limited (Stock Code: 566), a company listed on the main board of the Stock Exchange during August 2008 to August 2010.

LETTER FROM KINGSTON SECURITIES

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on GEM. The directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

To ensure that immediately upon closing of the Offer, the Shares held in the public hands will not be less than 25% of the Company's entire issued share capital, on 5 January 2011, the Offeror has entered into the Placing Agreement with Kingston Securities, who acts as the placing agent for the Offeror, on a best effort basis, to secure other investors who are independent investors not connected with the directors, the chief executives and the substantial shareholders of the Offeror and the Company and their respective subsidiaries and associates, to place, on or before the day falling on the 30th calendar day after closing of the Offer, (i) 9,000,000 existing Shares beneficially owned by the Offeror and (ii) not exceeding 141,000,000 Shares to be acquired by the Offeror and parties acting in concert with it pursuant to the Offer, totally up to 150,000,000 Shares, to the extent that at least 25% of the entire issued share capital of the Company will be held by the public.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market;

then it will consider exercising its discretion to suspend dealings in the Shares.

TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Offer. It is emphasized that none of the Offeror and parties acting concert with it, the Company, Kingston Corporate Finance Limited, Kingston Securities, Cinda International, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Offer.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM KINGSTON SECURITIES

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to paragraph 7(h) in Appendix I to this Composite Document.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholders whose name appears first in the register of members of the Company. None of the Offeror and parties acting concert with it, the Company, Kingston Corporate Finance Limited, Kingston Securities, Cinda International, the Registrar or any of their respective directors or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which forms part of this Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Nicholas Chu
Director

LETTER FROM THE BOARD



Executive Director:

Mr. Yu Chun Fai (*Chairman*)

Non-executive Director:

Ms. Wong Lai Chun

Independent Non-Executive Directors:

Mr. Chan Chun Wai

Mr. Chan Wing Cheung, Joseph

Mr. Tsang Siu Tung

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and

principal place of business:

Unit 3202
Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

3 March 2011

To the Independent Shareholders

Dear Sirs or Madams,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
TIAN LI HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
ORIENTAL CITY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY TIAN LI HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the S&P Agreement and the Offer.

LETTER FROM THE BOARD

Pursuant to the S&P Agreement dated 5 January 2011 entered into between the Purchaser and the Vendor, the Vendor agreed to sell and the Purchaser agreed to acquire 402,000,000 Shares, representing 67% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration for the Sale Shares is HK\$40,200,000 (equivalent to HK\$0.1 per Sale Share) which was agreed between the Purchaser and the Vendor after arm's length negotiations. Completion of the S&P Agreement took place immediately after the signing of the S&P Agreement and the consideration for the Sale Shares was paid by the Purchaser to the Vendor in cash upon signing of the S&P Agreement.

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 429,000,000 Shares, representing 71.5% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

The Independent Board Committee comprising all the non-executive Directors has been established to advise the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. The Independent Board Committee has appointed Cinda International as the independent financial adviser to advise the Independent Board Committee on the terms of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

The purpose of this Composite Document is to provide you with, among other things, information in relation to the Company, the Offeror and the Offer, to set out the "Letter from the Independent Board Committee" containing the recommendation of the majority of the Independent Board Committee to the Independent Shareholders and a statement of Ms. Wong Lai Chun (the dissenting member of the Independent Board Committee) recommending the Independent Shareholders not to accept the Offer and the "Letter from Cinda International" containing its advice and recommendation to the Independent Board Committee in respect of the Offer.

SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY

The authorised share capital of the Company as at the Latest Practicable Date was HK\$20,000,000.

LETTER FROM THE BOARD

The issued share capital of the Company as at the Latest Practicable Date comprised:

	Number of Shares held as at the Latest Practicable Date	Approximate percentage of shareholding (%)
The Offeror and parties acting in concert with it	429,000,000	71.5%
Director – Mr. Yu Chun Fai	24,000,000	4%
Director – Ms. Wang Lai Chun	<u>6,000,000</u>	<u>1%</u>
Subtotal	459,000,000	76.5%
Public Shareholders	<u>141,000,000</u>	<u>23.5%</u>
Total	<u><u>600,000,000</u></u>	<u><u>100.00%</u></u>

All existing issued Shares rank pari passu in all respect including all rights as to dividends, voting and interests in capital.

No new Shares have been issued since 31 March 2010 (being the date on which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company has no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

UNCONDITIONAL MANDATORY CASH OFFER

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 429,000,000 Shares, representing 71.5% of the entire issued share capital of the Company as at the date of the Joint Announcement. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

Mr. Yu Chun Fai did not intend to accept the Offer in respect of his own beneficial holdings of Shares and Ms. Wong Lai Chun did not intend to accept the Offer in respect of her own beneficial holdings of Shares and the remaining Directors were not interested in any Shares. As stated in the “Letter from the Independent Board Committee” as set out on page 22 to page 23 of this Composite Document, Ms. Wong Lai Chun does not consider the terms of the Offer to be fair and reasonable and does not recommend the Independent Shareholders to accept the Offer because the Offer Price represents discounts to the recent market prices of the Shares and might not appear to be attractive to the Independent Shareholders.

Details of the Offer are set out in the “Letter from Kingston Securities” on pages 6 to 15 of this Composite Document and in the Form of Acceptance.

LETTER FROM THE BOARD

Principal terms of the Offer

Kingston Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:–

Share Offer

For every Offer Share HK\$0.1 in cash

The Offer Price is equal to the price per Sale Share paid by the Offeror under the S&P Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them on or after the Completion Date or subsequently become attached to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

Further details of the Offer

Further details of the Offer, among other things, including the terms and conditions of the Offer and the procedures for acceptance and settlement of the Offer, are contained in the “Letter from Kingston Securities” on pages 6 to 15 of and in Appendix I to this Composite Document, and in the Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands and through its subsidiaries, is principally engaged in the cards and payment related businesses, namely the card acceptance business and the co-branded card partnership business in Thailand and the PRC respectively.

The Group recorded audited loss attributable to equity holders of the Company of HK\$145,451 for the financial year ended 31 March 2009 and audited loss attributable to equity holders of the Company of HK\$1,879,136 for the financial year ended 31 March 2010. The unaudited consolidated net assets value attributable to equity holders of the Company as at 30 September 2010 was approximately HK\$20,455,000.

A summary of the audited results of the Company for each of the 3 financial years ended 31 March 2008, 2009 and 2010 are set out in Appendix II to this Composite Document.

Further Information

Further information in relation to the Company is set out in Appendix III to this Composite Document. An expected timetable in relation to the Offer is set out under the section headed “Expected timetable” of this Composite Document.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Kingston Securities” as set out on page 11 of this Composite Document.

OFFEROR’S INTENTION ON THE GROUP

The Directors note from the “Letter from Kingston Securities” that the Offeror intends that the Company will continue its existing principal businesses. Your attention is drawn to the section headed “Offeror’s Intention on the Group” in the “Letter from Kingston Securities” as set out on page 12 of this Composite Document.

The Directors have noted the intentions of the Offeror in respect of the Company and its employees, as disclosed in the “Letter from Kingston Securities” on page 13 of this Composite Document.

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board comprises one executive Director, namely Mr. Yu Chun Fai, one non-executive Director, namely Ms. Wong Lai Chun, and three independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung.

Your attention is drawn to the section headed “Proposed change of composition of the Board” in the “Letter from Kingston Securities” on page 13 of this Composite Document.

After the despatch of this Composite Document, the Offeror will nominate new Director(s) to the Board. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on GEM. The directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

To ensure that immediately upon closing of the Offer, the Shares held in the public hands will not be less than 25% of the Company’s entire issued share capital, on 5 January 2011, the Offeror has entered into the Placing Agreement with Kingston Securities, who acts as the placing agent for the Offeror, on a best effort basis, to secure other investors who are independent investors not connected with the directors, the chief executives and the substantial shareholders of the Offeror and the Company and their respective subsidiaries and associates, to place, on or before the day falling on the 30th calendar day after closing of the Offer, (i) 9,000,000 existing Shares beneficially owned by the Offeror and (ii) not exceeding 141,000,000 Shares to be acquired by the Offeror and parties acting in concert with it pursuant to the Offer, totally up to 150,000,000 Shares, to the extent that at least 25% of the entire issued share capital of the Company will be held by the public.

LETTER FROM THE BOARD

If, upon the close of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend trading in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

RECOMMENDATIONS

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 22 to 23 of this Composite Document, which contains the recommendation of the majority of the Independent Board Committee to the Independent Shareholders and a statement of Ms. Wong Lai Chun (the dissenting member of the Independent Board Committee) recommending the Independent Shareholders not to accept the Offer and the “Letter from Cinda International” set out on pages 24 to 41 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee in respect of the terms of the Offer, and the principal factors and reasons which it has considered before arriving at its advice to the Independent Board Committee.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from Kingston Securities” as set out on pages 6 to 15 of and Appendix I to this Composite Document and the Form of Acceptance, which contain details of the Offer. Your attention is also drawn to the information set out in the appendices to this Composite Document.

In considering which action is to be taken in connection with the Offer, the Independent Shareholders should consider their own tax positions and, if they are in any doubt, they should consult their professional advisers.

For and on behalf of
Oriental City Group Holdings Limited
Mr. Yu Chun Fai
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



3 March 2011

To the Independent Shareholders

Dear Sirs or Madams,

UNCONDITIONAL MANDATORY CASH OFFER BY



KINGSTON SECURITIES LTD.

**FOR AND ON BEHALF OF
TIAN LI HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
ORIENTAL CITY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY TIAN LI HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Introduction

We refer to the composite offer and response document dated 3 March 2011 jointly issued by Oriental City Group Holdings Limited and Tian Li Holdings Limited (the “Composite Document”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Document.

We have been appointed by the Board to consider the Offer and to make recommendations to the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and as to acceptance of the Offer. Cinda International Capital Limited (“Cinda International”) has been appointed as the independent financial adviser to advise us in respect of the terms of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such advice, are set out in the “Letter from Cinda International” on pages 24 to 41 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board” and the “Letter from Kingston Securities” as set out in the Composite Document and the additional information set out in the appendices to the Composite Document.

Dissenting view of Ms. Wong Lai Chun

Ms. Wong Lai Chun does not consider the terms of the Offer to be fair and reasonable and does not recommend the Independent Shareholders to accept the Offer because the Offer Price represents discounts to the recent market prices of the Shares and might not appear to be attractive to the Independent Shareholders.

Recommendation of the Independent Board Committee (other than Ms. Wong Lai Chun)

Having taken into account the terms of the Offer, and the advice and recommendation of Cinda International, the majority of the Independent Board Committee (being all members of the Independent Board Committee other than Ms. Wong Lai Chun) considers that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommends the Independent Shareholders to accept the Offer. Nevertheless, the Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the disposal of such Shares in the open market would exceed their receivable under the Offer. Independent Shareholders should also note that the overall trading volume of the Shares has been low during the Relevant Period. Accordingly, Independent Shareholders may or may not be able to dispose of their Shares in the market without exerting downward pressure on the price of the Shares. The Offer provides the Independent Shareholders an opportunity and alternative exit for the Independent Shareholders to realise their investment in the Shares. Independent Shareholders who are attracted by the future prospects of the Group and are confident on the Offeror may consider retaining some or all of their Shares.

Yours faithfully,

The majority of Independent Board Committee

Mr. Chan Wing Cheung, Joseph

Mr. Chan Chun Wai

Mr. Tsang Siu Tung

The dissenting member of the Independent Board Committee

Ms. Wong Lai Chun

LETTER FROM CINDA INTERNATIONAL

The following is the text of a letter of advice from Cinda International, the independent financial adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation into the Composite Document, setting out its advice to the Independent Board Committee in connection with the Offer.



45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

3 March 2011

*To the Independent Board Committee
of Oriental City Group Holdings Limited*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
TIAN LI HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
ORIENTAL CITY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY TIAN LI HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee in connection with the Offer, details of which are set out in the Composite Document, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

On 13 January 2011, the Offeror and the Company jointly announced that on 5 January 2011, the Offeror and the Vendor entered into the S&P Agreement. Pursuant to the S&P Agreement, the Vendor agreed to sell and the Offeror agreed to acquire 402,000,000 Shares at consideration of HK\$40,200,000 (equivalent to HK\$0.1 per Sale Share). Completion took place immediately after the signing of the S&P Agreement. Immediately following Completion, the Offeror and parties acting in concert with it were interested in 429,000,000 Shares, representing 71.5% of the then entire issued share capital of the Company. Accordingly, the Offeror was required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. The principal terms of the Offer are set out under the section headed "The Offer" of "Letter from Kingston Securities" in the Composite Document. Kingston Securities is making the Offer for and on behalf of the Offeror.

LETTER FROM CINDA INTERNATIONAL

In accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code, an independent board committee comprising all the non-executive Directors who have no direct or indirect interest in the Offer, other than as a shareholder of the offeree company should be constituted to advise the Independent Shareholders on the Offer. Accordingly, the Independent Board Committee, comprising Ms. Wong Lai Chun, Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung, all being the non-executive Directors without any conflict of interest in the Offer, has been formed to consider and advise the Independent Shareholders in respect of the Offer. We have been appointed by the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and to give an opinion and recommendation as regards the acceptance of the Offer.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Composite Document and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Composite Document and all information and representations which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate as at the date of the despatch of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statements in the Composite Document, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and the Offeror.

We have not considered the tax consequences on the Independent Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

The purpose of this letter is issued to the Independent Board Committee regarding the Offer for their information only, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM CINDA INTERNATIONAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offer and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

(A) Background

On 13 January 2011, the Offeror and the Company jointly announced that on 5 January 2011, the Offeror and the Vendor entered into the S&P Agreement. Pursuant to the S&P Agreement, the Vendor agreed to sell and the Offeror agreed to acquire 402,000,000 Shares at consideration of HK\$40,200,000 (equivalent to HK\$0.1 per Sale Share). Completion took place immediately after the signing of the S&P Agreement.

Immediately following Completion, the Offeror and parties acting in concert with it were interested in 429,000,000 Shares, representing 71.5% of the then entire issued share capital of the Company. As a result, the Offeror was required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, there were 600,000,000 Shares in issue, the entire issued share capital of the Company is valued at HK\$6,000,000 at HK\$0.01 per share. The Company has no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe. Excluding the 402,000,000 Sale Shares having been acquired by the Offeror pursuant to the S&P Agreement and 27,000,000 Shares already been owned by the Offeror and parties acting in concert with it, 171,000,000 Shares will be subject to the Offer and are valued at HK\$17,100,000 based on the basis of the Offer Price.

(B) Historical financial performance and prospects of the Group

The Company is incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the GEM since 28 August 2009. The Company is an investment holding company and through its subsidiaries, is principally engaged in the cards and payment related businesses, namely the card acceptance business and the co-branded card partnership business in Thailand and the PRC respectively.

We have discussed with the Company and were given to understand that the Group conducts its business through business partnerships with prestigious organizations and financial institutions such as China UnionPay Company Limited (中國銀聯股份有限公司) (“CUP”), whose identity/logo is borne on all bank cards issued by domestic banks in the PRC. The revenue of the Group is recognized in combined income statements as (i) annual and transaction fee income which includes card acceptance transaction fee in card acceptance business, and annual and transaction fee in co-branded card business; and (ii) foreign exchange rate discount income.

As stated in the prospectus of the Company dated 24 August 2009 (“Prospectus”), CUP is the sole domestic interbank card operator in the PRC. Founded in March 2002, CUP is an association for the PRC’s banking card industry, operating under the approval of the People’s Bank of China. It is also the only interbank network in the PRC excluding Hong Kong and Macau, linking the ATMs of some fourteen major banks and many smaller banks throughout mainland China. It is also an Electronic Funds Transfer Point of Sale network. CUP cards can be used in over 61 further countries and regions outside China, including the United States, Japan, Singapore, Thailand, Germany, Switzerland, France, Australia and New Zealand. CUP releases information and news periodically to the public. CUP is both the largest customer and the largest supplier of the Group. CUP is an Independent Third Party of the Group.

LETTER FROM CINDA INTERNATIONAL

Based on the information as set out in the third quarterly results announcement for the nine months ended 31 December 2010 (“2010 Q3 Report”), the interim report of the Group for the six months ended 30 September 2010 (“IR 2010”), the annual report of the Group for the year ended 31 March 2010 (“AR 2010”) and the Prospectus, the key financial results of the Group for the respective years/periods are summarized as follows:

Table A: Summary of the financial results of the Group

	For the year ended 31 March			For the six months ended 30 September		For the nine months ended 31 December	
	2008	2009	2010	2009	2010	2009	2010
	(audited) HK\$	(audited) HK\$	(audited) HK\$	(unaudited) HK\$	(unaudited) HK\$	(unaudited) HK\$	(unaudited) HK\$
Revenue	7,280,097	7,807,445	12,464,267	3,434,059	3,805,877	8,293,292	7,576,652
Gross profit	3,392,405	2,703,180	4,179,398	988,989	1,753,362	2,694,249	3,206,958
Profit/(loss) before taxation	345,156	47,512	(1,019,395)	(853,918)	(1,187,757)	(804,749)	(1,674,624)
Profit/(loss) attributable to equity holders of the Company	345,156	(145,451)	(1,879,136)	(892,598)	(1,251,514)	(1,362,304)	(2,058,927)
Profit attributable to minority interests	-	500,940	385,600	3,499	25,529	279,335	178,084

Source: 2010 Q3 Report, IR 2010, AR 2010 and the Prospectus

Table B: Summary of the financial positions of the Group

	As at 31 March			As at 30 September	
	2008	2009	2010	2009	2010
	(audited) HK\$	(audited) HK\$	(audited) HK\$	(unaudited) HK\$	(unaudited) HK\$
Non-current assets	580,822	833,642	458,695	676,499	544,013
Current assets	10,908,747	10,593,883	24,552,725	26,882,176	24,175,568
Total assets	11,489,569	11,427,525	25,011,420	27,558,675	24,719,581
Current liabilities	8,848,258	8,406,314	2,236,256	4,330,672	3,034,166
Non-current liabilities	-	-	328,963	316,092	348,728
Total liabilities	8,848,258	8,406,314	2,565,219	4,646,764	3,382,894
Net assets	2,641,311	3,021,211	22,446,201	22,911,911	21,336,687

Source: IR 2010, AR 2010 and the Prospectus

Note: The 2010 Q3 Report didn't contain a balance sheet to set out the financial position of the Group as at 31 December 2010.

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(i) Financial year ended 31 March 2009 versus financial year ended 31 March 2008

For the year ended 31 March 2009, the Group recorded revenue of approximately HK\$7.81 million, representing an increase of approximately 7% as compared to approximately HK\$7.28 million for the year ended 31 March 2008. According to the Prospectus, the slight increase of the Group's revenue was mainly due to the increase in CUP cards acceptance transaction volume as growing number of Chinese tourists in Thailand and increase in the number of the Group's point-of-sale ("POS") card terminals in Bangkok, Pattaya and Phuket. Nonetheless, the result attributable to equity holders of the Company slipped from a profit of approximately HK\$0.35 million for the year ended 31 March 2008 to a loss of approximately HK\$0.15 million for the year ended 31 March 2009. We note from the Prospectus that the loss attributable to equity holders of the Company for the year ended 31 March 2009 was mainly caused by (i) Oriental City Group (Hainan) Services Ltd., a wholly-owned subsidiary of the Company, was still recording loss and (ii) corporate expenses incurred by the Company.

(ii) Financial year ended 31 March 2010 versus financial year ended 31 March 2009

The Group's revenue for the year ended 31 March 2010 amounted to approximately HK\$12.46 million, representing an increase of approximately 60% as compared to approximately HK\$7.81 million for the corresponding period in 2009. As stated in the AR 2010, the increase in the Group's revenue was mainly due to the significant increase in CUP card acceptance transaction volume as a result of the increase of the POS terminals and the growing number of Chinese tourists in Thailand for the year. The loss attributable to equity holders of the Company was approximately HK\$1.88 million for the year ended 31 March 2010 as compared to approximately HK\$0.15 million for the corresponding period in 2009. According to the AR 2010, the loss was mainly attributable to (i) the general increase in administrative and operating expenses and (ii) the Group recorded a deferred tax credit amounting to approximately HK\$0.31 million for the year ended 31 March 2009 which was the initial recognition in that year, but for the year ended 31 March 2010, no such further deferred tax credit was recorded and income tax expenses of approximately HK\$0.47 million were recognised.

(iii) Six months ended 30 September 2010 versus six months ended 30 September 2009

For the six months ended 30 September 2010, the Group recorded revenue of approximately HK\$3.81 million, representing an increase of approximately 11% as compared with that of approximately HK\$3.43 million recorded in the corresponding period in 2009. According to the IR 2010, the increase in the revenue was mainly due to the Group had signed a marketing service agreement with an independent third party in November 2009 to provide marketing services and consultancy services which generated income amounted to approximately HK\$0.78 million during the six months ended 30 September 2010. Since the marketing service was newly introduced in November 2009, no such income was recorded for the six months ended 30 September 2009. The loss attributable to equity holders of the Company was approximately HK\$1.25 million for the six months ended 30 September 2010 as compared to that of approximately HK\$0.89

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million recorded in the corresponding period in 2009. We note from the IR 2010 that the increase in the loss attributable to equity holders of the Company was mainly caused by (i) the increase of the general administrative expenses of the Group by approximately 67% to approximately HK\$2.65 million for the six months ended 30 September 2010 as compared with those of in the corresponding period in 2009; (ii) the increase of the selling and distribution costs by approximately 21% to approximately HK\$0.29 million for the six months ended 30 September 2010 as compared with those recorded in the corresponding period in 2009; and (iii) the Group's revenue generated from Thailand decreased by approximately 12% to approximately HK\$3.01 million for the six months ended 30 September 2010 from approximately HK\$3.41 million for the corresponding period in 2009 as affected by the political unrest and violence occurred in Thailand during the period.

(iv) Nine months ended 31 December 2010 versus nine months ended 31 December 2009

For the nine months ended 31 December 2010, the Group recorded revenue of approximately HK\$7.58 million, representing a decrease of approximately 9% as compared to approximately HK\$8.29 million recorded for the corresponding period in 2009. According to the 2010 Q3 Report, the decrease in the Group's revenue was mainly due to the significant decrease in CUP cards acceptance transaction volume as the number of Chinese tourists in Thailand dropped significantly as well as the termination of the participation agreement between Oriental City Group (Thailand) Company Limited, a subsidiary of the Company, and Siam Commercial Bank Public Company Limited in respect of electronic data capture machines on 10 May 2010. The loss attributable to equity holders of the Company was approximately HK\$2.06 million for the nine months ended 31 December 2010 compared with approximately HK\$1.36 million for the corresponding period in 2009. We note from the 2010 Q3 Report that the increase in the loss attributable to equity holders of the Company was mainly caused by (i) the aforesaid decrease in revenue; and (ii) general increase in administrative and operating expenses by approximately 47% from approximately HK\$3.02 million for the nine months ended 31 December 2009 to approximately HK\$4.45 million.

(v) Financial position of the Group

The Group recorded unaudited consolidated total assets of approximately HK\$24.72 million as at 30 September 2010 (30 September 2009: approximately HK\$27.56 million), representing a slight decrease of approximately 1% when compared with the Group's audited consolidated total assets of approximately HK\$25.01 million as at 31 March 2010. The consolidated net assets also decreased by approximately 5% from approximately HK\$22.45 million as at 31 March 2010 to approximately HK\$21.34 million as at 30 September 2010 (30 September 2009: approximately HK\$22.91 million) which was mainly resulted from the loss made during the six months ended 30 September 2010.

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(vi) Prospects and outlook

We note from the IR2010 and the Directors that the Company has been expanding cautiously in Thailand. In addition, it is expected that CUP will reply the application by the Group to commence the card acceptance business in Laos. In order to maintain a continuous and healthy growth in the business development of the Group, as well as to diversify the business risk of the Group, the Company is currently seeking investment opportunities in the areas of internal consumption-related business in China, property investment and environmental-friendly energy business for enhancing its revenue on a stable and long term basis.

In view of the fact that (i) the Group recorded loss attributable to equity holders of the Company for each of the two financial years ended 31 March 2010 and the nine months ended 31 December 2010; and (ii) the business performance of the Group maybe dependent on the political stability of Thailand, we consider that the prospects and outlook of the Group remain uncertain.

(C) The Offer

Kingston Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share. HK\$0.1 in cash

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights accruing or attaching to them on or after the Completion Date or subsequently become attached to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

The Offer Price of HK\$0.1 per Offer Share is determined based on the price per Sale Share paid by the Offeror under the S&P Agreement and represents:

- (i) a discount of approximately 90% to the closing price of HK\$1 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 80.4% to the closing price of HK\$0.510 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.4% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive Trading Days up to and including the Last Trading Day of HK\$0.510 per Share;
- (iv) a discount of approximately 80.7% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive Trading Days up to and including the Last Trading Day of HK\$0.517 per Share; and

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- (v) a premium of approximately 193.3% over the unaudited consolidated net asset value of the Group attributable to the equity holders of the Company of approximately HK\$0.0341 per Share as at 30 September 2010 (based on the unaudited consolidated accounts of the Company for the six months ended 30 September 2010 and the number of Shares in issue as at the Latest Practicable Date).

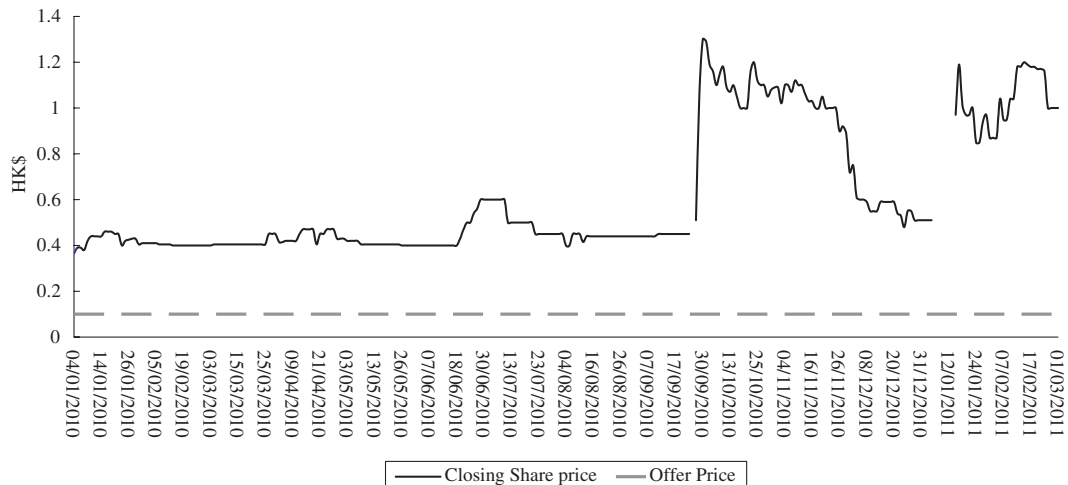
Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the letter headed “Letter from Kingston Securities” and Appendix I to the Composite Document.

(D) Historical performance of the Shares

(i) Share Price

We have reviewed the movements in closing prices of the Shares during the period from 4 January 2010 up to the Latest Practicable Date (the “Review Period”). The closing prices of the Shares during the Review Period are set out below:

Chart A: The closing prices of the Shares during the Review Period



Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares on the Stock Exchange was suspended on 27 September 2010 and from 6 January 2011 to 13 January 2011.

During the Review Period, the lowest closing price of the Shares was HK\$0.365 which was recorded on 4 January 2010 and the highest closing price of the Shares was HK\$1.3 which was recorded on 30 September 2010. The Offer Price represents a discount of approximately 72.6% and approximately 92.3% respectively to such lowest and highest closing prices per Share during the Review Period.

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As shown in Chart A above, the closing prices of the Shares were generally traded at around HK\$0.4 per Share during the period from 4 January 2010 to the end of September 2010. On 27 September 2010, the trading of the Shares was suspended and an announcement in relation to proposed rights issue with bonus issue of the Shares (the “Proposed Rights Issue”) was published on the same day. Subsequent to the release of such announcement, the closing price of the Shares rose sharply and surged to HK\$1.3 on 30 September 2010, and since then the closing prices of the Shares traded at around \$1.0. On 11 November 2010, the Company published an announcement in relation to the termination of the Proposed Rights Issue in view of no suitable investment opportunities was identified and the GEM Listing Rules requirement (For more details, please refer to the announcement of the Company dated 11 November 2010). Thereafter, the closing price of the Shares was generally followed a downward trend from HK\$1.06 to HK\$0.51. The trading of the Shares was suspended again during 6 January 2011 to 13 January 2011 pending for the release of the Joint Announcement. The closing price of the Shares was HK\$0.97 on the trading day immediately after publication of the Joint Announcement, representing a significant increase of approximately 90.2% over the closing price of the Shares of HK\$0.51 on the Last Trading Day. Afterwards, the closing price of the Shares had generally traded between HK\$0.85 to HK\$1.2 up to the Latest Practicable Date.

We are aware that the Offer Price represents discounts to the recent market prices of the Shares and might appear not attractive to the Independent Shareholders. Nevertheless, taking into account that (i) the Group had occurred continuous losses for the past two financial years and for the nine months ended 31 December 2010; (ii) uncertainty in future prospects due to the business performance of the Group maybe dependent on the political stability of Thailand as described in the subsection headed “Historical financial performance and prospects of the Group”; and (iii) the substantial premium represented by the Offer Price over the unaudited net asset value of the Group attributable to the equity holders of the Company per Share as at 30 September 2010, we consider that the Offer Price is fair and reasonable and advise the Independent Shareholders should not solely rely on the market prices to make their decision to accept the Offer or not and should consider all the above factors as well. In addition, based on the low liquidity of the Shares as described in the subsection headed “Liquidity of the Shares” below, we are of the view that for the Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares.

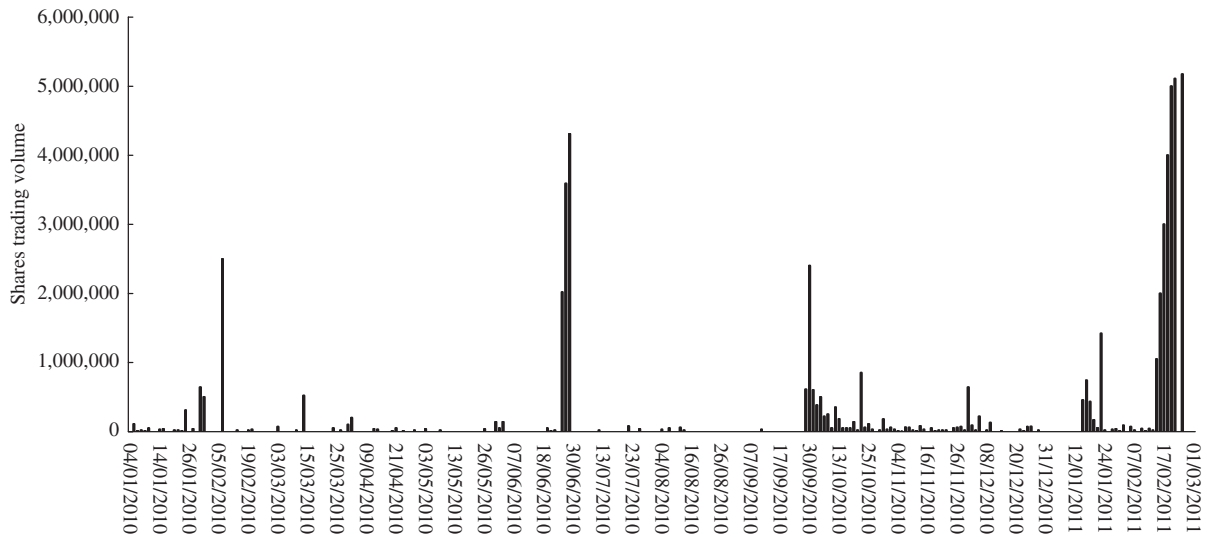
We would like to remind the Independent Shareholders that there is no guarantee that the trading price of the Shares will sustain and be higher than the Offer Price during and after the offer period in respect of the Offer. The Independent Shareholders, in particular those who may wish to realize their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the period of the Offer remains open for acceptance.

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Liquidity of the Shares

The table below sets out average daily trading volume of the Shares for the respective month/period, as well as the respective percentages of average daily trading volume compared to the entire issued share capital of the Company and to the total number of Shares in public hand during the Review Period:

Chart B: Trading volume



Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares on the Stock Exchange was suspended on 27 September 2010 and from 6 January 2011 to 13 January 2011.

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Table C: Trading volume

Month	Average daily trading volume	Percentage of average daily trading volume for the month/ period to total number of issued Shares <i>(Note 2)</i>	Percentage of average daily trading volume for the month/ period to the total number of Shares in public hand <i>(Note 3)</i>
	<i>Number of shares</i>	<i>%</i> <i>(approximately)</i>	<i>%</i> <i>(approximately)</i>
2010			
January	65,500	0.011	0.046
February	170,556	0.028	0.121
March	42,609	0.007	0.030
April	8,421	0.001	0.006
May	12,000	0.002	0.009
June	485,238	0.081	0.344
July	6,667	0.001	0.005
August	7,273	0.001	0.005
September <i>(Note 1)</i>	152,159	0.025	0.108
October	204,755	0.034	0.145
November	32,502	0.005	0.023
December	60,535	0.010	0.043
2011			
January <i>(Note 1)</i>	1,420,000	0.038	0.164
February (1 February to the Latest Practicable Date)	5,172,000	0.224	0.953

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Trading in the Shares on the Stock Exchange was suspended on 27 September 2010 and from 6 January 2011 to 13 January 2011;
2. Calculated based on the entire issued share capital of the Company of 600,000,000 Shares as at the Latest Practicable Date; and
3. Calculated based on a total of 141,000,000 issued Shares held in public hands as at the Latest Practicable Date.

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As illustrated in Table C above, the average daily trading volume of the Shares per month was within the range of approximately 0.001% to 0.224% as to the total number of issued Shares as at the Latest Practicable Date and approximately 0.005% to 0.953 as to the total number of the Shares held in public hands as at the Latest Practicable Date. Among the 282 trading days during the Review Period, 153 trading days have recorded no trading of Shares, representing more than half of the trading days during the Review Period.

Based on the generally low liquidity during the Review Period, we consider that the Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares. Nevertheless, the Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the disposal of such Shares in the open market would exceed that receivable under the Offer.

(E) Comparison with comparable companies and other offers

(i) Comparable companies

The Company is an investment holding company and through its subsidiaries, is principally engaged in the cards and payment related businesses. In forming our opinion of the Offer Price, we have identified and reviewed a total of four companies listed on the Stock Exchange which are principally engaged in provision of payment-related services, which we consider are exhaustive and are in similar business natural as the Company (the “Comparables”). We have compared the valuation of the Group based on the Offer Price against those Comparables and the results of which are set forth in the table below:

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Table D: Comparables

Company name/ (Stock code)	Year end date	Closing share price as at 5 January 2011 <i>(Note 1)</i>	Market capitalisation as at 5 January 2011	Latest published net assets/ (liabilities) per share attributable to the equity holder published on or before 5 January 2011	PB Ratio as at the Last Trading Date
Universal Technologies Holdings (1026) <i>(Note 2)</i>	31-Dec	HK\$0.28	Approximately HK\$432.36 million	Approximately HK\$0.1775	Approximately 1.59 times
Palmpay China (Holdings) Limited (8047) <i>(Note 3)</i>	31-Mar	HK\$0.073	Approximately HK\$196.10 million	Approximately HK\$0.1571	Approximately 0.46 times
Jian ePayment Systems Limited (8165) <i>(Note 4)</i>	31-Dec	HK\$0.17	Approximately HK\$154.02 million	Approximately HK\$(0.0099)	NA
China Communication Telecom Services Co. Limited (8206) <i>(Note 5)</i>	31-Mar	HK\$2.01	Approximately HK\$2,401.34 million	Approximately HK\$(0.0450)	NA
				Maximum	1.59
				Minimum	0.46
				Mean	1.03
				Median	1.03
			Offer Price		
The Company	31-Mar	HK\$0.1	Approximately HK\$306.00 million	Approximately HK0.0341	Approximately 2.93 times

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective companies

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Notes:

1. The S&P Agreement was signed on 5 January 2011;
2. It is principally engaged in provision of payment solutions and related services, furniture manufacturing, timber trading and other trading;
3. It is principally engaged in provision of mobile payment gateway services in the PRC;
4. It is principally engaged in development and operation of back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications in PRC; and
5. Pursuant to the announcement of China Communication Telecom Services Company Limited (“China Com”) dated 1 December 2010, China Com intended to undergo a substantial disposal, and thereafter the remaining group would be principally engaged in the business of provision of promotion and management services for an electronic smart card “Shentong Card” which could be used to pay mobile and fixed line phone recharge fees, transportation fees, online trading fees and utilities fees etc; Such disposal was duly passed by the shareholders of China Com on 20 January 2011.

(a) Price to earnings multiple (“PE Ratio”) and the dividend yield

The PE Ratio (as represented by the current share price divided by its latest published annual earnings per share) and the dividend yield (as represented by the latest published annual dividend payment per share divided by its current share price) are widely adopted traditional valuation approaches by the investing community in assessing the fair value of the companies which are profit making and/or paying dividend regularly respectively.

As illustrated in the Table A above, the Company recorded loss attributable to its equity holders of approximately HK\$0.15 million, HK\$1.88 million and HK\$2.06 million for the two financial years ended 31 March 2010 and the nine months ended 31 December 2010 respectively. Besides, we have also reviewed the dividend payment history of the Company and noted that the Company has not paid and/or declared any dividend to the equity holders of the Company since its listing on the GEM on 28 August 2009. Hence, we consider that it would not be feasible and meaningful to assess the Offer Price by using the PE Ratio and the dividend yield valuation approach.

(b) Price to book multiple (“PB Ratio”)

The PB Ratio (as represented by the current share price divided by its latest published consolidated net asset values per share attributable to the equity holder of the Company) is another widely adopted traditional valuation approach in valuing a company, in particular loss-making company, and provides another prospective for analyzing and assessing those loss-making companies.

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As at 30 September 2010, the Group recorded unaudited consolidated net asset value of the Group attributable to the equity holders of the Company of approximately HK\$0.0341 per Share (based on the unaudited consolidated accounts of the Company for the six months ended 30 September 2010 and the number of Shares in issue as at the Latest Practicable Date), and the Offer Price represents a premium of such net asset value per Share over 190%. As illustrated in Table D above, we note that the PB Ratio of the Company as at the Last Trading Date was approximately 2.93 times, which is higher than the range of approximately 0.46 times to approximately 1.59 times of the Comparables, and also higher than the mean and median of the Comparables.

Based on the above analysis and from the sole perspective assessment of the Offer Price with reference to the Comparables in terms of PB Ratio, we consider that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

(F) Background and intention of the Offeror

(i) Background

The Offeror is an investment holding company incorporated in the BVI with limited liability. The Purchaser is legally and beneficially owned as to 70% by Mr. Cheng and as to 30% by Ms. Cheng. Immediately before Completion, the Offeror and parties acting in concert with it were interested in 27,000,000 Shares, of which Mr. Cheng was personally interested in 27,000,000 Shares, representing 4.5% of the entire issued share capital of the Company. Immediately prior to the entering into of the S&P Agreement, each of the Offeror and its ultimate beneficial shareholders are Independent Third Parties. Other than the entering into of the S&P Agreement, the Offeror has not conducted any business since its incorporation.

Mr. Cheng, aged 40, graduated from California State University, Sacramento with major in finance. He is a private investor who has extensive experience in investment management and securities analysis. He has about 15 years of experience in investment with hedge fund groups responsible for investment portfolios with a primary focus in Asia.

Ms. Cheng, aged 37, graduated from San Francisco State University with major in marketing. She is the sister of Mr. Cheng. She has about 10 years of experience in investment. She also has about 3 years' experience as business consultant in Wang On Group Limited, a company listed in the main board of the Stock Exchange.

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(ii) Intention of the Offer in relation to the Group

As set out in the “Letter from Kingston Securities” to the Composite Document, it is the intention of the Offeror that the Group will continue with its existing principal businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company after the Offer. The Offeror will, shortly after the close of the offer, conduct a more detailed review on the operations of the Group with a view to formulate a comprehensive business strategy for the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or deploy the assets of the Group other than those in its ordinary course of business.

As at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by the Group. Accordingly, we consider that there should not be any material change to the operations of the Group following the completion of the Offer.

(iii) Directors, management and employees

As at the Latest Practicable Date, the Board made up of 5 Directors, comprising one executive Director, namely Mr. Yu Chun Fai, one non-executive Director, namely Ms. Wong Lai Chun, and three independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung. We note that the Offeror intends that it will nominate Mr. Cheng and Ms. Cheng as executive Directors and Mr. Lee Kin Fai and Mr. Chow King Lok as independent non-executive Directors on such date as the Takeovers Code permits. Ms. Wong Lai Chun will resign as non-executive Director and Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung will resign as independent, non-executive Directors after the close of the Offer or such date as the Takeovers Code permits. Except Mr. Cheng and Ms. Cheng, the biographies of the other proposed Directors are set forth below:

Mr. Lee Kin Fai (“**Mr. Lee**”), aged 38, is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration from the Manchester Business School of University of Manchester, United Kingdom. He was an executive director of Apollo Solar Energy Technology Holdings Limited (Stock Code: 566), a company listed on the main board of the Stock Exchange, during January 2009 to August 2010. Mr. Lee is currently an independent non-executive Director of Epro Limited, a company listed on GEM.

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Prior to joining Apollo Solar Energy Technology Holdings Limited in 2004, he worked in another company listed on the main board of the Stock Exchange and an international accounting firm. Mr. Lee has more than 10 years' experience in accounting, audit and taxation field.

Mr. Chow King Lok (“**Mr. Chow**”), aged 64, is currently a registered technical director of Hong Kong Building Department, a committee member of Hong Kong Shatin Industries and Commerce Association Ltd., and a director of an engineering company. He has a bachelor degree in Mechanical Engineering from Cheng Kung University, Taiwan. Mr. Chow is currently an independent non-executive Director of Apollo Solar Energy Technology Holdings Limited (Stock Code: 566), a company listed on the main board of the Stock Exchange.

Aforementioned in the sub-sectioned headed “Intention of the Offer in relation to the Group” above, the Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board), we consider that no material change in the existing business of the Group upon completion of the Offer. We note from the biographies of the proposed Directors that they have no relevant experience in cards and payment related business and hence the Independent Shareholders are reminded that it is uncertain whether the change in the composition of the Board would affect the existing business of the Group and its business direction in the future.

RECOMMENDATION

We have discussed with Ms. Wong Lai Chun, a Shareholder interested in 6,000,000 Shares as at the Latest Practicable Date and the dissenting member of the Independent Board Committee, and were given the understanding that she does not consider the terms of the Offer to be fair and reasonable and does not recommend the Independent Shareholders to accept the Offer because the Offer Price represents discounts to the recent market prices of the Shares and might not appear to be attractive to the Independent Shareholders.

Nevertheless, having considered the above factors and reasons, and in particular that:

- (i) the future business performance of the Group remains uncertain due to the political stability of Thailand;
- (ii) no dividend has been paid to the equity holders of the Company by the Group after listing on the GEM on 28 August 2009;
- (iii) the loss-making position attributable to the equity holders of the Company for the two financial years ended 31 March 2010 and for the nine months ended 31 December 2010;
- (iv) the PB Ratio represented by the Offer Price falls above the range, mean and median of those Comparables; and
- (v) the trading liquidity of the Shares was very thin during the Review Period;

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we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

The Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuation in the Share price and the market price of the Share as at the Latest Practicable Date was HK\$1, which was significantly higher than the Offer Price, and there is no guarantee that the current market price will or will not sustain and will or will not be higher than the Offer Price during and after the close of the Offer. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period of the Offer remain open for acceptance and shall, having regard to their own circumstances, consider selling the Shares (as the case may be) in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

In any case, the Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in Appendix I to the Composite Document and are strongly advised that the decision to realize or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

Yours faithfully,

For and on behalf of

Cinda International Capital Limited

Thomas Lai

Executive Director

Robert Siu

Executive Director

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/ or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by post or by hand, marked “**Oriental City Group Holdings Limited Share Offer**” on the envelope.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**Oriental City Group Holdings Limited Share Offer**” with the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**Oriental City Group Holdings Limited Share Offer**” with the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

-
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**Oriental City Group Holdings Limited Share Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it in an envelope marked "**Oriental City Group Holdings Limited Share Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Kingston Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT

- (a) Provided that the Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar.

- (b) Settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on 24 March 2011, being the Closing Date. The Offer is unconditional.
- (b) The Offeror reserves the right to revise the Offer in accordance with the relevant provisions of the Takeovers Code.
- (c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The benefit of any revision of the Offer will be available to any Independent Shareholder who has/have previously accepted the Offer. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.
- (d) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (e) In order to be valid, acceptances must be received by the Registrar in accordance with the instructions printed on the Form of Acceptance by no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised.
- (f) If the closing date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on 24 March 2011 (or such later time and/or date as the Executive agrees) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition under paragraph 1(e) of this Appendix according to the requirements under Rule 30.2 of the Takeovers Code.
- (c) As required under the Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the GEM Listing Rules.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered shall be irrevocable and cannot be withdrawn, except in the circumstances.

Set out in Rule 19.2 of the Takeovers Code, which provides that if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Independent Shareholder withdraw the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

7. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates of Shares, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and none of the Company, the Offeror, Kingston Corporate Finance Limited, Kingston Securities, Cinda International, the Registrar nor any of their respective directors or professional advisers or other parties involved in the Offer or any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Kingston Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer are sold by such person or persons free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive all future dividends or other distributions declared, paid or made on the Offer Shares, on or after the Completion Date.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or Kingston Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

- (k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Company or Kingston Securities or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

- (l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL SUMMARY

The following is a summary of the results and financial positions of the Group as extracted from the published audited financial statements for the year ended 31 March 2010 or the prospectus of the Company dated 24 August 2009 after reclassification of certain expense items to conform with the latest presentation for each of the three years ended 31 March 2010, the published unaudited interim financial statements for the six months ended 30 September 2010 and the published third quarterly financial results for the nine months ended 31 December 2010. No qualified opinion has been issued by the Company's auditors, Mazars CPA Limited, Certified Public Accountants, for each of the three years ended 31 March 2010. The Company had no items which are exceptional because of size, nature or incidence for each of the three years ended 31 March 2010. No dividend was paid or declared by the Company for each of the three years ended 31 March 2010.

Consolidated Income Statement

Three years ended 31 March 2010 and nine months ended 31 December 2010

	Unaudited	Unaudited	Unaudited	Unaudited	For the year ended 31 March		
	Three months ended 31 December 2010	Nine months ended 31 December 2010	Three months ended 30 September 2010	Six months ended 30 September 2010	2010	2009	2008
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue	3,770,775	7,576,652	2,540,208	3,805,877	12,464,267	7,807,445	7,280,097
Cost of services rendered	(2,317,179)	(4,369,694)	(1,485,883)	(2,052,515)	(8,284,869)	(5,104,265)	(3,887,692)
Gross profit	1,453,596	3,206,958	1,054,325	1,753,362	4,179,398	2,703,180	3,392,405
Other income	11,371	26,912	4,780	15,541	40,079	32,072	209,095
General administrative expenses	(1,792,130)	(4,445,567)	(1,460,124)	(2,653,437)	(4,525,457)	(2,143,064)	(2,696,723)
Selling and distribution costs	(151,707)	(439,975)	(135,113)	(288,268)	(673,706)	(544,676)	(559,621)
Finance costs	(7,997)	(22,952)	(7,596)	(14,955)	(39,709)	-	-
(Loss) Profit before taxation	(486,867)	(1,674,624)	(543,728)	(1,187,757)	(1,019,395)	47,512	345,156
Taxation	(167,991)	(206,219)	(38,228)	(38,228)	(474,141)	307,977	-
(Loss) Profit for the year	(654,858)	(1,880,843)	(581,956)	(1,225,985)	(1,493,536)	355,489	345,156
Attributable to:							
Equity holders of the Company	(807,413)	(2,058,927)	(635,091)	(1,251,514)	(1,879,136)	(145,451)	345,156
Minority interests	152,555	178,084	53,135	25,529	385,600	500,940	-
	(654,858)	(1,880,843)	(581,956)	(1,225,985)	(1,493,536)	355,489	345,156
(Losses) profits per share for (loss) profit attributable to equity holders of the Company							
Basic and diluted	(0.13) HK cents	(0.34) HK cents	(0.11) HK cents	(0.21) HK cents	(0.35) HK cents	(0.03) HK cents	0.08 HK cents

Consolidated Statement Of Comprehensive Income*Three years ended 31 March 2010 and nine months ended 31 December 2010*

	Unaudited	Unaudited	Unaudited	Unaudited	For the year ended 31 March		
	Three months ended 31 December 2010 HK\$	Nine months ended 31 December 2010 HK\$	Three months ended 30 September 2010 HK\$	Six months ended 30 September 2010 HK\$	2010 HK\$	2009 HK\$	2008 HK\$
(Loss) Profit for the year	(654,858)	(1,880,843)	(581,956)	(1,225,985)	(1,493,536)	355,489	345,156
Other comprehensive income (loss)							
Exchange difference on translation of foreign subsidiaries	76,679	193,150	119,829	116,471	218,851	(275,589)	(70,915)
Total comprehensive (loss) income for the year	(578,179)	(1,687,693)	(462,127)	(1,109,514)	(1,274,685)	79,900	274,241
Attributable to:							
Equity holders of the Company	(751,640)	(1,936,437)	(565,658)	(1,184,797)	(1,716,248)	(284,455)	274,241
Minority interests	173,461	248,744	103,531	75,283	441,563	364,355	-
	(578,179)	(1,687,693)	(462,127)	(1,109,514)	(1,274,685)	79,900	274,241

Extracts of consolidated balance sheets

	Unaudited As at		As at 31 March	
	30 September 2010	30 September 2010	2010	2009
Total assets	<u>24,719,581</u>	<u>25,011,420</u>	<u>11,427,525</u>	<u>11,489,569</u>
Total liabilities	<u>3,382,894</u>	<u>2,565,219</u>	<u>8,406,314</u>	<u>8,848,258</u>

2. AUDITED FINANCIAL STATEMENTS

The followings are the audited financial statements of the Group for the year ended 31 March 2010 as extracted from the annual report of the Company for the year ended 31 March 2010. Capitalised items used in this section shall have the same meaning as those defined in the annual report. Reference to notes numbers therein are to the notes numbers in the annual report.

Consolidated Income Statement*Year ended 31 March 2010*

	<i>NOTE</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Revenue	7	12,464,267	7,807,445
Cost of services rendered		<u>(8,284,869)</u>	<u>(5,104,265)</u>
Gross profit		4,179,398	2,703,180
Other income	8	40,079	32,072
General administrative expenses		(4,525,457)	(2,143,064)
Selling and distribution costs		(673,706)	(544,676)
Finance costs	9	<u>(39,709)</u>	–
(Loss) Profit before taxation	9	(1,019,395)	47,512
Taxation	12	<u>(474,141)</u>	<u>307,977</u>
(Loss) Profit for the year		<u><u>(1,493,536)</u></u>	<u><u>355,489</u></u>
Attributable to:			
Equity holders of the Company	13	(1,879,136)	(145,451)
Minority interests		<u>385,600</u>	<u>500,940</u>
		<u><u>(1,493,536)</u></u>	<u><u>355,489</u></u>
Losses per share for loss attributable to equity holders of the Company			
Basic and diluted	14	<u><u>(0.35) HK cents</u></u>	<u><u>(0.03) HK cents</u></u>

Consolidated Statement of Financial Position*At 31 March 2010*

	<i>NOTE</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Non-current assets			
Property, plant and equipment	<i>16</i>	321,195	538,358
Deferred tax assets	<i>17</i>	–	295,284
Other non-current assets		<u>137,500</u>	<u>–</u>
		<u>458,695</u>	<u>833,642</u>
Current assets			
Trade and other receivables	<i>18</i>	1,716,943	7,365,987
Restricted bank balances	<i>19</i>	349,958	2,552,930
Cash and cash equivalents	<i>20</i>	<u>22,485,824</u>	<u>674,966</u>
		<u>24,552,725</u>	<u>10,593,883</u>
Current liabilities			
Trade and other payables	<i>21</i>	2,193,675	8,406,314
Tax payables		<u>42,581</u>	<u>–</u>
		<u>2,236,256</u>	<u>8,406,314</u>
Net current assets		<u>22,316,469</u>	<u>2,187,569</u>
Total assets less current liabilities		<u>22,775,164</u>	<u>3,021,211</u>
Non-current liabilities			
Other long-term liabilities	<i>22</i>	<u>328,963</u>	<u>–</u>
NET ASSETS		<u><u>22,446,201</u></u>	<u><u>3,021,211</u></u>
Capital and reserves			
Share capital	<i>23</i>	6,000,000	–
Reserves		<u>15,640,283</u>	<u>2,656,856</u>
Total equity attributable to equity holders of the Company		<u>21,640,283</u>	<u>2,656,856</u>
Minority interests		<u>805,918</u>	<u>364,355</u>
TOTAL EQUITY		<u><u>22,446,201</u></u>	<u><u>3,021,211</u></u>

Statement of Financial Position*At 31 March 2010*

	<i>NOTE</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Non-current assets			
Interests in subsidiaries	<i>15</i>	<u>4,865,112</u>	<u>–</u>
Current assets			
Trade and other receivables	<i>18</i>	5,293	–
Cash and cash equivalents	<i>20</i>	<u>15,007,726</u>	<u>–</u>
		<u>15,013,019</u>	<u>–</u>
Current liabilities			
Trade and other payables	<i>21</i>	<u>265,069</u>	<u>–</u>
Net current assets		<u>14,747,950</u>	<u>–</u>
NET ASSETS		<u><u>19,613,062</u></u>	<u><u>–</u></u>
Capital and reserves			
Share capital	<i>23</i>	6,000,000	–
Reserves	<i>24</i>	<u>13,613,062</u>	<u>–</u>
TOTAL EQUITY		<u><u>19,613,062</u></u>	<u><u>–</u></u>

Consolidated Statement of Changes in Equity*Year ended 31 March 2010*

	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\$
		(note 24(a))	(note 24(b))	(note 24(c))				
At 1 April 2008	-	-	6,555,255	(340,754)	(3,573,190)	2,641,311	-	2,641,311
Total comprehensive income for the year	-	-	-	(139,004)	(145,451)	(284,455)	364,355	79,900
Deemed capital contribution from equity holders of the Company	-	-	300,000	-	-	300,000	-	300,000
At 31 March 2009	-	-	6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
At 1 April 2009	-	-	6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
Total comprehensive loss for the year	-	-	-	162,888	(1,879,136)	(1,716,248)	441,563	(1,274,685)
Reorganisation	10,000	-	(8,933)	-	-	1,067	-	1,067
Placing of new 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
At 31 March 2010	6,000,000	14,558,608	6,996,322	(316,870)	(5,597,777)	21,640,283	805,918	22,446,201

Consolidated Statement of Cash Flows*Year ended 31 March 2010*

	<i>NOTE</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
OPERATING ACTIVITIES			
Cash generated from operations	25	1,825,129	1,021,759
Interest received		21,384	27,451
Interest paid		(13,700)	–
Income tax paid		<u>(128,498)</u>	<u>–</u>
Net cash from operating activities		<u>1,704,315</u>	<u>1,049,210</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(41,964)	(406,263)
Payment for non-current assets		<u>(137,500)</u>	<u>–</u>
Net cash used in investing activities		<u>(179,464)</u>	<u>(406,263)</u>
FINANCING ACTIVITIES			
Advances from related parties		1,261,403	–
Capital injection by shareholders upon reorganisation		1,067	–
Other short-term loan raised		4,000,000	–
Proceeds from placing of new shares		34,500,000	–
Proceeds from the issuance of preference shares by a non-wholly owned subsidiary		328,963	–
Payment of share placement expenses		(12,192,743)	(1,758,649)
Repayment of other short-term loan		(4,000,000)	–
Repayment of advances from related parties		<u>(3,662,921)</u>	<u>–</u>
Net cash from (used in) financing activities		<u>20,235,769</u>	<u>(1,758,649)</u>
Net increase (decrease) in cash and cash equivalents		21,760,620	(1,115,702)
Cash and cash equivalents at beginning of year		674,966	2,011,658
Effect on exchange rate changes		<u>50,238</u>	<u>(220,990)</u>
Cash and cash equivalents at end of year	<i>20</i>	<u><u>22,485,824</u></u>	<u><u>674,966</u></u>

Notes to the Consolidated Financial Statements*Year ended 31 March 2010***1. CORPORATE INFORMATION**

Oriental City Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-11, Cayman Islands. The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 15 to the consolidated financial statements.

The Company and its subsidiaries are herein collectively referred to as the “Group”.

At 31 March 2010 and at the date of authorising the consolidated financial statements, the immediate holding company of the Group is Oriental City Group Asia Limited (“OCG Asia”), which is incorporated in the British Virgin Islands (“BVI”). In the opinion of directors, the ultimate holding company of the Group is Oriental City Group plc (the “Controlling Party”), which is incorporated in England and Wales and its shares are listed on The PLUS-quoted market operated by Plus Markets plc of the United Kingdom.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION**Group Reorganisation**

Pursuant to a group reorganisation completed on 14 August 2009 (the “Reorganisation”) to rationalise the corporate structure in preparation for the initial listing of the Company’s shares (the “Listing”) on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the entities now comprising the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 24 August 2009 (the “Prospectus”) in connection with the Listing.

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

Basis of presentation

As the Group was controlled by 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”).

As the Reorganisation only involved inserting a new holding entity at the top of an existing group and has not resulted in any change of economic substances, the consolidated financial statements of the Group for the years ended 31 March 2010 and 2009 have been presented as a continuation of the existing group using the pooling of interests method. Accordingly, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows are prepared as if the current group structure had been in existence since the date of incorporation/establishment of the group entities or since the date when the combining entities or business first came under common control, regardless of the date of the common control combination, and throughout the years ended 31 March 2010 and 2009.

Likewise, the comparative consolidated statement of financial position as at 31 March 2009 presents the assets and liabilities of the entities now comprising the Group as if the current group structure had been in existence at that date.

The net assets of the consolidating entities or businesses are consolidated using the existing book values from the Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the Controlling Party's interests. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the capital reserve.

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 profit or loss and credited as deemed capital contribution from the Controlling Party in the equity.

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Corporate administration expenses	<u>150,000</u>	<u>300,000</u>

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the accountants' report as set out in Appendix I of the Prospectus except for the adoption of certain new/revised HKFRS effective from the current period that are relevant to the Group as detailed in note 4 to the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out in note 4 to the consolidated financial statements.

4. PRINCIPAL ACCOUNTING POLICIES

Adoption of new/revised HKFRS

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) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of other comprehensive income). The Group has elected to prepare two statements. In addition, the revised standard requires that when comparative information is restated or reclassified, a 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 the comparative period, should be presented. Since the Group and the Company did not restate any comparative information during the current year, this new requirement has no impact on the consolidated financial statements.

HKAS 23 (Revised): Borrowing costs

HKAS 23 (Revised) eliminated the option to expense borrowing costs and requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. Since the Group has not previously adopted the option to expense all borrowing costs, the revised standard has no impact on the consolidated financial statements.

Improvements to HKFRS (2008)

Improvements to HKFRS (2008) contain improvements to a number of standards aiming to remove inconsistencies and clarify wording in the standards. The adoption of those improvements has no impact on the consolidated financial statements.

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.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries at the end of each reporting period (i.e. 31 March each year). The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All significant intra-group transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date of such control ceased.

Minority interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity holders of the Company. Losses applicable to the minority shareholders in excess of their interests in the subsidiary’s equity

are allocated against the interests of the Company except to the extent that the minority shareholders have a binding obligation and are able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, the Company's interests are allocated with all such profits until the minority shareholders' share of losses previously absorbed by the Company has been recovered.

The Group applies a policy of treating transactions with minority shareholders as transactions with equity owners of the Group. In acquiring minority interests, the difference between the consideration paid and the carrying value of the share of the net assets acquired is recognised as a deduction from equity. Disposals to minority interests result in gains and losses for the Group are recorded in equity.

Subsidiaries

A subsidiary, is an entity, in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line method, at the following rate per annum:

Office equipment	20%
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Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the financial asset and the Group has transferred substantially all the risks and rewards of ownership of the financial asset. A financial liability is derecognised only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities measured at amortised costs

The Group's financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Annual and transaction fee income are generally recognised on an accruals basis when the service has been provided, which generally coincides with the time when the transactions are approved and executed.

Service income is recognised when services are rendered.

Foreign exchange rate discount income is recognised when the foreign currency denominated funds are received from the card acceptance business partner who offered a favourable exchange rate in settling its outstanding payable to the Group are received and converted into local currency which is usually on every business day.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency of each Group's entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- Income and expenses for each income statement and statement of comprehensive income are translated at average rates; and
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity. On disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether the carrying amounts of its property, plant and equipment and interests in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as income immediately.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities if they are redeemable at a specific date or at the shareholders' option; or if dividend payments are not discretionary. Preference shares that are not redeemable, or are redeemable only at the Group's option; and any dividend payments are discretionary, are classified as equity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives received are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement plans are recognised as expenses in profit or loss as incurred. The assets of the plans are held separately from those of the Group in certain independently administered funds.

In accordance with the rules and regulations in the People's Republic of China ("PRC") and Thailand, the employees of the Group's entities established in the PRC and Thailand participate in defined contribution retirement plans organised by local governments. Contributions to those plans are expensed as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A party is related to the Group if

- (a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is a member of the key management personnel of the Group or its holding company;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

(a) *Critical judgements made in applying accounting policies*

(i) *Subsidiary*

According to the relevant laws and regulations in Thailand, in particular the Foreign Business Act (the “FBA”), Oriental City Group (Thailand) Company Limited (“OCG Thailand”), being a company engaged in the provision for card acceptance business in Thailand, must be owned as to more than 50% by Thai citizens.

With reference to the former contractual arrangement (the “Structure Contracts”) and existing preference shares structure arrangement (the “Preference Shares Structure”) of OCG Thailand as described in note 15 to the consolidated financial statements, majority of OCG Thailand’s issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Company, through its wholly owned subsidiary, Oriental City Group Thailand Limited, is able to exercise more than 50% voting power in any shareholders’ meeting of OCG Thailand.

The Company’s legal advisors as to Thai laws have confirmed that the Structure Contracts and the Preference Shares Structure are in compliance with all existing laws and regulations in Thailand, in particular the FBA. In light of no previous supreme court judgement ruling the invalidity of similar capital structure of OCG Thailand as opposed to the FBA and related interpretations, after due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Structure Contracts and the Preference Shares Structure are valid, legal and enforceable in Thailand.

Based upon the management’s judgement on the Structure Contracts and the Preference Shares Structure, the Company accounts for OCG Thailand as a subsidiary on the ground that it is able to control the operations of OCG Thailand by exercising its majority voting power in any shareholders’ meeting of OCG Thailand.

(b) *Key sources of estimation uncertainty*

(i) *Useful lives of property, plant and equipment*

The management determines the estimated useful lives of the Group’s property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in the profit or loss.

(ii) *Impairment of property, plant and equipment*

The management determines whether the Group’s property, plant and equipment are impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of net selling price or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) *Impairment of investments and receivables*

The Company assess annually if its investment in subsidiaries suffered any impairment in accordance with HKAS 36 and follow the guidance of HKAS 39 in determining whether the amounts due from subsidiaries are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of the subsidiaries would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

(iv) *Impairment of financial assets*

The management determines the provision for impairment of the Group's financial assets based on the current creditworthiness and the past collection history of each customers and other debtors and the current market condition. If the financial conditions of the Group's customers and other debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision may be required.

5. FUTURE CHANGES IN HKFRS

At the date of authorising of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS that are not yet effective for the current period, which the Group has not early adopted.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standard¹</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters²</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters⁴</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions²</i>
HKFRS 3 (Revised)	<i>Business Combinations¹</i>
HKFRS 9	<i>Financial Instruments⁶</i>
HKAS 24 (Revised)	<i>Related Party Disclosures⁵</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements¹</i>
HKAS 32 Amendments	<i>Amendments to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues³</i>
HKAS 39 Amendments	<i>Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items¹</i>
HKFRIC 14 Amendments	<i>Amendments to HKFRIC 14 Prepayments of a Minimum Funding Requirement⁵</i>
HKFRIC 17	<i>Distributions of Non-cash Assets to Owners¹</i>
HKFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments⁴</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases²</i>
Amendments to HKFRS 5 included in Improvements to HKFRS issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary¹</i>
HKFRS (Amendments – 2009)	<i>Improvements to HKFRS issued in May 2009⁷</i>
HKFRS (Amendments – 2010)	<i>Improvements to HKFRS issued in May 2010⁸</i>

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2010

³ Effective for annual periods beginning on or after 1 February 2010

⁴ Effective for annual periods beginning on or after 1 July 2010

⁵ Effective for annual periods beginning on or after 1 January 2011

⁶ Effective for annual periods beginning on or after 1 January 2013

⁷ Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

⁸ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

The directors are in the process of assessing the possible impact on the future adoption of these new and revised HKFRS, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements.

6. 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; and
- (ii) co-branded card partnership business and marketing business in the PRC.

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

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

Year ended 31 March 2010

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	4,244,178	–	4,244,178
Major customer B	2,161,363	–	2,161,363
Other customers	5,359,916	698,810	6,058,726
	<u>11,765,457</u>	<u>698,810</u>	<u>12,464,267</u>
Segment results	<u>1,455,839</u>	<u>383,525</u>	1,839,364
Unallocated share of corporate administration expenses			(150,000)
Unallocated interest and other income			40,079
Unallocated finance costs			(39,709)
Unallocated other expenses			<u>(2,709,129)</u>
Loss before taxation			(1,019,395)
Taxation			<u>(474,141)</u>
Loss for the year			<u>(1,493,536)</u>

Year ended 31 March 2009

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Segment revenue			
Major customer A	2,869,565	–	2,869,565
Major customer B	1,869,622	–	1,869,622
Other customers	2,969,095	99,163	3,068,258
	<u>7,708,282</u>	<u>99,163</u>	<u>7,807,445</u>
Segment results	<u>732,701</u>	<u>(273,383)</u>	459,318
Unallocated share of corporate administration expenses			(300,000)
Unallocated interest and other income			27,451
Unallocated other expenses			<u>(139,257)</u>
Profit before taxation			47,512
Taxation			<u>307,977</u>
Profit for the year			<u>355,489</u>

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

At 31 March 2010

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

At 31 March 2009

	Card acceptance business HK\$	Co-branded card partnership business and marketing business HK\$	Consolidated HK\$
Property, plant and equipment	527,407	10,950	538,357
Other assets	<u>5,671,604</u>	<u>28,051</u>	<u>5,699,655</u>
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>

7. 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:

	2010 HK\$	2009 HK\$
Co-branded card annual and transaction fee income	108,810	99,163
Card acceptance transaction fee income	9,604,094	5,838,660
Foreign exchange rate discount income	2,161,363	1,869,622
Marketing service fee income	<u>590,000</u>	<u>—</u>
	<u>12,464,267</u>	<u>7,807,445</u>

8. OTHER INCOME

	2010 HK\$	2009 HK\$
Bank interest income	21,384	11,962
Other interest income	2,003	15,489
Marketing and promoting sponsorship fees received	–	4,621
Sundry income	16,692	–
	<u>40,079</u>	<u>32,072</u>

9. (LOSS) PROFIT BEFORE TAXATION

	2010 HK\$	2009 HK\$
This is stated after charging:		
(a) Finance costs		
Finance costs on other long-term liabilities	26,009	–
Interest expenses on other short-term loan	13,700	–
	<u>39,709</u>	<u>–</u>
(b) Staff costs, including key management remuneration		
Salaries, allowances and other short-term employee benefits	2,027,500	1,035,138
Contributions to defined contribution plans	57,132	83,714
	<u>2,084,632</u>	<u>1,118,852</u>
(c) Key management remuneration, including directors' remuneration		
Salaries, allowances and other short-term employee benefits	1,683,509	806,317
Contributions to defined contribution plans	20,891	8,460
	<u>1,704,400</u>	<u>814,777</u>
(d) Other items		
Auditor's remuneration	290,898	23,926
Depreciation of property, plant and equipment	299,217	397,819
Write-off of property, plant and equipment	–	799
Operating lease charges on premises	285,353	56,769
	<u>285,353</u>	<u>56,769</u>

10. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Company's directors are as follows:

	Directors' fees HK\$	Salaries, allowances and other short-term employee benefits HK\$	Contributions to defined contribution plans HK\$	Total HK\$
Year ended 31 March 2010				
<i>Executive director</i>				
Mr. Yu Chun Fai	—	220,323	5,016	225,339
<i>Non-executive director</i>				
Ms. Wong Lai Chun	59,409	—	—	59,409
<i>Independent non-executive directors</i>				
Mr. Chan Chun Wai	59,409	—	—	59,409
Mr. Chan Wing Cheung, Joseph	59,409	—	—	59,409
Mr. Tsang Siu Tung	59,409	—	—	59,409
	178,227	—	—	178,227
	<u>237,636</u>	<u>220,323</u>	<u>5,016</u>	<u>462,975</u>
Year ended 31 March 2009				
<i>Executive director</i>				
Mr. Yu Chun Fai	—	—	—	—
<i>Non-executive director</i>				
Ms. Wong Lai Chun	—	—	—	—
<i>Independent non-executive directors</i>				
Mr. Chan Chun Wai	—	—	—	—
Mr. Chan Wing Cheung, Joseph	—	—	—	—
Mr. Tsang Siu Tung	—	—	—	—
	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 March 2010 (2009: Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year ended 31 March 2010 (2009: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2009: none) director, Mr. Yu Chun Fai, of whose remuneration is set out in note 10 to the consolidated financial statements. Details of the remuneration of the remaining four (2009: five) non-directors, highest paid employees for the year are as follows:

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Salaries, allowances and other short-term employee benefits	1,260,180	882,416
Contributions to defined contribution plans	<u>15,497</u>	<u>13,380</u>
	<u><u>1,275,677</u></u>	<u><u>895,796</u></u>

The number of non-directors, highest paid employees whose remuneration fell within the following band:

Band	Number of employees	
	2010	2009
Nil to HK\$1,000,000	<u><u>4</u></u>	<u><u>5</u></u>

During the year ended 31 March 2010, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year ended 31 March 2010 (2009: Nil).

12. TAXATION

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Current tax	163,346	–
Deferred tax		
Utilisation (Benefit) of tax losses	<u>310,795</u>	<u>(307,977)</u>
Tax expense (credit) for the year	<u><u>474,141</u></u>	<u><u>(307,977)</u></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 years ended 31 March 2010 and 2009.

(ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the BVI are exempted from the payment of income tax in the Cayman Islands and the BVI.

OCG Thailand is subject to Thailand income tax at 30% after deduction of any unutilised tax losses. However, no Thailand income tax has been provided for the year ended 31 March 2009 as OCG Thailand's assessable profits are wholly absorbed by unrelieved tax losses brought forward from previous years.

Oriental City Group (Hainan) Services Limited ("OCG China") is subject to state and local income taxes in the PRC at a standard rate of 30% and 3% respectively, up to 31 December 2007. Pursuant to the Income Tax Law for Foreign Invested Enterprises and Foreign Owned Enterprise of the PRC which was abolished on 1 January 2008, OCG China was eligible to enjoy a preferential enterprise income tax rate of 15%.

In March 2007, the National People's Congress enacted a new Enterprise Income Tax Law, which became effective on 1 January 2008 (the "New EIT Law"). In December 2007, the State Council promulgated the Implementation Regulations to the EIT Law and the Notice to Enterprise Income Tax Transition Incentive Policy, which also became effective on 1 January 2008. However, no income tax has been provided as OCG China incurred losses for taxation purposes for the years ended 31 March 2010 and 2009.

Under those laws and regulations, a unified income tax rate of 25% will apply to all domestic and foreign invested enterprises, unless they qualify for special tax benefits under certain limited exceptions. The applicable income tax for enterprises incorporated in special economic zones (including Hainan Province of where OCG China is established) which were subject to the enterprise income tax rate of 15% in the year 2007 would be increased to 18% in the year 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012 respectively. Since the deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the periods when the asset is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and deferred tax liabilities of OCG China. As OCG China does not recognise any deferred tax assets and deferred tax liabilities at the end of the reporting period, there is no impact on the Group's results or financial position.

Dividends payable by a foreign invested enterprise in the PRC/Thailand to its foreign investors are subject to a 10% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the PRC/Thailand that provides for a different withholding arrangement.

Reconciliation of tax expense (credit)

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
(Loss) Profit before taxation	<u>(1,019,395)</u>	<u>47,512</u>
Income tax at applicable tax rate	(153,345)	41,591
Non-deductible expenses	544,721	122,408
Non-taxable income	(610)	-
Utilisation of previously unrecognised tax losses	-	(375,939)
Unrecognised tax losses	43,200	35,135
Unrecognised temporary differences	40,175	176,805
Recognition of previously unrecognised deferred tax assets	<u>-</u>	<u>(307,977)</u>
Tax expense (credit) for the year	<u>474,141</u>	<u>(307,977)</u>

The applicable tax rate is the weighted average of rates calculated by dividing sum of nominal income tax expenses compiled with the tax rates prevailing in the territories in which the Group's entities operate against (loss) profit before taxation. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries.

13. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the year ended 31 March 2010 includes a loss of HK\$945,546 (2009: Nil) which has been dealt with in the financial statements of the Company.

14. LOSSES PER SHARE

Basic losses per share for the year ended 31 March 2010 are calculated based on the consolidated loss for the year attributable to the equity holders of the Company of HK\$1,879,136 (2009: HK\$145,451) and on the weighted average number of 538,767,123 ordinary shares (2009: 450,000,000 ordinary shares) in issue during the year.

In determining the weighted average number of ordinary shares in issue, 1 ordinary share issued on incorporation of the Company, 893,332 ordinary shares issued as consideration for the acquisition by the Company for issued share capital of Charm Act Group Limited and 106,667 ordinary shares allotted to other shareholders and the capitalisation issue of 449,000,000 ordinary shares upon the Listing on 28 August 2009 were deemed to have been in issue on 1 April 2008 for the purpose of the calculation of basic losses per share.

Diluted losses per share amounts have not been presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 March 2010 and 2009.

15. INTERESTS IN SUBSIDIARIES

	The Company	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost	8,933	–
Due from subsidiaries	<u>4,856,179</u>	<u>–</u>
	<u><u>4,865,112</u></u>	<u><u>–</u></u>

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment term. In the opinion of the Directors, the settlement of the amounts due is neither planned nor likely to occur in the foreseeable future.

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities
			Direct	Indirect	
OCG South Asia (BVI) Limited (formerly known as Oriental City Group Lao Limited) ("OCG South Asia")	BVI, 19 March 2010	Ordinary, US\$1	–	100%	Investment holding
Oriental City Group Lao Co., Limited ("OCG Laos")	Laos, 8 January 2010	Registered capital, US\$100,000	–	100%	Card acceptance business
Charm Act Group Limited ("Charm Act")	BVI, 30 November 2007	Ordinary, US\$100	100%	–	Investment holding
Oriental City Group China Limited ("OCG China (BVI)")	BVI, 7 May 2007	Ordinary, US\$1	–	100%	Investment holding and marketing business
Oriental City Group Thailand Limited ("OCG Thailand (BVI)")	BVI, 7 May 2007	Ordinary, US\$1	–	100%	Investment holding
奧思知(海南)服務有限公司 Oriental City Group (Hainan) Services Limited* ("OCG China")	PRC, 24 October 2005	Registered capital, HK\$150,000	–	100%	Co-branded cards partnership business
Oriental City Group (Thailand) Company Limited ("OCG Thailand")	Thailand, 27 September 2004	Ordinary, Baht 6,250,000 Preference, Baht 1,375,000 <Remark>	–	60% Nil	Card acceptance business

* *The English name is for identification purpose only.*

<Remark>

Prior to 28 April 2009, to comply with laws and regulations of Thailand on foreign invested companies, the Group operates its card acceptance business through OCG Thailand whose 11% ordinary equity interests (the “11% Security Interests”) are held by Mr. Panthong Limpkittisin (“Mr. Limpkittisin”), a senior management personnel of OCG Thailand.

The paid-up capital of the 11% Security Interests was funded by Oriental City Group Limited (“OCG HK”), through loans of Baht 687,000 (equivalent to approximately HK\$164,000) extended to Mr. Limpkittisin. OCG HK has entered into certain contractual arrangements (the “Structure Contracts”) with Mr. Limpkittisin, including a loan agreement for Mr. Limpkittisin to contribute paid-up capital to OCG Thailand, a share purchase option agreement (“Share Purchase Option Agreement”) for OCG HK to acquire the 11% Security Interests in OCG Thailand subject to compliance with Thailand’s laws, a pledge of shares agreement (“Pledge of Shares Agreement”) over the 11% Security Interests of OCG Thailand held by Mr. Limpkittisin, and a proxy agreement irrevocably authorising individuals designated by OCG HK to exercise the equity owners’ rights over OCG Thailand, whichever is applicable.

On 28 December 2007, OCG HK (a) assigned to OCG Thailand (BVI) (i) all the interests and benefits of its loan in the aggregate of Baht 687,500 (equivalent to approximately HK\$164,000) advanced to Mr. Limpkittisin and (ii) all its rights and interests under the Share Purchase Agreement, entered into between OCG HK and Mr. Limpkittisin; and (b) released unto Mr. Limpkittisin the Pledge of Shares Agreement entered into between OCG HK and Mr. Limpkittisin, at a total consideration of HK\$2,245. On 28 December 2007, Mr. Limpkittisin pledged the 11% Security Interests to OCG Thailand (BVI) under a new pledge of shares agreement and irrevocably and unconditionally authorised individuals designated by OCG Thailand (BVI) to exercise the equity owner’s rights over the 11% Security Interests under a new proxy agreement, after which OCG Thailand (BVI) holds, other than its 49% legal interests, the 11% Security Interests in OCG Thailand.

The Group believes that, notwithstanding the lack of equity ownership, the Structure Contracts described above give the Group control over OCG Thailand in substance. Accordingly, the results and financial position of OCG Thailand are included in the Group’s consolidated financial statements to the extent of 60% effective interests, which includes the 49% ordinary equity interests plus the 11% Security Interests.

On 28 April 2009, OCG Thailand (BVI) exercised the option in the Share Purchase Option Agreement to acquire the 11% Security Interests from Mr. Limpkittisin at a consideration of Baht 687,500 (equivalent to approximately HK\$164,000). At the same time, Mr. Limpkittisin fully repaid the outstanding loan of Baht 687,500 (equivalent to approximately HK\$164,000) to OCG Thailand (BVI). Accordingly, the Structure Contracts entered into between Mr. Limpkittisin and OCG Thailand (BVI) ceased to operate on the same date.

Pursuant to a special resolution passed in an extraordinary meeting of shareholders of OCG Thailand held on 28 April 2009, OCG Thailand allotted 550,000 preference shares to its then minority shareholders at a total consideration of Baht 1,375,000 (equivalent to approximately HK\$329,000). Thereafter, OCG Thailand’s share capital is comprised of ordinary share capital of Baht 6,250,000 (equivalent to approximately HK\$1,495,000) and preference share capital of Baht 1,375,000 (equivalent to approximately HK\$329,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on any resolution of OCG Thailand.

The holders of 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 rate of 9% paid up value 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 consolidated financial statements in accordance with applicable accounting standards because they are not redeemable and the holders of which are entitled to receive 9% cumulative dividend on the paid up value 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.

Therefore, starting from 29 April 2009, the results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the preference shares issued and related cumulative dividend, to the extent of 60% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares indirectly held by the Company through OCG Thailand (BVI).

16. PROPERTY, PLANT AND EQUIPMENT

	The Group Office equipment <i>HK\$</i>
Cost	
At 1 April 2008	1,714,267
Additions	406,263
Disposals	(3,688)
Exchange realignments	<u>(198,654)</u>
At 31 March 2009 and at 1 April 2009	1,918,188
Additions	41,964
Exchange realignments	<u>195,915</u>
At 31 March 2010	<u><u>2,156,067</u></u>
Accumulated depreciation	
At 1 April 2008	1,133,445
Charges	397,819
Disposals	(2,889)
Exchange realignments	<u>(148,545)</u>
At 31 March 2009 and at 1 April 2009	1,379,830
Charges	299,217
Exchange realignments	<u>155,825</u>
At 31 March 2010	<u><u>1,834,872</u></u>
Net book value	
At 31 March 2010	<u><u>321,195</u></u>
At 31 March 2009	<u><u>538,358</u></u>

17. DEFERRED TAXATION

Recognised deferred tax assets

The movement in the Group's deferred tax assets is as follows:

	The Group	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
At beginning of year	295,284	–
(Charge) Credit to profit or loss	(310,795)	307,977
Exchange realignments	15,511	(12,693)
	<u> </u>	<u> </u>
At end of year	<u> </u>	<u>295,284</u>
Amount expected to be recovered within 12 months	<u> </u>	<u>295,284</u>

Unrecognised deferred taxation

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses will be expired as follows:

	The Group	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Year 2011	648,664	650,131
Year 2012	308,644	309,342
Year 2013	631,981	633,410
Year 2014	175,274	175,670
Year 2015	196,364	–
	<u> </u>	<u> </u>
	<u>1,960,927</u>	<u>1,768,553</u>

The retained earnings of certain foreign subsidiaries would be subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of retained earnings of these foreign subsidiaries are approximately HK\$156,000 (2009: Nil). In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provision for additional deferred taxation has been made.

18. TRADE AND OTHER RECEIVABLES

	NOTE	The Group		The Company	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Trade receivables		<u>1,185,814</u>	<u>2,272,570</u>	—	—
Other receivables					
Deposits, prepayments and other debtors		531,129	5,080,187	5,293	—
Due from related parties	18(a)	<u>—</u>	<u>13,230</u>	<u>—</u>	<u>—</u>
		<u>531,129</u>	<u>5,093,417</u>	<u>5,293</u>	<u>—</u>
		<u>1,716,943</u>	<u>7,365,987</u>	<u>5,293</u>	<u>—</u>

The ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	The Group	
	2010 HK\$	2009 HK\$
Outstanding balances with ages:		
30 days or below	1,071,366	2,256,407
31 – 90 days	92,536	16,163
Over 90 days	<u>21,912</u>	<u>—</u>
	<u>1,185,814</u>	<u>2,272,570</u>

The Group allows a credit period up to 90 days to its trade debtors and the trade debtors usually settle the outstanding balance within 90 days from the billing date. As at the end of the reporting period, all trade receivables are fully performing.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Group's entities:

	The Group	
	2010 HK\$	2009 HK\$
United States Dollars ("US\$")	<u>1,004,631</u>	<u>2,215,533</u>

18(a) DUE FROM RELATED PARTIES

The amounts due were unsecured, interest-free and had no fixed repayment term.

19. RESTRICTED BANK BALANCES

Pursuant to the agreements signed with a card acceptance business partner, the amounts 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.

20. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Bank balances and cash are denominated in:				
HK\$	5,452,107	101,269	7,726	–
Renminbi (“RMB”)	24,691	85,584	–	–
Baht	<u>2,009,026</u>	<u>488,113</u>	<u>–</u>	<u>–</u>
	7,485,824	674,966	7,726	–
Time deposits are denominated in:				
HK\$	<u>15,000,000</u>	<u>–</u>	<u>15,000,000</u>	<u>–</u>
	<u>22,485,824</u>	<u>674,966</u>	<u>15,007,726</u>	<u>–</u>

21. TRADE AND OTHER PAYABLES

	NOTE	The Group		The Company	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Trade payables		<u>1,366,644</u>	<u>4,953,935</u>	<u>–</u>	<u>–</u>
Other payables					
Accrued charges and other payables		827,031	1,050,861	265,069	–
Due to related parties	21(a)	<u>–</u>	<u>2,401,518</u>	<u>–</u>	<u>–</u>
		<u>827,031</u>	<u>3,452,379</u>	<u>265,069</u>	<u>–</u>
		<u>2,193,675</u>	<u>8,406,314</u>	<u>265,069</u>	<u>–</u>

All trade payables are aged within 30 days at the end of the reporting period.

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

21(a) DUE TO RELATED PARTIES

The amounts due were unsecured, interest-free and had no fixed repayment terms.

22. OTHER-LONG TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand as detailed in note 15 to the consolidated financial statements.

At 31 March 2010, the Group had an outstanding amount due to a minority shareholder of Baht 1,375,000 (equivalent to HK\$328,963) (2009: Nil) 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 113,918 (equivalent to HK\$26,009) (2009: Nil) as included in trade and other payables.

23. SHARE CAPITAL

	NOTE	2010		2009	
		Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised	23(a)/(b)	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>39,000,000</u>	<u>390,000</u>
Issued and fully paid:					
At beginning of year	23(a)	1	–	1	–
Issue of shares upon reorganisation	23(b)	999,999	10,000	–	–
Placing of new shares	23(c)	150,000,000	1,500,000	–	–
Capitalisation issue	23(c)	<u>449,000,000</u>	<u>4,490,000</u>	<u>–</u>	<u>–</u>
At end of year		<u>600,000,000</u>	<u>6,000,000</u>	<u>1</u>	<u>–</u>

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 to the subscriber (the “Subscriber’s Share”) and subsequently transferred to 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 year ended 31 March 2010 rank *pari passu* in all respects with the then existing shares.

24. RESERVES

	Share premium HK\$	The Company Accumulated losses HK\$	Total HK\$
At 12 December 2007, 31 March 2009 and 1 April 2009	–	–	–
Total comprehensive loss for the year	–	(945,546)	(945,546)
Placing of new shares	33,000,000	–	33,000,000
Capitalisation issue	(4,490,000)	–	(4,490,000)
Share placement expenses	(13,951,392)	–	(13,951,392)
At 31 March 2010	14,558,608	(945,546)	13,613,062

24(a) SHARE PREMIUM

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

24(b) CAPITAL RESERVE

The capital reserve represents the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the minority shareholders, and the deemed capital contribution from the Controlling Party as detailed in note 2 of the consolidated financial statements.

24(c) EXCHANGE RESERVE

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 4 of the consolidated financial statements.

25. CASH GENERATED FROM OPERATIONS

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
(Loss) Profit before taxation	(1,019,395)	47,512
Deemed corporate administration expenses	150,000	300,000
Depreciation	299,217	397,819
Foreign exchange differences	161,906	12,054
Finance costs	39,709	–
Interest income	(21,384)	(27,451)
Write-off of property, plant and equipment	–	799
Changes in working capital:		
Restricted bank balances	2,465,729	742,536
Trade and other receivables	(2,855,119)	(961,420)
Trade and other payables	<u>2,604,466</u>	<u>509,910</u>
Cash generated from operations	<u><u>1,825,129</u></u>	<u><u>1,021,759</u></u>

26. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had the following connected and related party transactions during the years.

Relationship with the Group	Nature of transaction	2010	2009
		<i>HK\$</i>	<i>HK\$</i>
<i>Discontinued upon the Listing</i>			
An ex-minority shareholder of OCG Thailand	Interest income received	<u>–</u>	<u>2,259</u>
A senior management personnel of OCG Thailand	Interest income received	<u>2,003</u>	<u>13,230</u>
A company of which a controlling party of an ex-minority shareholder of OCG Thailand is a director	Administration expenses paid	<u>–</u>	<u>24,434</u>
Ultimate holding company of the Group	Share of corporate administration expenses	<u>150,000</u>	<u>300,000</u>
<i>Continuing after the Listing</i>			
A fellow subsidiary of the Group	Administrative service fee paid	<u>190,776</u>	<u>57,560</u>

As set out in note 23(b) and 23(c) of the consolidated financial statements, the Company allotted 106,667 ordinary shares of the Company at HK\$0.01 per share to certain individuals on 14 August 2009 (the “Pre-IPO shares”) which were subsequently converted into 8% of the enlarged share capital of the Company upon the Listing. The relevant charges for the share – based payments in respect of the Pre-IPO shares were borne by the Controlling Party for which no reimbursement will be sought from the Group because the Controlling Party considers it has the sole responsibility in fulfilling such obligations.

During the year ended 31 March 2010, the amount due from related parties of HK\$13,230 as at 31 March 2009 was collected.

During the year ended 31 March 2010, 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 expenses accrued at 5% per annum were fully repaid on 7 September 2009.

27. COMMITMENTS

Commitments under operating leases

The Group leases a number of office premises under operating leases, which typically run for a period of 2 years. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	The Group	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Within one year	384,000	84,161
In the second to fifth years inclusive	<u>160,000</u>	<u>–</u>
	<u><u>544,000</u></u>	<u><u>84,161</u></u>

Capital expenditure commitments

	The Group	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Contracted but not provided for, net of deposits paid	<u>225,000</u>	<u>–</u>

28. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group’s principal financial instruments comprise current accounts with related parties, preference shares issued by a non-wholly owned subsidiary, restricted and unrestricted bank balances and cash and time deposits. The main purpose of these financial instruments is to raise and maintain finance for the Group’s operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) foreign currency risk, (ii) interest rate risk, (iii) credit risk and (iv) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the executive director meets regularly and co-operates closely with key management to identify and evaluate risks and generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum as follows:

(i) *Foreign currency risk*

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in HK\$, RMB and Baht, which are the functional currencies of the relevant subsidiaries.

However, as detailed in note 18 of the consolidated financial statements, US\$ is also used to collect the Group's revenue from the operation of card acceptance business in Thailand. The Group currently does not have a foreign currency hedging policy but the management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arise.

The following table details the Group's sensitivity to a reasonably daily change of 1% in exchange rate of US\$ against Baht while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period and adjusted their translation for 1% change in foreign currency rate.

	The Group	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Gain (loss)		
– if US\$ strengthens against Baht	9,584	23,269
– if US\$ weakens against Baht	<u>(9,590)</u>	<u>(22,949)</u>

The Group's operation of card acceptance business involves conversion of US\$ denominated funds into Baht on daily basis, the above sensitivity analysis on period-end exposure may be unrepresentative of a risk inherent in the consolidated financial statements for the years.

In addition, as detailed in note 19 and note 20 of the consolidated financial statements, part of the restricted and unrestricted bank balances and cash are denominated either in RMB or Baht. The conversion of RMB and Baht into foreign currencies, including HK\$, is subject to the rules and regulations of foreign exchange control promulgated by the PRC and Thailand government, respectively.

(ii) *Interest rate risk*

The Company's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including restricted and unrestricted bank balance and cash and time deposits as detailed in note 19 and note 20 of the consolidated financial statements. The management considers that the interest rate risk encountered by the Group is currently not significant.

(iii) Credit risk

Credit risk mainly arises from restricted and unrestricted bank balances and cash and time deposits, trade receivables, other receivables and amounts due from related parties. The Group limits its exposure to credit risk by rigorously selecting the counterparties with reference to their past credit history and/or market reputation. The Group's exposure to the maximum credit risk is summarised as follows:

	The Group		The Company	
	2010	2009	2010	2009
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Restricted bank balances	349,958	2,552,930	–	–
Cash and cash equivalents	22,485,824	674,966	15,007,726	–
Trade and other receivables	1,716,943	7,365,987	5,293	–
	<u>22,872,725</u>	<u>10,583,883</u>	<u>15,013,019</u>	<u>–</u>

The credit risk on trade receivables, restricted and unrestricted bank balances and time deposits is limited because the counterparties are financial institutions with high credit ratings and the transactions with them, and any significant transactions with other parties, are approved by the sole director of the Company. Management does not expect any counterparty to fail to meet its obligation.

The Group reviews the recoverable amount of each individual debtor, including related and third parties, at each end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At 31 March 2010, there was one trade debtor accounted for 85% (2009: 97%) of the total outstanding trade receivables. The management considers the credit risk in respect of this debtor is minimal because it is an authorised financial institution in the PRC with high credit ratings and there is no history of default or late payment.

None of the Group's financial assets are securitised by collateral or other credit enhancements.

(iv) Liquidity risk

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment. The Group finances its working capital requirements mainly by the funds generated from operations, public fund raising and advances from related parties.

The Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	The Group		The Company	
	Within one year or on demand HK\$	Upon winding up of OCG Thailand HK\$	Total HK\$	Within one year or on demand HK\$
At 31 March 2010				
Trade and other payables	2,193,675	–	2,193,675	265,069
Other long-term liabilities <Remark>	–	328,963	328,963	–
	<u>2,193,675</u>	<u>328,963</u>	<u>2,522,638</u>	<u>265,069</u>
At 31 March 2009				
Trade and other payables	<u>8,406,314</u>	<u>–</u>	<u>8,406,314</u>	<u>–</u>
<Remark>				

The estimated annual finance cost of other long-term liabilities approximates to Baht 114,000 (equivalent to approximately HK\$26,000).

(b) Categories and fair value of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities are set out as follows:

	The Group		The Company	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Loans and receivables:				
Trade and other receivables	1,716,943	7,365,987	5,293	–
Restricted bank balances	349,958	2,552,930	–	–
Cash and cash equivalents	<u>22,485,824</u>	<u>674,966</u>	<u>15,007,726</u>	<u>–</u>
	<u>24,552,725</u>	<u>10,593,883</u>	<u>15,013,019</u>	<u>–</u>
Financial liabilities measured at amortised costs:				
Trade and other payables	2,193,675	8,406,314	265,069	–
Other long-term liabilities	<u>328,963</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>2,522,638</u>	<u>8,406,314</u>	<u>265,069</u>	<u>–</u>

In the opinion of the directors, the carrying values of above financial assets and liabilities approximate their fair values.

29. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 2009.

30. COMPARATIVE FIGURES

Conforming to current year's presentation, expenses of HK\$495,965 for the year ended 31 March 2009 that was included in administrative expenses has been reclassified under selling and distribution costs. The revised presentation reflects more appropriately the nature of these expenses. The reclassification has no effect on the reported financial position, results or cash flows of the Group.

3. UNAUDITED FINANCIAL INFORMATION

- A. The unaudited financial information of the Group contained in the interim report of the Company for the six months ended 30 September 2010 is reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the interim report. Reference to notes numbers therein are to the notes numbers in the interim report.

Condensed Consolidated Income Statement

For the three months and six months ended 30 September 2010

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

Condensed Consolidated Statement of Financial Position*As at 30 September 2010*

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

Condensed Consolidated Statement of Changes in Equity*For the six months ended 30 September 2010*

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

	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\$
For the six months ended 30 September 2009								
At 1 April 2009 (audited)	-	-	6,855,255	(479,758)	(3,718,641)	2,656,856	364,355	3,021,211
Loss for the period	-	-	-	-	(892,598)	(892,598)	3,499	(889,099)
Exchange difference on translation of foreign subsidiaries	-	-	-	58,283	-	58,283	21,841	80,124
Total comprehensive loss for the period	-	-	-	58,283	(892,598)	(834,315)	25,340	(808,975)
Reorganisation	10,000	-	(8,933)	-	-	1,067	-	1,067
Placing of shares	1,500,000	33,000,000	-	-	-	34,500,000	-	34,500,000
Capitalisation issue	4,490,000	(4,490,000)	-	-	-	-	-	-
Share placement expenses	-	(13,951,392)	-	-	-	(13,951,392)	-	(13,951,392)
Deemed capital contribution from equity holders of the Company	-	-	150,000	-	-	150,000	-	150,000
	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

Condensed Consolidated Statement of Cash Flows*For the six months ended 30 September 2010*

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements*For the six months ended 30 September 2010***1. GROUP REORGANISATION AND BASIS OF PREPARATION****Group reorganisation**

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

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

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

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

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

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

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

Basis of preparation

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

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

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

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

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

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

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

2. REVENUE

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

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

3. SEGMENT REPORTING

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

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

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

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

Six months ended 30 September 2010 (unaudited)

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

Six months ended 30 September 2009 (unaudited)

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

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

At 30 September 2010 (unaudited)

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

At 31 March 2010 (audited)

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

4. LOSS BEFORE TAXATION

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

5. TAXATION

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

(i) Hong Kong Profits Tax

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

(ii) Income taxes outside Hong Kong

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

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

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

6. LOSS PER SHARE

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

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

8. TRADE AND OTHER RECEIVABLES

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

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

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

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

9. RESTRICTED BANK BALANCES

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

10. TRADE AND OTHER PAYABLES

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

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

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

11. OTHER-LONG TERM LIABILITIES

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

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

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

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

12. SHARE CAPITAL

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

13. CONNECTED AND RELATED PARTY TRANSACTIONS

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

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

14. COMMITMENTS

Commitments under operating leases

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

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

Capital expenditure commitments

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

15. EVENTS AFTER THE REPORTING PERIOD

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

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

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

16. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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

- B. The unaudited financial information of the Group contained in the third quarterly report of the Company for the nine months ended 31 December 2010 is reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the third quarterly report. Reference to notes numbers therein are to the notes numbers in the third quarterly report.

Condensed Consolidated Income Statement

For the three months and nine months ended 31 December 2010

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

Condensed Consolidated Statement of Comprehensive Income*For the three months and nine months ended 31 December 2010*

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2010	2009	2010	2009
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Loss for the period	(654,858)	(193,870)	(1,880,843)	(1,082,969)
Other comprehensive income				
Exchange difference on translation of foreign subsidiaries	<u>76,679</u>	<u>314,682</u>	<u>193,150</u>	<u>394,806</u>
Total comprehensive (loss) income for the period	<u>(578,179)</u>	<u>120,812</u>	<u>(1,687,693)</u>	<u>(688,163)</u>
Attributable to:				
Equity holders of the Company	(751,640)	(164,896)	(1,936,437)	(999,211)
Minority interests	<u>173,461</u>	<u>285,708</u>	<u>248,744</u>	<u>311,048</u>
	<u>(578,179)</u>	<u>120,812</u>	<u>(1,687,693)</u>	<u>(688,163)</u>

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statement

For the nine months ended 31 December 2010

1. GROUP REORGANISATION AND BASIS OF PREPARATION

Group reorganisation

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

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

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

Under this basis, the comparative information of the nine months ended 31 December 2009 included in this unaudited condensed consolidated third quarterly financial statements for the nine months ended 31 December 2010 (the "Third Quarterly Financial Statements") are presented as if the current group structure had been in existence since the date of incorporation/establishment of the Group entities or since the date when the combining entities or business first came under common control, regardless of the date of the common control combination.

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

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

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Corporate administration expenses	—	—	—	150,000

Basis of preparation

The Third Quarterly Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

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

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

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

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

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

2. REVENUE

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

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Co-branded card annual and transaction fee income	20,821	24,406	33,613	51,032
Card acceptance transaction fee income	2,646,655	3,709,487	5,065,605	6,579,351
Foreign exchange rate discount income	713,299	925,340	1,307,434	1,462,909
Marketing service fee income	390,000	200,000	1,170,000	200,000
	<u>3,770,775</u>	<u>4,859,233</u>	<u>7,576,652</u>	<u>8,293,292</u>

3. SEGMENT REPORTING

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

- (i) card acceptance business in Thailand; and
- (ii) co-branded card partnership business and marketing business in the People’s Republic of China (the “PRC”).

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

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

Nine months ended 31 December 2010 (unaudited)

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

Nine months ended 31 December 2009 (unaudited)

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

4. LOSS BEFORE TAXATION

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

5. TAXATION

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Current tax	167,991	–	206,219	–
Deferred tax				
Utilisation of tax losses	–	243,039	–	278,220
Tax expenses for the period	<u>167,991</u>	<u>243,039</u>	<u>206,219</u>	<u>278,220</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 those of its subsidiaries which were established in the British Virgin Island (“BVI”) are exempted from the payment of income tax in the Cayman Islands and the BVI respectively.

Oriental City Group (Thailand) Company Limited (“OCG Thailand”), the Company’s subsidiary established in Thailand, is subject to Thailand income tax at the rate of 30% and provision for current tax has been made accordingly. No Thailand income tax has been provided for the three months and nine months ended 31 December 2009 as OCG Thailand’s assessable profits were wholly absorbed by unrelieved tax losses brought forward from previous periods.

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

6. DIVIDEND

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

7. LOSS PER SHARE

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

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

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

8. MOVEMENT OF EQUITY

	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\$	
For the nine months ended 31 December 2010								
At 1 April 2010 (audited)	6,000,000	14,558,608	6,996,322	(316,870)	(5,597,777)	21,640,283	805,918	22,446,201
Loss for the period	–	–	–	–	(2,058,927)	(2,058,927)	178,084	(1,880,843)
Exchange difference on translation of foreign subsidiaries	–	–	–	122,490	–	122,490	70,660	193,150
Total comprehensive loss for the period	–	–	–	122,490	(2,058,927)	(1,936,437)	248,744	(1,687,693)
At 31 December 2010 (unaudited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(194,380)</u>	<u>(7,656,704)</u>	<u>19,703,846</u>	<u>1,054,662</u>	<u>20,758,508</u>

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	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\$			
For the nine months ended 31 December 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	–	–	–	–	(1,362,304)	(1,362,304)	279,335	(1,082,969)
Exchange difference on translation of foreign subsidiaries	–	–	–	363,093	–	363,093	31,713	394,806
Total comprehensive loss for the period	–	–	–	363,093	(1,362,304)	(999,211)	311,048	(688,163)
Reorganisation	10,000	–	(8,933)	–	–	1,067	–	1,067
Placing of shares	1,500,000	33,000,000	–	–	–	34,500,000	–	34,500,000
Capitalisation issue	4,490,000	(4,490,000)	–	–	–	–	–	–
Share placement expenses	–	(13,951,392)	–	–	–	(13,951,392)	–	(13,951,392)
Deemed capital contribution from equity holders of the Company	–	–	150,000	–	–	150,000	–	150,000
	<u>6,000,000</u>	<u>14,558,608</u>	<u>141,067</u>	<u>–</u>	<u>–</u>	<u>20,699,675</u>	<u>–</u>	<u>20,699,675</u>
At 31 December 2009 (unaudited)	<u>6,000,000</u>	<u>14,558,608</u>	<u>6,996,322</u>	<u>(116,665)</u>	<u>(5,080,945)</u>	<u>22,357,320</u>	<u>675,403</u>	<u>23,032,723</u>

4. INDEBTEDNESS

Borrowings

As at the close of business on 31 December 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this composite offer and response document, the Group had a total outstanding amount of Baht 1,375,000 (equivalent to approximately HK\$354,000) due to a minority shareholder in respect of the issued and paid up preference share capital of Oriental City Group (Thailand) Company Limited (“OCG Thailand”), a non-wholly owned subsidiary of the Company, which carries cumulative dividend at 9% per annum, with an accrued dividend payable of approximately Baht 93,000 (equivalent to approximately HK\$24,000) as included in trade and other payables.

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in the Group’s consolidated financial statements in accordance with applicable accounting standards because they are not redeemable and the holders of which are entitled to receive 9% cumulative dividend on the paid up value 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.

The Group has no significant exposure to liabilities denominated in foreign currency.

Contingent liabilities

As at 31 December 2010, the Group had no material contingent liabilities.

Mortgages and charges

As at 31 December 2010, the Group had no mortgages or charges over its assets.

Banking facilities

As at 31 December 2010, the Group had no banking facilities.

Capital commitment

As at 31 December 2010, the Group had capital expenditure commitment in respect of a corporate human resources management system of HK\$225,000.

Disclaimer

Save as aforesaid or as otherwise disclosed herein and apart from normal trade payables and accrued charges, the Group did not have any other mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at the close of business on 31 December 2010.

The Directors have confirmed that there has not been any material change in the indebtedness, capital commitment and contingent liabilities of the Group since 31 December 2010.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2010, being the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

All directors of the Offeror accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Group, the Vendor and parties acting in concert with any of them), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, the Vendor and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

This Composite Document, for which all Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it) in compliance with the GEM Listing Rules, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief: (i) the information contained in this Composite Document is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Composite Document misleading; and (iii) all opinions expressed in this Composite Document have been arrived at after due and careful consideration and are founded on base and assumptions that are fair and reasonable.

2. CORPORATE INFORMATION OF THE COMPANY

The Company is an investment holding Company incorporated in the Cayman Islands and through its subsidiaries, is principally engaged in the cards and payment related businesses, namely the card acceptance business and the co-branded card partnership business in Thailand and the PRC respectively.

The Company was incorporated in the Cayman Islands on 12 December 2007 as an exempted Company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

3. SHARE CAPITAL AND SHARE OPTIONS OF THE COMPANY

The authorised share capital and the issued share capital of the Company as at the Latest Practicable Date were HK\$20,000,000 and HK\$6,000,000 respectively.

All existing issued Shares rank pari passu in all respect including all rights as to dividends, voting and interests in capital.

No new Shares were issued since 31 March 2010 (being the date on which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company has no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

4. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last Trading Day for each of the calendar months during the Relevant Period on which trading of the Shares took place; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
30 July 2010	0.45
31 August 2010	0.44
30 September 2010	1.30
29 October 2010	1.08
30 November 2010	0.89
31 December 2010	0.51
5 January 2011 (being the Last Trading Day)	0.51
31 January 2011	0.87
28 February 2011	1.00
1 March 2011 (being the Latest Practicable Date)	1.00

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.30 per Share (on 30 September 2010) and HK\$0.40 per Share (on 4 and 5 August 2010 respectively).

5. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

Interests in Shares

Name of Director	Capacity	No. of Shares	Approximate percentage of existing issued share capital of the Company
Mr. Yu Chun Fai	Beneficial owner	24,000,000 (S)	4%
Ms. Wong Lai Chun	Beneficial owner	6,000,000 (L)	1%

The letter “L” denotes a long position and “S” denotes a short position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of 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 any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed issuers.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

(b) Interests and short positions of the substantial shareholders in the shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital were as follows:

(i) Interest in the Shares

Name of Director	Capacity	No. of Shares	Approximate percentage of existing issued share capital of the Company
Mr. Cheng	Interests of controlled corporation (<i>Note</i>)	402,000,000(L)	67%
	Beneficial owner	27,000,000(L)	4.5%
The Offeror	Beneficial owner	402,000,000(L)	67%

The letter "L" denotes a long position and "S" denotes a short position.

Note: Mr. Cheng is the beneficial owner of 70% of the entire issued share capital of the Offeror and is therefore deemed to be interested in the 402,000,000 Shares held by the Offeror under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

6. INTEREST IN THE COMPANY AND THE OFFEROR

As at the Latest Practicable Date,

- (a) none of the Company and the Directors were interested in or owned or controlled any shares, convertible securities, warrants options or derivatives of the Offeror;
- (b) save as disclosed in section 5 of this Appendix, none of the Offeror, its directors nor parties acting in concert with the Offeror was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;
- (c) there was no shareholding in the Company which the Offeror or any party acting in concert with it has borrowed or lent;
- (d) there was no shareholding in the Company which the Company or any Directors has borrowed or lent;
- (e) save for the arrangement of resignation contemplated thereunder as set out under the section headed “Proposed change of composition of the Board” in the “Letter from Kingston Securities” on page 13 and in the “Letter from the Board” on page 20 respectively of this Composite Document, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (f) save for the S&P Agreement, the Placing Agreement and the arrangement of resignation contemplated thereunder as set out under the section headed “Proposed change of composition of the Board” in the “Letter from Kingston Securities” on page 13 and in the “Letter from the Board” on page 20 respectively of this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (g) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (h) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code or with the Offeror or any person acting in concert with it;

- (i) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (j) no Independent Shareholder prior to the posting of this Composite Document had irrevocably committed himself or herself or itself to accept or reject the Offer;
- (k) none of the advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (l) none of the Company or any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company;
- (m) Mr. Yu Chun Fai did not intend to accept the Offer in respect of his own beneficial holdings of Shares and Ms. Wong Lai Chun did not intend to accept the Offer in respect of her own beneficial holdings of Shares and the remaining Directors were not interested in any Shares;
- (n) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and
- (o) all Shares to be acquired by the Offeror under the Offer by the use of the Facility provided by Kingston Securities shall be deposited to the margin account opened by the Offeror with Kingston Securities from time to time as collateral for the Facility, and shall be released to the Offeror upon full repayment of all the outstanding amount of the Facility (including all the outstanding principal amount, accrued interest, fees and charges) by the Offeror to Kingston Securities. Save as aforesaid, the Offeror has no intention to transfer, charge or pledge the Shares acquired in pursuance with the Offer to any other persons.

7. DEALINGS IN SECURITIES

During the Relevant Period,

- (a) save as disclosed in section headed “Dealings in securities of the Company” in the “Letter from Kingston Securities” in this Composite Document, none of the Offeror, its directors nor parties acting in concert with the Offeror had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (b) none of the Company or the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;

- (c) no fund managers who were connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis;
- (d) none of the advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company; and
- (e) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

8. DIRECTORS’ SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies (a) which (including continuous or fixed term contracts) were entered into or amended within 6 months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more, or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

No contracts of significance in relation to the Group’s business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

There was no material contract to which the Offeror is a party in which any Director has a material personal interest.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Group) has been entered into by the members of the Group after the date of two years immediately preceding 13 January 2011, being the date of the Joint Announcement, and up to and including the Latest Practicable Date, which is or may be material:

- (a) the termination agreement dated 11 November 2010 entered into between the Company and Kingston Securities in respect of the termination of the Rights Issue;
- (b) the underwriting agreement dated 24 September 2010 entered into between the Company and Kingston Securities in respect of the issue (the “Rights Issue”) by way of rights of one rights share for every two existing Shares held by the Shareholders whose names appear on the register of members of the Company at the close of business on the record date at a price of HK\$0.07 per rights share;
- (c) the placing agreement dated 21 August 2009 entered into between, among others, the Company, SBI E2-Capital and Kingston Securities (the joint lead managers) and Fordjoy Securities and Futures Limited (the co-lead manager) relating to the placing of 150,000,000 new Shares at no more than HK\$0.33 per Share and no less than HK\$0.23 per Share with professional, institutional and other investors in Hong Kong on and subject to the terms and conditions stated in the prospectus of the Company dated 24 August 2009;
- (d) a deed of indemnity dated 14 August 2009 executed by the Vendor, Mr. Yu Chun Fai and Ms. Wong Lai Chun in favour of the Company and its present subsidiaries containing indemnities in respect of taxation and other indemnities;
- (e) a non-competition undertaking dated 14 August 2009 executed by Oriental City Group plc, Mr. Yu Chun Fai and Ms. Wong Lai Chun in favour of the Company and its subsidiaries containing certain non-competition undertakings to the Group;
- (f) a share purchase agreement dated 14 August 2009 between (1) the Vendor and (2) the Company whereby the Company acquired the entire issued share capital of Charm Act Group Limited from the Vendor in consideration for which the Company (i) issued and allotted a total of 893,332 Shares to the Vendor, all credited as fully paid and (ii) credited as fully paid the nil paid subscriber’s Share which was transferred to the Vendor on 12 December 2007;
- (g) a sale and purchase agreement dated 13 August 2009 between (1) the Vendor and (2) Charm Act Group Limited whereby Charm Act Group Limited acquired the respective entire issued share capitals of Oriental City Group China Limited (“OCG China (BVI)”) and Oriental City Group Thailand Limited from the Vendor in consideration for which Charm Act Group Limited issued and allotted the respective 9 and 90 shares to the Vendor, all credited as fully paid;
- (h) a loan agreement dated 13 August 2009 entered into between (1) Silver Rainbow Assets Limited as lender; and (2) OCG China (BVI) as borrower whereby Silver Rainbow Assets Limited has agreed to advance a loan in the sum of HK\$4,000,000 to OCG China (BVI) at an interest rate of 5% per annum;
- (i) an assignment and transfer of domain name dated 5 February 2009 between (1) Oriental City Group Limited (“OCG HK”) and (2) the Company whereby OCG HK assigned to the Company all the right, title, benefit and interest of the domain name ocg.com.hk for a consideration of HK\$1; and

- (j) an administrative service agreement dated 30 January 2009 as supplemented by a supplemental agreement dated 26 May 2009 between (1) OCG HK and (2) OCG China (BVI) whereby OCG China (BVI) engaged OCG HK to provide human resources and administrative services for a term commencing from 1 February 2009 to 31 January 2012 at a monthly service fee of HK\$32,000 for the first 2 months and HK\$23,000 for the remaining term.

11. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Kingston Corporate Finance Limited	Kingston Corporate Finance Limited, a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
Cinda International	a licensed corporation under the SFO licensed to conduct type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders

Kingston Corporate Finance Limited, Kingston Securities and Cinda International have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion herein of their respective letters, opinions or advice (as the case may be) and references to their names in the form and context in which they respectively appear.

12. GENERAL

- (a) The registered office of the Offeror is situated at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgins Islands and the correspondence address of the Offeror is at Room 1201 12/F., Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong. The directors of the Offeror are Mr. Cheng and Ms. Cheng and the shareholders of the Offeror are Mr. Cheng and Ms. Cheng and their correspondence address is at Room 1201, 12/F., Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong. The Board comprises one executive Director, namely Mr. Yu Chun Fai, one non-executive Director, namely Ms. Wong Lai Chun, and three independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung.

- (c) The company secretary of the Company is Mr. Sung Hak Keung, Andy.
- (d) The registered office of Kingston Corporate Finance Limited and Kingston Securities is situated at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (e) The registered office of Cinda International is 45/F. Cosco Tower, 183 Queen's Road, Central, Hong Kong.
- (f) In the event of inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday except during public holidays) at (i) the principal place of business of the Company in Hong Kong at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong; (ii) the website of the SFC at www.sfc.hk; and (iii) the website of the Company at www.ocg.com.hk from 3 March 2011, being the date of this Composite Document, up to and including the Closing Date or the close of the Offer, whichever is later:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for the year ended 31 March 2010;
- (d) the interim report of the Company for the six months ended 30 September 2010;
- (e) the third quarterly report of the Company for the nine months ended 31 December 2010;
- (f) the letter dated 3 March 2011 from Kingston Securities as set out on pages 6 to 15 of this Composite Document;
- (g) the letter dated 3 March 2011 from the Board as set out on pages 16 to 21 of this Composite Document;
- (h) the letter dated 3 March 2011 from the Independent Board Committee to the Independent Shareholders as set out on pages 22 to 23 of this Composite Document;
- (i) the letter dated 3 March 2011 from Cinda International to the Independent Board Committee as set out on pages 24 to 41 of this Composite Document;

- (j) the letters of consents referred to under the paragraph headed “Consents and qualifications” in this Appendix;
- (k) the material contracts referred to under the paragraph headed “Material contracts” in this Appendix;
- (l) the letter issued by Kingston Securities to the Offeror dated 3 January 2011 in relation to the grant of the Facility;
- (m) the Placing Agreement; and
- (n) a copy of the Composite Document.