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**If you have sold or transferred** all your shares in Oriental City Group Holdings Limited (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



**(1) MAJOR AND CONNECTED TRANSACTION:  
DISPOSAL OF 30% EQUITY INTEREST IN  
ORIENTAL CITY GROUP THAILAND LIMITED  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
The Independent Board Committee and the Independent Shareholders**



**Astrum Capital Management Limited**

A notice convening the extraordinary general meeting of the Company to be held at 11:00 a.m. on Friday, 10 May 2013 at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Union Registrars Limited, the Hong Kong share registrar of the Company, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof). Completion of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting (or any adjournment thereof) in person should you so wish.

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

23 April 2013

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## CHARACTERISTICS OF GEM

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

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

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Aggregate Consideration”	the sum of HK\$10,000,000, being the aggregate consideration for the sale and purchase of the Sale Shares payable by the Purchasers to the Vendor
“Agreement”	the sale and purchase agreement dated 11 March 2013 entered into between the Vendor and the Purchasers relating to the Disposal
“associate”	has the meaning ascribed to this term under the GEM Listing Rules
“Astrum”	Astrum Capital Management Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Board”	the board of Directors
“Company”	Oriental City Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the GEM of the Stock Exchange (Stock Code: 8325)
“Completion”	completion of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchasers
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM

## DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board comprising all independent non-executive Directors (namely Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok) established for the purpose of considering the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	shareholders of the Company other than those who are required by the GEM Listing Rules to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder
“Independent Third Party”	the third party which is independent of the Company and its connected person (as defined in the GEM Listing Rules)
“Latest Practicable Date”	18 April 2013, being the last practicable date before the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Long Stop Date”	5:00 p.m. on 30 June 2013 or such other date as the Vendor and the Purchasers shall agree in writing
“Mr. Sung”	Mr. Sung Hak Keung Andy, the sole ultimate beneficial owner of Purchaser B
“Mr. Yu”	Mr. Yu Chun Fai, the sole ultimate beneficial owner of Purchaser A and one of the directors of the Sale Company
“Purchaser A”	Straum Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Purchaser B”	Original Fortune Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Purchasers”	Purchaser A and Purchaser B

## DEFINITIONS

“Sale Company”	Oriental City Group Thailand Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	30 ordinary shares of US\$1.00 each in the issued share capital of Sale Company, which are beneficially owned by the Vendor, representing 30% of the issued share capital of the Sale Company, to be sold to the Purchasers
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Charm Act Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America



奧思知集團  
**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)**

*Executive Directors:*

Mr. Cheng Nga Ming Vincent (*Chairperson*)  
Ms. Cheng Nga Yee

*Non-executive Director:*

Mr. Zhang Huaqiao

*Independent non-executive Directors:*

Mr. Chan Chun Wai  
Mr. Lee Kin Fai  
Mr. Chow King Lok

*Registered office:*

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

*Head office and principal place  
of business in Hong Kong:*

Unit 3202, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

23 April 2013

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:  
DISPOSAL OF 30% EQUITY INTEREST IN  
ORIENTAL CITY GROUP THAILAND LIMITED**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 11 March 2013 in which the Company announced that on 11 March 2013, the Vendor (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchasers, pursuant to which the Vendor conditionally agreed to dispose of, and the Purchasers conditionally agreed to acquire, the Sale Shares, which in aggregate, represent 30% equity interest in the Sale Company (an indirect wholly-owned subsidiary of the Company).

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) the Agreement; (ii) the recommendation from the Independent Board Committee containing its advice to the Independent Shareholders regarding the Disposal; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; and (iv) a notice convening the EGM.

### THE AGREEMENT

A summary of the principal terms of the Agreement is set out below:

#### Date

11 March 2013

#### Parties to the Agreement

- (1) Vendor: the Vendor (a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company);
- (2) Purchasers: (i) Purchaser A; and  
(ii) Purchaser B.

Since Mr. Yu is the sole ultimate beneficial owner of Purchaser A and one of the directors of the Sale Company, Purchaser A, being an associate of Mr. Yu, is a connected person of the Company and the Disposal constitutes a connected transaction of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Purchaser A is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Purchaser B is principally engaged in investment holding and is an Independent Third Party, save that Mr. Sung, its sole ultimate beneficial owner, is an employee of the Company and a Shareholder holding 9,000,000 Shares as at the Latest Practicable Date.



## LETTER FROM THE BOARD

### **Assets to be disposed of**

The Sale Shares, representing 30% of the issued share capital of the Sale Company, as to 21 Sale Shares to be sold to Purchaser A and 9 Sale Shares to be sold to Purchaser B.

### **Condition**

Completion is subject to the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Agreement and the transactions contemplated thereunder.

If the condition set out above is not fulfilled on or before the Long Stop Date, all rights and obligations of the parties to the Agreement shall cease and terminate and no party to the Agreement shall have any claim against or liability to the other party save for any antecedent breaches of the Agreement.

### **Completion**

Completion of the Agreement shall take place on the third business day after the fulfillment of the condition set out above, or such other date or time as may be agreed between the parties to the Agreement.

Following the Completion, the Sale Company will continue to be a subsidiary of the Company, and will be held by the Vendor as to 70%, Purchaser A as to 21% and Purchaser B as to 9%.

### **The Aggregate Consideration**

The Aggregate Consideration is HK\$10,000,000, as to HK\$7,000,000 payable in cash by Purchaser A and as to HK\$3,000,000 payable in cash by Purchaser B, on the date of Completion. After deducting the relevant direct transaction costs, the net proceeds from the Disposal would be approximately HK\$9,400,000 and is expected to be used for future development of the Group when opportunities arise.

The Aggregate Consideration was determined after arm's length negotiation between the Vendor and the Purchasers and on normal commercial terms with reference to (i) the unaudited consolidated net asset value of the Sale Company attributable to the Sale Shares as at 31 December 2012; (ii) the historical financial performance of the Sale Company; and (iii) the growth potential and prospects of card acceptance business in Thailand.

## LETTER FROM THE BOARD

### INFORMATION ON THE SALE COMPANY

The Sale Company is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

As at the Latest Practicable Date, the Sale Company held the entire equity interest in Oriental City Group Asia Pacific Limited, which is an investment holding company holding 70% equity interest in OCG China Company Limited, a company which is engaged in provision of marketing and administrative services within the Group. The Sale Company also holds 60% equity interest in Oriental City Group (Thailand) Co., Limited, the principal activities of which is card acceptance business in Thailand.

Set out below is a summary of the unaudited consolidated net profits of the Sale Company for the two years ended 31 March 2012:

	<b>For the year ended 31 March 2011 (HK\$)</b>	<b>For the year ended 31 March 2012 (HK\$)</b>
Profit before taxation	1,752,000	3,284,000
Profit after taxation	1,208,000	1,992,000

As at 31 December 2012, the unaudited consolidated net asset value of the Sale Company was approximately HK\$8,501,000.

Upon Completion, the Group expects to recognize an unaudited gain directly in equity (being the excess of the Aggregate Consideration over the estimated unaudited consolidated net asset value of the Sale Company attributable to the Sale Shares at the date of the Completion) of approximately HK\$8,238,000. The amount of the actual gain or loss as a result of the Disposal will be determined as at the date of the Completion and subject to audit.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the card acceptance business in Thailand.

Mr. Yu and Mr. Sung are experienced in card acceptance business and are employees of the Group. Pursuant to their existing employment contracts with the Group, their term of employment will expire on 28 February 2015. The Disposal to the Purchasers which are respectively owned by Mr. Yu and Mr. Sung not only enables the Group to retain expertise, but also serves as incentive to Mr. Yu and Mr. Sung to make more contribution towards the development of the Group as shareholders of the Sale Company.

The net proceeds from the Disposal can enhance the cash flow of the Company which enables the Company to better utilise its resources to pursue business with growth potential when opportunities arise.

## LETTER FROM THE BOARD

Based on the above, the Directors have considered that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### GEM LISTING RULES IMPLICATION

Since Mr. Yu is the sole ultimate beneficial owner of Purchaser A and one of the directors of the Sale Company, Purchaser A, being an associate of Mr. Yu, is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios under the GEM Listing Rules in respect of the Disposal exceeds 25% but less than 75%, the Disposal also constitutes a major transaction of the Company under the GEM Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 the GEM Listing Rules.

### EGM

The EGM will be convened at which resolution will be proposed to seek the approval of the Independent Shareholders for the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Sung, being the sole ultimate beneficial owner of Purchaser B and the Shareholder holding 9,000,000 Shares (representing approximately 1.5% of the total issued share capital of the Company) as at the Latest Practicable Date, will be required to abstain from voting at the EGM in respect of the resolution regarding the Disposal. To the best knowledge of the Directors, apart from the aforesaid, no other Shareholder has a material interest in the Disposal and no other Shareholder will be required to abstain from voting at the EGM in respect of the resolution regarding the Disposal.

None of the Directors had a material interest in the Disposal and accordingly, none of them were required to abstain from voting on the board resolution approving the Disposal.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Union Registrars Limited, the Hong Kong share registrar of the Company, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof). Completion of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting (or any adjournment thereof) in person should you so wish.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Astrum, consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote for the resolution to approve the Disposal. The text of the letter from the Independent Board Committee is set out on page 10 of this circular.

The Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution regarding the Disposal.

### ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By order of the Board  
**Oriental City Group Holdings Limited**  
**Cheng Nga Ming Vincent**  
*Chairman*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

*The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders in connection with the Disposal which has been prepared for the purpose of inclusion in this circular:*



23 April 2013

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:  
DISPOSAL OF 30% EQUITY INTEREST IN  
ORIENTAL CITY GROUP THAILAND LIMITED**

This independent board committee has been appointed to advise you on the terms of the Agreement and transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 23 April 2013 (“Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Having considered the terms of the Agreement and the advice of Astrum in relation thereto as set out on pages 11 to 26 of the Circular, we are of the opinion that the terms of the Agreement are on normal commercial terms, and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote for the ordinary resolution to be proposed at the EGM to approve the Disposal.

Yours faithfully,

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

**Chan Chun Wai**

**Lee Kin Fai**

**Chow King Lok**

*Independent non-executive Directors*

## LETTER FROM ASTRUM

*Set out below is the text of the letter of advice from Astrum, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the transactions contemplated thereunder, prepared for inclusion in this circular.*



**Astrum Capital Management Limited**  
11/F, 122 QRC,  
Nos. 122-126 Queen's Road Central, Hong Kong

23 April 2013

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

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION: DISPOSAL OF 30% EQUITY INTEREST IN ORIENTAL CITY GROUP THAILAND LIMITED**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the "**Independent Board Committee**") and the independent shareholders (the "**Independent Shareholders**") of Oriental City Group Holdings Limited (the "**Company**") in relation to the disposal (the "**Disposal**") of 30 ordinary shares (the "**Sale Shares**") of Oriental City Group Thailand Limited (the "**Sale Company**"). Details of the Disposal were disclosed in the announcement of the Company dated 11 March 2013 (the "**Announcement**") and in the letter from the board (the "**Letter from the Board**") set out on pages 4 to 9 of the circular of the Company dated 23 April 2013 (the "**Circular**") to its shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 11 March 2013, the Vendor (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchasers (i.e. Purchaser A and Purchaser B), pursuant to which the Vendor conditionally agreed to dispose of, and the Purchasers conditionally agreed to acquire, the Sale Shares, which in aggregate, represent 30% equity interest in the Sale Company (an indirect wholly-owned subsidiary of the Company) at the Aggregate Consideration of HK\$10,000,000, as to HK\$7,000,000 payable in cash by Purchaser A and as to HK\$3,000,000 payable in cash by Purchaser B. Following Completion, the Sale Company will continue to be a subsidiary of the Company and will be held by the Vendor as to 70%, Purchaser A as to 21% and Purchaser B as to 9%.

## LETTER FROM ASTRUM

Since Mr. Yu is the sole ultimate beneficial owner of Purchaser A and one of the directors of the Sale Company, Purchaser A, being an associate of Mr. Yu, is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios under the GEM Listing Rules in respect of the Disposal exceeds 25% but less than 75%, the Disposal also constitutes a major transaction of the Company under the GEM Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

None of the Directors had a material interest in the Disposal and accordingly, none of them were required to abstain from voting on the board resolution approving the Disposal.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Sung, being the sole ultimate beneficial owner of Purchaser B and the Shareholder holding 9,000,000 Shares (representing approximately 1.5% of the total issued share capital of the Company) as at the Latest Practicable Date, will be required to abstain from voting at the EGM in respect of the resolution regarding the Disposal. To the best knowledge of the Directors, apart from the aforesaid, no other Shareholder has a material interest in the Disposal and no other Shareholder will be required to abstain from voting at the EGM in respect of the resolution regarding the Disposal.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok, has been formed to advise the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable and on normal commercial terms and whether the Disposal is in the interests of the Company and the Shareholders as a whole and how to vote on the relevant resolution at the EGM. We, Astrum Capital Management Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendations, we have reviewed, *inter alia*, the Announcement, the Circular, the Agreement, the 2011 annual report of the Company (the "**2011 Annual Report**"), the 2012 annual report of the Company (the "**2012 Annual Report**"), the 2012 interim report of the Company (the "**2012 Interim Report**"), the 2012 third quarterly report of the Company (the "**2012 Third Quarterly Report**") and the prospectus of the Company dated 24 August 2009 (the "**Prospectus**"). We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations and prospects of the Group (including but not limited to the Sale Company). We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the Management regarding the terms of the Agreement, the businesses and future outlook of the Group (including but not limited to the Sale Company). We have

## LETTER FROM ASTRUM

assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Agreement and to justify our reliance on the information provided so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group (including but not limited to the Sale Company). Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Disposal. Except for the inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice with regard to the Disposal, we have taken into consideration the following factors and reasons:

#### 1. Information of the Group

##### A. *Business of the Group*

The Group is principally engaged in the card acceptance business in Thailand.

According to the Prospectus, the Group has been engaged in business partnership with China Unionpay (the “CUP”) in Thailand since 2004. As at the Latest Practicable Date, the Group installed around 900 point-of-sales card terminals (the “POS Terminals”) in Thailand, mainly distributed in the tourist areas like Bangkok, Pattaya and Phuket, for the acceptance of CUP credit and debit cards at Thai merchants frequently visited by CUP card holders. The Group charges transaction fee on certain percentage of the transaction amount from Thai merchants on each successful transaction made by CUP card holders and shares such transaction fee with CUP. During the year ended 31 March 2012 (“FY2012”), the Group upgraded its then existing information technology system in order to catch up with the development of CUP and introduced an asset management system for a



## LETTER FROM ASTRUM

better control of the Group's assets for the card acceptance business in Thailand. Following the success in Thailand, the Group has started to expand its card acceptance business to Laos. As at the Latest Practicable Date, the card acceptance business in Laos was still under negotiation with different relevant parties and had not yet commenced operation.

In addition, on 26 February 2013 (after trading hours), an indirect wholly-owned subsidiary of the Company, as purchaser, entered into a non-legally binding memorandum of understanding with an independent third party of the Company, as vendor, in respect of a possible acquisition of interests in the issued share capital of a target company which, together with its subsidiaries, is principally engaged in the payment card business in the People's Republic of China. Subject to the Group's satisfaction of the results of the due diligence review and investigation, the parties to the memorandum of understanding intended to proceed with the entering into of a legally-binding agreement.

### *B. Financial information of the Group*

The table below summarizes the audited consolidated financial results of the Group for the year ended 31 March 2011 ("FY2011") and FY2012 as extracted from the 2012 Annual Report and the unaudited consolidated financial results of the Group for the nine months ended 31 December 2011 and 31 December 2012 ("PE2011" and "PE2012", respectively) as extracted from the 2012 Third Quarterly Report:

**Table 1: Summary of the consolidated financial results of the Group**

	FY2011 (audited) (HK\$)	FY2012 (audited) (HK\$)	PE2011 (unaudited) (HK\$)	PE2012 (unaudited) (HK\$)
Revenue	14,102,005	22,569,189	15,004,004	48,218,787
Gross profit	5,406,371	7,315,152	5,097,647	15,592,965
(Loss)/Profit before taxation	(2,304,336)	(1,024,667)	(810,899)	6,520,147
(Loss)/Profit for the year/period	(2,848,097)	(2,316,527)	(1,523,523)	3,412,806
(Loss) attributable to equity holders of the Company	(3,332,986)	(3,231,650)	(2,154,560)	(133,367)

## LETTER FROM ASTRUM

	As at 31 March 2011 (audited) (HK\$)	As at 31 March 2012 (audited) (HK\$)	As at 30 September 2012 (unaudited) (HK\$)
Total assets	26,982,759	26,787,897	52,151,536 <i>(Note)</i>
Total liabilities	7,202,228	9,976,553	34,693,713 <i>(Note)</i>
Net assets	19,780,531	16,811,344	17,457,823 <i>(Note)</i>

*Note:* The financial position of the Group as at 30 September 2012 was extracted from the 2012 Interim Report, which is the latest publicly available financial position of the Group.

(i) For the year ended 31 March 2012 (i.e. FY2012):

Benefitting from the increase in the transaction volume of the card acceptance business in Thailand, the Group's revenue in FY2012 improved by approximately 60.0% to approximately HK\$22.6 million. The revenue was derived from card acceptance business and the provision of marketing service fee as to approximately 96.0% and approximately 4.0%, respectively. The Group's gross profit in FY2012 was approximately HK\$7.3 million, representing an increase of approximately 35.3% from the previous year. Gross profit margins were approximately 32.4% and 38.3% for FY2012 and FY2011, respectively. The decrease in the Group's gross profit margin was primarily attributable to the decrease in the marketing service fee income, in respect of which the direct costs were minimal. For FY2012, loss attributable to equity holders of the Company slightly improved by approximately 3.0% to approximately HK\$3.2 million.

As at 31 March 2012, the total assets and net assets of the Company amounted to approximately HK\$26.8 million and approximately HK\$16.8 million, respectively.

(ii) For the nine months ended 31 December 2012 (i.e. PE2012):

Following the expiration of the marketing service agreement in October 2011, the card acceptance business in Thailand became the sole income stream of the Group in PE2012. Taking advantage of the increase in the number of the Chinese tourists visiting Thailand and the new cooperation with King Power Duty Free Co., Ltd. ("**King Power**") which manages and operates duty free shops at Thailand international airports located in Suvarnabhumi, Phuket, Hat Yai and Chiang Mai, revenue derived from the card acceptance business increased substantially in PE2012. Consequently, the Group's revenue and gross profit in PE2012 increased by approximately 221.4% and approximately 205.9% to approximately HK\$48.2 million and approximately HK\$15.6 million, respectively, as compared to the corresponding period in 2011. The gross profit margins of the Group were approximately 32.3% and approximately 34.0%, respectively, for PE2012 and PE2011. With the



## LETTER FROM ASTRUM

### B. *Financial information of the Sale Company*

The table below summarizes the unaudited consolidated financial results of the Sale Company for FY2011, FY2012, PE2011 and PE2012 which were provided by the Company:

**Table 2: Summary of the consolidated financial results of the Sale Company**

	FY2011 (unaudited) (HK\$)	FY2012 (unaudited) (HK\$)	PE2011 (unaudited) (HK\$)	PE2012 (unaudited) (HK\$)
Revenue	12,495,368	21,659,189	14,094,004	48,218,787
Gross profit	3,804,645	6,405,152	4,187,647	15,592,965
Profit before taxation	1,752,019	3,283,684	2,282,924	11,444,092
Profit for the year/period	1,208,258	1,991,825	1,570,300	8,336,751
Profit attributable to equity holders of the Sale Company	723,369	1,076,702	939,263	4,790,578
	As at 31 March 2011 (unaudited) (HK\$)	As at 31 March 2012 (unaudited) (HK\$)	As at 31 December 2012 (unaudited) (HK\$)	
Total assets	12,383,289	16,038,490	76,187,794	
Total liabilities	6,558,374	9,651,205	67,686,399	
Net assets	5,824,915	6,387,285	8,501,395	
Total equity attributable to equity holders of the Sale Company	4,460,211	4,719,567	5,873,025	

*(i) For the year ended 31 March 2012 (i.e. FY2012):*

In FY2012, the revenue of the Sale Company amounted to approximately HK\$21.7 million, representing an annual growth of approximately 73.3% as compared to FY2011. Such increase was attributable to the growth in the transaction volume of card acceptance business in Thailand. In parallel with the revenue, the gross profit of the Sale Company improved by approximately 68.4% to approximately HK\$6.4 million while the gross profit margin remained at a rate of approximately 30% as compared to FY2011. In FY2012, profit attributable to equity holders of the Sale Company increased by approximately 48.8% to approximately HK\$1.1 million as a result of the increase in revenue.

## LETTER FROM ASTRUM

As at 31 March 2012, the total assets and net assets of the Sale Company amounted to approximately HK\$16.0 million and approximately HK\$6.4 million, respectively.

*(ii) For the nine months ended 31 December 2012 (i.e. PE2012):*

During the review period, with the increase in the number of the Chinese tourists visiting Thailand and the cooperation with King Power, OCG Thailand has tripled the number of the POS Terminals in Thailand to more than 670 as at 31 December 2012. Taking advantage of the coverage expansion of the POS Terminals, the financial performance of the Sale Company in PE2012 was encouraging. In PE2012, the revenue and gross profit of the Sale Company surged by approximately 242.1% and approximately 272.4% to approximately HK\$48.2 million and approximately HK\$15.6 million, respectively, as compared to PE2011. The gross profit margins of the Sale Company for PE2012 and PE2011 were of no significant difference and amounted to approximately 32.3% and approximately 29.7%, respectively. Profit attributable to equity holders of the Sale Company for PE2012 was approximately HK\$4.8 million, representing a four-time increase as compared to that in PE2011.

As at 31 December 2012, the total assets and net assets of the Sale Company amounted to approximately HK\$76.2 million and approximately HK\$8.5 million, respectively.

### **3. Information of Purchaser A and Purchaser B**

Purchaser A, namely Straum Investments Limited, is a company incorporated in the British Virgin Islands with limited liability. Mr. Yu, a director of the Sale Company, is the sole ultimate beneficial owner of Purchaser A. According to the Prospectus, Mr. Yu was the founder of the Company. He played roles as the executive Director and the chairman of the Company since the listing of the Company in August 2009. He was responsible for the Group's strategic business development as well as day-to-day management. As noted from the announcement of the Company dated 11 November 2011, he resigned from the said positions on 11 November 2011 in order to focus on the day-to-day operations of the Sale Company. As at the Latest Practicable Date, Mr. Yu was the director of the Sale Company and certain subsidiaries of the Group. Mr. Yu has over 11 years of experience in the card payment industry and 15 years' experience in the financial services and card industry.

Mr. Yu has been playing a critical role in the success of OCG Thailand, the operating subsidiary of the Sale Company in the card acceptance business in Thailand. Leveraging on Mr. Yu's extensive experience in card payment industry and financial services industry, OCG Thailand successfully entered into the cooperation agreement with CUP in respect of card acceptance business in Thailand in 2004. Over the past nine years, Mr. Yu has been the primary contact of OCG Thailand with the headquarter of CUP in Shanghai for the introduction of CUP credit and debit cards to Thai merchants in key tourists areas and the promotion of the use of CUP credit and debit cards to Chinese tourists in Thailand. Mr. Yu also assists in coordination work between the headquarter of CUP and Thai office of CUP.

## LETTER FROM ASTRUM

Mr. Yu, being a leader of OCG Thailand, provides not only management and direction to the operation team in Thailand, but also works comprehensively with the operation team on business development and coordination including but not limited to dealing with key merchants, banking partners, local partners and government officials in Thailand.

Purchaser B, namely Original Fortune Group Limited, is a company incorporated in the British Virgin Islands with limited liability. Mr. Sung is the sole ultimate beneficial owner of Purchaser B. As noted from the 2012 Annual Report, Mr. Sung joined the Group in January 2009. During the period commencing from the listing of the Company in August 2009 to 11 January 2013, he was a vice president and company secretary of the Company and was responsible for accounting and financial management of the Group. As at the Latest Practicable Date, Mr. Sung was the vice president of the Company. Mr. Sung is a certified public accountant of Hong Kong Institute of Certified Public Accountants and a member of American Institute of Certified Public Accountants, having about 13 years of experience in auditing, accounting, corporate finance and general management.

Throughout the past few years in the Group, Mr. Sung has been working closely with Mr. Yu in respect of the monitoring of the operation of OCG Thailand. Being a certified public accountant, Mr. Sung has made substantial contribution to the financial management of OCG Thailand ranging from planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds. He also oversees the implementation of business development of OCG Thailand.

#### **4. Background of, reasons for and benefits of the entering into of the Agreement**

According to the 2012 Annual Report, the Group is currently concentrating on its card acceptance business in Thailand through OCG Thailand and, simultaneously, looking for other new business opportunities in order to broaden the revenue base of the Group. We have discussed with the Management regarding the Group's business model and were given to understand that the card acceptance business in Thailand is the principal revenue driver of the Group contributing over 95% of the Group's revenue for FY2012. However, the performance of such business depends significantly on the prevailing political environment, natural environment and other circumstances in Thailand, which are out of the Group's control. In case the political environment, natural environment and/or other circumstances in Thailand deteriorate, the number of travelers to Thailand will inevitably drop and subsequently, the transaction volume of the Group's card acceptance business will be adversely affected. In view of the above, the Management decided to diversify its business mix by realizing part of its investment in the card acceptance business in Thailand and, at the same time, contemplated to develop new business with growth potential for the sake of minimizing risk exposure to the Group from single business. According to the 2012 Interim Report, the cash and cash equivalent of the Group as at 30 September 2012 amounted to approximately HK\$15.6 million. The Management envisaged that although the existing cash level is sufficient for the Group's day-to-day operation, it may not be sufficient for new business investment/development when opportunities arise. The Management considers that the Disposal represents an opportunity for the Group to realize part of its investment in the Sale Company at a reasonable price and further strengthen its cash position for upcoming potential investment/development. As advised by the Management, the net proceeds from the Disposal would be approximately HK\$9.4 million.

## LETTER FROM ASTRUM

In addition, Mr. Yu and Mr. Sung, being the ultimate beneficial owners of the Purchasers, have been working for and contributing to the Group for a long period of time and are crucial to the continual business of OCG Thailand. On the strength of their leadership and endeavor, the revenue of the Group recorded satisfactory growth from approximately HK\$12.5 million for the year ended 31 March 2010 (i.e. the first full financial year after listing) to approximately HK\$22.6 million for FY2012, representing a compound annual growth rate of approximately 34.6%. The Management unanimously recognizes the work done and contribution to the Group by Mr. Yu and Mr. Sung in the past few years and considers that it would be of great loss to the Group should Mr. Yu and Mr. Sung choose to leave the Group. In particular, as disclosed in the paragraph headed "*Information of Purchaser A and Purchaser B*" above, Mr. Yu has been the primary contact of OCG Thailand with the headquarter of CUP in Shanghai for the card acceptance business in Thailand over the past nine years. In view of the long-established relationship between Mr. Yu and CUP, we are of the view that Mr. Yu has been exerting a great influence to the continual business relationship between OCG Thailand and CUP and his role is not easily replaced by other employees in OCG Thailand and that the Group may face difficulty to recruit a competent candidate for the replacement of Mr. Yu in a timely manner.

Furthermore, as announced in the 2012 Annual Report, the Group has started expanding its card acceptance business to Laos and became the first participating member of the Lao Central Payment Network, a central electronic network for Laos which provides the service of clearing electronic transactions. Mr. Yu and Mr. Sung will further negotiate with CUP, local government officials, local partners and banks in Laos for the commencement of the card acceptance business in Laos. At this critical moment, the Management considers it necessary to leverage on the experience and expertise of Mr. Yu and Mr. Sung for developing the business operation and formulating the strategic direction of the Group, especially regarding the aforementioned business start-up in Laos. In view of the fact that Mr. Yu and Mr. Sung will become shareholders of the Sale Company upon Completion, the Management is of the view that the Disposal can serve as an incentive and enticement to motive Mr. Yu and Mr. Sung to create and focus on the shareholders' value of the Sale Company and retain them in the management level of the Sale Company.

Accordingly, we concur with the Management's view that the Disposal provides mutual benefits to both the Company and the Purchasers (the sole ultimate beneficial owners of which are Mr. Yu and Mr. Sung, respectively). From the Company's point of view, the Disposal provides it an opportunity to realize part of its investment in the Sale Company at a reasonable price and further strengthen its cash position for upcoming potential investment/development. On the other hand, Mr. Yu and Mr. Sung will become the shareholders of the Sale Company upon Completion and will be entitled to enjoy the benefits directly from the success of the Sale Company. In addition, upon Completion, the Company shall retain 70% share capital of the Sale Company and reserve the ultimate control over the Sale Company. We are of the view that the Disposal serves as an incentive for Mr. Yu and Mr. Sung to actively participate in the operation of the Sale Company and, therefore, favors the overall development of the Group and that the Disposal is in the interests of the Company and the Shareholders as a whole.



## LETTER FROM ASTRUM

### 5. The Agreement

#### A. *Principal terms of the Agreement*

Summarized below are certain principal terms of the Agreement.

Date:	11 March 2013
Vendor:	Charm Act Group Limited, a wholly-owned subsidiary of the Company
Purchasers:	1. Straum Investments Limited (as Purchaser A); and 2. Original Fortune Group Limited (as Purchaser B)
Subject matter:	Sale Shares, representing 30% of the entire issued share capital of the Sale Company
Aggregate Consideration:	HK\$10,000,000, as to HK\$7,000,000 payable in cash by Purchaser A and as to HK\$3,000,000 payable in cash by Purchaser B

According to the Letter from the Board, we understand that the Aggregate Consideration was determined after arm's length negotiation between the Vendor and the Purchasers and on normal commercial terms with reference to (i) the unaudited consolidated net asset value of the Sale Company attributable to the Sale Shares as at 31 December 2012; (ii) the historical financial performance of the Sale Company; and (iii) the growth potential and prospects of card acceptance business in Thailand. After deducting the relevant direct transaction costs, the net proceeds from the Disposal would be approximately HK\$9.4 million and is expected to be used for future development of the Group when opportunities arise.

#### B. *Assessment on the Aggregate Consideration*

For the purpose of assessing the fairness and reasonableness of the Aggregate Consideration, we have identified, to the best of our knowledge, six companies listed on the Stock Exchange (namely, Universal Technologies Holdings Limited (stock code: 1026), Jian ePayment Systems Limited (stock code: 8165), China Communication Telecom Services Company Limited (stock code: 8206), DIGITALHONGKONG.COM (stock code: 8007), Sing Lee Software (Group) Limited (stock code: 8076) and ePRO Limited (stock code: 8086)) which generated over 80% of their respective revenue in the latest full financial year from the provision of payment-related services similar to the Sale Company. However, taking into consideration the facts that (i) the shares of Jian ePayment Systems Limited (stock code: 8165) were suspended from trading for the period commencing from 7 November 2012 and ending on 27 March 2013 pending the release of an



## LETTER FROM ASTRUM

announcement in compliance with the GEM Listing Rules; and (ii) both the price to earnings multiple (“**PE ratio**”) and the price to book multiple (“**PB ratio**”) of China Communication Telecom Services Company Limited (stock code: 8206) are not available as it recorded a loss from continuing business for the latest full financial year and was in a net liabilities position as at the balance sheet date of its latest published financial statement, we consider it inappropriate to include these two companies in the pool of companies (“**Comparable Companies**”) to be analyzed for the sake of providing a meaningful and prudent analysis. As each of the Comparable Companies has its own unique nature and characteristic in terms of, *inter alia*, business operation and environment, size, profitability and financial position, the comparison of PE and PB ratios between the Comparable Companies and the Sale Company may not represent an identical comparison. We, however, still consider such comparison could be treated as an indication as to the reasonableness and fairness of the Aggregation Consideration. The relevant details of the Comparable Companies are set forth in the table below:

**Table 3: Comparable Companies**

Company (stock code)	Principal activities	Market capitalization as at the date of the Agreement (being 11 March 2013) (HK\$)	Profit/(Loss) attributable to equity holders in the latest full financial year before 11 March 2013 (HK\$)	Net assets attributable to equity holders based on the latest published financial statement before 11 March 2013 (HK\$)	PE Ratio (times)	PB ratio (times)
Universal Technologies Holdings Limited (stock code: 1026)	Engaged in investment holding, provision of payment solutions and related services, timber trading and furniture manufacturing, system integration and technical platform services, property investment and building management	887,185,218	58,145,000	415,561,000	15.26	2.13

## LETTER FROM ASTRUM

Company (stock code)	Principal activities	Market capitalization as at the date of the Agreement (being 11 March 2013) (HK\$)	Profit/(Loss) attributable to equity holders in the latest full financial year before 11 March 2013 (HK\$)	Net assets attributable to equity holders based on the latest published financial statement before 11 March 2013 (HK\$)	PE Ratio (times)	PB ratio (times)
DIGITALHONGKONG.COM (stock code: 8007)	Engaged in the provision of internet and e-commerce enabling solutions, IT consulting and technical services, strategic investments in selected technologies and applications, and investment in lifescience and health related projects	124,500,000	(2,752,000)	6,856,000	N/A (Note 1)	18.16
Sing Lee Software (Group) Limited (stock code: 8076)	Engaged in the development and sales of information and network technologies and services to the financial industry in the PRC	174,545,600	(46,621,355)	4,825,944	N/A (Note 1)	36.17 (Note 2)

## LETTER FROM ASTRUM

Company (stock code)	Principal activities	Market capitalization as at the date of the Agreement (being 11 March 2013) (HK\$)	Profit/(Loss) attributable to equity holders in the latest full financial year before 11 March 2013 (HK\$)	Net assets attributable to equity holders based on the latest published financial statement before 11 March 2013 (HK\$)	PE Ratio (times)	PB ratio (times)
ePRO Limited (stock code: 8086)	Engaged in provision of professional IT contract and maintenance services, E-commerce and provision of online sales platform	2,486,240,996	131,490,000	287,787,000	18.91	8.64
				<b>Maximum</b> (Note 2):	18.91	18.16
				<b>Minimum</b> (Note 2):	15.26	2.13
				<b>Average</b> (Note 2):	17.08	9.64
				<b>Median</b> (Note 2):	17.08	8.64
				<b>Consideration</b> (HK\$)	<b>PE Ratio</b> (times)	<b>PB ratio</b> (times)
The Sale Company				10,000,000	30.96 (Note 3)	5.68 (Note 4)

Sources: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the financial reports of the respective Comparable Companies

Note 1: P/E ratios of the relevant Comparable Companies are not available because they recorded loss in their respective latest full financial year before 11 March 2013.

Note 2: Given the fact that the PB ratio of Sing Lee Software (Group) Limited (stock code: 8076) is significantly higher than that of the other Comparable Companies, and for the purpose of providing a meaningful statistical analysis without being distorted by the outlier, we decided to exclude the PB ratio of Sing Lee Software (Group) Limited (stock code: 8076) when calculating the maximum, minimum, average and median of the PB ratios among the Comparable Companies.

Note 3: PE ratio implied by the Aggregate Consideration is calculated by dividing the Consideration by profit attributable to the Sale Shares for the year ended 31 March 2012 (i.e. 10,000,000/(1,076,702\*30%)).

Note 4: PB ratio implied by the Aggregate Consideration is calculated by dividing the Consideration by total equity attributable to the Sale Shares as at 31 December 2012 (i.e. 10,000,000/(5,873,025\*30%)).

## LETTER FROM ASTRUM

As set out in the table above, the PE ratios of the Comparable Companies ranged from approximately 15.26 times to approximately 18.91 times with an average of approximately 17.08 times and a median of approximately 17.08 times and the PB ratios of the Comparable Companies ranged from approximately 2.13 times to approximately 18.16 times with an average of approximately 9.64 times and a median of approximately 8.64 times. Taking into consideration (i) the PE ratio of approximately 30.96 times implied by the Aggregate Consideration is higher than the highest PE ratio among the Comparable Companies; and (ii) the PB ratio of approximately 5.68 times implied by the Aggregate Consideration falls within the range of the PB ratios of the Comparable Companies, we are of the opinion that the Aggregate Consideration is fair and reasonable so far as the Shareholders are concerned.

### *C. Conclusion*

Taking into account (i) the principal terms of the Agreement was determined by the parties involved in the Disposal after arm's length negotiations; (ii) the Aggregate Consideration represents a premium of approximately 467.6% over the total equity attributable to equity holders of the Sale Company of approximately HK\$1.8 million as at 31 December 2012; (iii) the PE ratio implied by the Aggregate Consideration is higher than the highest PE ratio among the Comparable Companies; and (iv) the PB ratio implied by the Aggregate Consideration falls within the range of the PB ratios of the Comparable Companies, we concur with the Directors' view that that principal terms of the Agreement (including the Aggregate Consideration) are fair and reasonable and on normal commercial term.

## **6. Financial effects of the Disposal**

Based on our discussion with and the representation from the Management, we understand that the Management has taken into account the following factors when they considered the potential impact of the Disposal on the financial position of the Group:

### *A. Effect on earnings*

According to the 2012 Annual Report, the loss attributable to equity holders of the Company for FY2012 amounted to approximately HK\$3.2 million. As a result of the Disposal, it is expected that an unaudited gain of approximately HK\$8.2 million would be recognized directly in equity. Accordingly, it is expected that the earnings of the Group will remain unchanged after the Disposal.

## LETTER FROM ASTRUM

### *B. Effect on net asset*

According to the 2012 Interim Report, the unaudited net assets of the Group were approximately HK\$17.5 million as at 30 September 2012. It is expected that the total assets will increase as a result of the receipt of the Aggregate Consideration in cash upon Completion and the total liabilities will remain unchanged. Hence, the net assets of the Group will increase accordingly. Such improvement in the financial position of the Group is beneficial to the Company and the Shareholders as a whole.

Upon Completion, the Sale Company will continue to be a subsidiary of the Group and the assets and liabilities of the Sale Company and its subsidiaries will continue to be consolidated in the financial statements of the Group.

### *C. Liquidity*

As at 30 September 2012, the cash and cash equivalents of the Group was approximately HK\$15.6 million. Upon Completion, the cash balance of the Group is expected to be increased by net cash proceeds of approximately HK\$9.4 million from the Disposal. As such, the Disposal is expected to have positive impact on the liquidity position of the Group.

## OPINION

Having taken into account the above principal factors and reasons, we consider that although the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we ourselves recommend the Independent Shareholders, to vote in favour of the relevant resolution at the EGM to approve the Disposal.

Yours faithfully,  
For and on behalf of  
**Astrum Capital Management Limited**  
**Jackie Pan**                      **Hidulf Kwan**  
*Executive Director*              *Executive Director*

## 1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended 31 March 2010, 31 March 2011 and 31 March 2012 respectively have been set out in the Company's annual reports for the financial years ended 31 March 2010, 31 March 2011 and 31 March 2012.

All annual reports of the Company have been posted on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company at [www.ocg.com.hk](http://www.ocg.com.hk).

## 2. INDEBTEDNESS OF THE GROUP

### **Borrowings**

As at the close of business on 28 February 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing this circular, the Group had a total outstanding amount of Baht 1,650,000 (equivalent to approximately HK\$430,000) due to a minority shareholder in respect of the issue and paid up preference share capital of OCG Thailand, a non-wholly owned subsidiary of the Company, which carries cumulative dividend at 9% per annum. The amount was unsecured and unguaranteed. In addition, the relevant dividend on the preference share capital of OCG Thailand was fully settled before 28 February 2013.

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.

At 28 February 2013, the Group had outstanding foreign currency contracts for the exchange of United States Dollars ("US\$") with Baht of approximately US\$1.4 million (equivalents to approximately HK\$11 million). The Group has no significant exposure on these forward currency contracts.

### **Contingent liabilities**

As at 28 February 2013, the Group had no material contingent liabilities.

### **Mortgages and charges**

As at 28 February 2013, the Group had no mortgages or charges over its assets.

**Banking facilities**

As at 28 February 2013, the Group had no banking facilities.

**Capital commitment**

As at 28 February 2013, the Group had no capital expenditure commitment.

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 28 February 2013.

The Directors have confirmed that there has not been any material change in the above indebtedness statement of the Group since 28 February 2013.

**3. WORKING CAPITAL STATEMENT OF THE GROUP**

The Directors are of the opinion that, after taking into account the Group's present financial resources and the expected net proceeds from the Disposal, in the absent of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

**4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in the card acceptance business in Thailand, which has grown substantially during the nine months ended 31 December 2012 (the "**Review Period**"). During the Review Period, there was an increase in the number of the Chinese tourists visiting Thailand. Further, a substantial card acceptance transaction fee income was generated by King Power Duty Free Co., Ltd. ("**King Power**"), a new merchant of OCG Thailand, since April 2012. With the growth in the Chinese tourists visiting Thailand and with the cooperation with King Power, OCG Thailand substantially increased the number of point-of-sales terminals (the "**POS terminals**") installed in the tourist areas mainly in Bangkok, Pattaya and Phuket. As at 31 December 2012, OCG Thailand operated more than 670 POS terminals in Thailand.

Following the Completion, the Sale Company will continue to be a subsidiary of the Company and will be held by the Vendor as to 70%, Purchaser A as to 21% and Purchaser B as to 9%. In addition, OCG Thailand, as a non-wholly owned subsidiary of the Sale Company, would still be consolidated by the Group after the Disposal. The prospects of the Group remains depending on the prevailing political, environmental and other circumstances there, which are beyond the control of the Group. Nonetheless, the operations of the Group will not be adversely affected by the Disposal. Therefore, the Directors are of the opinion that the Disposal will not have a material adverse impact to the Group taken as a whole. The Group will continue to maintain a conservative approach to evaluate other business opportunities related to card business.

#### **5. MATERIAL ADVERSE CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2012 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date.

#### **6. EFFECT OF THE DISPOSAL ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP**

##### **Assets**

Upon the Completion, the consolidated total assets of the Group would be increased by the net proceeds of the Disposal.

##### **Liabilities**

Upon the Completion, the consolidated total liabilities of the Group would remain unchanged.

##### **Earnings**

Immediately after the Completion, the Sale Company will still continue to be a subsidiary of the Group and the financial results will continued to be consolidated by the Group. Therefore, upon the Completion, the total earnings of the Group will not change as a result of the Disposal. However, the results of the Sales Company attributable to equity holders of the Company would be decreased after the Disposal.



## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any of its associate corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (a) Long position in the Shares

Directors' interests in the issued shares of the Company

Name of Director	Capacity	Number of Shares held	Percentage of shareholding
Mr. Cheng Nga Ming Vincent	Interest in controlled corporation ( <i>Note</i> )	243,000,000	40.50%
	Beneficial owner	27,000,000	4.50%

*Note:* These 243,000,000 Shares were held by Tian Li Holdings Limited ("**Tian Li**") which in turn is owned as to 70% and 30% by Mr. Cheng Nga Ming Vincent ("**Mr. Cheng**") and Ms. Cheng Nga Yee ("**Ms. Cheng**") respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng owns more than one-third of the issued capital of Tian Li, he is deemed to be interested in the 243,000,000 Shares held by Tian Li under the SFO.

*(b) Long position in shares in associated corporations*

As at the Latest Practicable Date, Ms. Cheng, as beneficial owner, held 30% equity interests in Tian Li.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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, to be notified to the Company and the Stock Exchange.

**(ii) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

*The Company*

## Long positions in Shares

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Percentage of shareholding</b>
Tian Li	Beneficial owner <i>(Note 1)</i>	243,000,000	40.50%

*Note 1:* Tian Li is a company owned as to 70% and 30% by Mr. Cheng and Ms. Cheng respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng owns more than one-third of the issued capital of Tian Li, he is deemed to be interested in the 243,000,000 Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

*Note 2:* Mr Cheng is a director of Tian Li.

Save as disclosed above, the Directors and the chief executives of the Company were not aware of any person who, as at the Latest Practicable Date, had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. MATERIAL CONTRACTS

Save for the Agreement, there was no contract (not being contract in the ordinary course of business of the Group) which have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material.

### 4. DIRECTORS' SERVICE CONTRACTS

Mr. Zhang Huaqiao, the non-executive Director, entered into a letter of appointment with the Company with a fixed term of services for three years commencing from 7 September 2012, subject to Article 83(3) and the provisions for the retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. Mr. Zhang is entitled to receive a director's fee of HK\$40,000 per month. The Board has also granted to Mr. Zhang, who has also accepted, 6,000,000 share options on 7 September 2012 pursuant to the letter of appointment to subscribe 6,000,000 ordinary shares of HK\$0.01 each of the Company (the "Shares") under and subject to and upon the terms and conditions of the share option scheme adopted by the Company on 14 August 2009. Please refer to the announcement of the Company published on 7 September 2012 for further details.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

### 5. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions, letter or advice contained in this circular:

Name	Qualification
Astrum	Astrum is a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities

Astrum has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, Astrum did not have any shareholding in any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any members of the Group since 31 March 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## 7. COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the controlling shareholders of the Company, the Directors and their respective associates had any business or interests that competes or may compete with the business of the Group and there is no other conflict of interest which any such person has or may have with the Group.

## 8. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 9. AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok, all of whom are independent non-executive directors of the Company, with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Mr. Chan Chun Wai has been appointed as the chairman of the audit committee. The audit committee meeting shall be held at least every three months to consider, among others, the Company's budget, revised budget and financial report prepared by the Board. The primary responsibilities of the audit committee are set out below:

1. to review the annual report and accounts, half yearly report and quarterly reports and provide advice and comments thereon to the Board; and
2. to review and supervise the financial reporting process and internal control system of the Group.

Mr. Chan Chun Wai is the director of a CPA practice and had worked in international accounting firms before commencing his own practice. He is an independent non-executive director of Hans Energy Company Limited and Wai Chun Mining Industry Group Company Limited, companies listed on the Main Board of the Stock Exchange and of Honbridge Holdings Limited, a company listed on GEM. Mr. Chan has extensive experience in assurance and business advisory services. Mr. Chan obtained a Master degree of Business Administration from the University of Manchester. He is a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants, and a CPA Australia. Mr. Chan brings solid accounting and finance knowledge and listed company experience to the Group.

Mr. Lee Kin Fai 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 Hanergy Solar Group Limited, formerly known as Apollo Solar Energy Technology Holdings Limited, a company listed on the Main Board of the Stock Exchange, during January 2009 to August 2010. Mr. Lee was an independent non-executive director of ePRO Limited, a company listed on GEM, from November 2010 to December 2011. 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 extensive experience in accounting, audit and taxation field.

Mr. Chow King Lok is currently a committee member of Hong Kong Shatin Industries and Commerce Association Limited, and a director of an engineering company. Mr. Chow was an independent non-executive director of Hanergy Solar Group Limited, formerly known as Apollo Solar Energy Technology Holdings Limited, a company listed on the Main Board of the Stock Exchange, during August 2008 to August 2010.

## 10. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.
- (c) The company secretary of the Company is Mr. Yu Wan Hei, who is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's compliance officers are Mr. Cheng Nga Ming Vincent and Mr. Chan Chun Wai.

- (e) The Company's share registrar and transfer office in Hong Kong is Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text.

#### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the office of Messrs. Leung & Lau at 3rd Floor, Agricultural Bank of China Tower, 50 Connaught Road C., Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2011 and 2012;
- (c) the independent financial advisory letter from Astrum which forms part of this circular;
- (d) the written consents referred to in the section headed "Experts and Consents" in this appendix;
- (e) the service contracts referred to in the section headed "Directors' Service Contracts" in this appendix;
- (f) the material contracts referred to in the section headed "Material Contracts" in this appendix; and
- (g) this circular.

NOTICE OF THE EGM



**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of Oriental City Group Holdings Limited (“**Company**”) will be held at 11:00 a.m. on Friday, 10 May 2013 at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong to consider and, if thought fit, pass the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the sale and purchase agreement dated 11 March 2013 entered into between Straum Investments Limited and Original Fortune Group Limited as purchasers and Charm Act Group Limited as vendor in relation to the Disposal (as defined in the circular of the Company dated 23 April 2013 (“**Circular**”), a copy of which is marked “A” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) (“**Agreement**”) (a copy of the Agreement is marked “B” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

## NOTICE OF THE EGM

- (b) any one of the directors (“**Directors**”) of the Company be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Agreement) as are, in the opinion of the Directors or the duly authorised committee, in the interest of the Company and its shareholders as a whole.”

By order of the Board  
**Oriental City Group Holdings Limited**  
**Cheng Nga Ming Vincent**  
*Chairman*

Hong Kong, 23 April 2013

*Registered office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Head Office and Principal Place  
of Business in Hong Kong:*  
Unit 3202, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

*Notes:*

- (1) A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) Delivery of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy will be deemed to be revoked.
- (3) To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such power or authority), must be deposited at the office of the Hong Kong share registrar of the Company, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

*As at the date hereof, the Board comprises two executive Directors, namely Mr. Cheng Nga Ming Vincent and Ms. Cheng Nga Yee; one non-executive Director, namely Mr. Zhang Huaqiao; and three independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Lee Kin Fai and Mr. Chow King Lok.*

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