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**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF
A POSSIBLE INVESTMENT**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that after trading hours of the Stock Exchange on 19 August 2013, (i) the Investor, an indirect wholly-owned subsidiary of the Company; (ii) the PRC Company; and (iii) the Ultimate Shareholders entered into a non-legally binding MOU, with the PRC Company and the Ultimate Shareholders being independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules). Pursuant to the MOU, the Investor intends to subscribe for, and the Ultimate Shareholders intend to procure the Target Company to issue, shares in the capital of the Target Company. In addition, the PRC Company has undertaken to the Investor, amongst other things, that after incorporation of the WFOE and the completion of the Acquisition, it shall enter, and/or shall procure the Licence Company to enter into the Commercial Documents with the WFOE, whereby funding will be provided to the PRC Company and/or the Licence Company and the profits generated by and/or economic interest in the PRC Company and/or the Licence Company shall be transferred to the WFOE pursuant to the Commercial Documents. No payment is required to be made upon the signing of the MOU. If the Possible Investment materialises, it may constitute a notifiable transaction of the Company under the GEM Listing Rules.

The Board wishes to emphasise that no legally binding agreement in relation to the Possible Investment has been entered into as at the date of this announcement, and that completion of the Formal Agreement and the transactions contemplated therein including, without limitation, the Possible Investment, will be subject to fulfilment (or as the case may be, if waivable, waiver) of certain conditions precedents to be set out in the Formal Agreement. Therefore, the Possible Investment may or may not proceed. The Shareholders and/or potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Oriental City Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that after trading hours of the Stock Exchange on 19 August 2013, (i) Victory Pacific Investments Limited (the “**Investor**”), an indirect wholly-owned subsidiary of the Company; (ii) a PRC company (the “**PRC Company**”) which will acquire 90% registered capital of an existing company (the “**Licence Company**” and together with its subsidiaries, the “**Licence Group**”) established in the People’s Republic of China (the “**PRC**”) holding the licence to conduct the prepaid card business and internet payment services in the PRC; and (iii) the ultimate shareholders (the “**Ultimate Shareholders**”) of the PRC Company entered into a non-legally binding memorandum of understanding (the “**MOU**”).

Pursuant to the MOU, the Ultimate Shareholders will implement a group reorganisation (the “**Reorganisation**”), pursuant to which the Ultimate Shareholders shall incorporate a holding company to own a BVI company (being the subject company under the Possible Investment (as defined below) by the Company) (the “**Target Company**” and together with its subsidiaries, the “**Target Group**”), which will in turn own a company to be established in Hong Kong (the “**HK Company**”). A wholly-foreign owned enterprise (the “**WFOE**”) will be incorporated in the PRC and wholly-owned by the HK Company. Upon incorporation of the WFOE and completion of the acquisition (the “**Acquisition**”) by the PRC Company of 90% interests in the Licence Company, the PRC Company and/or the Licence Company shall enter into commercial contracts and/or financing agreements (together the “**Commercial Documents**”) with the WFOE, under which, inter alia, funding will be provided to the PRC Company and/or the Licence Company and the profits generated by and/or economic interest in the PRC Company and/or the Licence Company shall be transferred to the WFOE.

Pursuant to the MOU, the Investor intends to subscribe for (the “**Possible Investment**”), and the Ultimate Shareholders intend to procure the Target Company to issue, shares in the capital of the Target Company whilst the PRC Company has undertaken to the Investor, amongst other things, that after incorporation of the WFOE and completion of the Acquisition, it shall enter, and/or shall procure the Licence Company to enter into the Commercial Documents with the WFOE, whereby funding will be provided to the PRC Company and/or the Licence Company and the profits generated by and/or economic interest in the PRC Company and/or the Licence Company shall be transferred to the WFOE pursuant to the Commercial Documents. No payment is required to be made upon the signing of the MOU. If the Possible Investment materialises, it may constitute a notifiable transaction of the Company under the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the PRC Company and the Ultimate Shareholders are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). None of the Directors or controlling shareholders (as defined in the GEM Listing Rules) of the Company has any interest, directly or indirectly, in the Possible Investment. In the event that the Possible Investment proceeds, the Company will comply with the relevant disclosure requirements of the Listing Rules as and when appropriate.

MEMORANDUM OF UNDERSTANDING

The non-legally binding MOU contains, inter alia, the following major terms:

Date: 19 August 2013

Parties:

- (1) Victory Pacific Investments Limited, an indirect wholly-owned subsidiary of the Company, as the investor
- (2) the Ultimate Shareholders
- (3) the PRC Company

Investment to be made

Pursuant to the MOU, the Investor intends to subscribe for, and the Ultimate Shareholders intend to procure the Target Company to issue, shares in the capital of the Target Company. The Target Group will be principally engaged in the operation of prepaid card business and internet payment services in the PRC upon completion of the Reorganisation.

Consideration

The consideration for subscription of the equity interests in the Target Company by the Investor (the “**Consideration**”) shall be determined after arm’s length negotiation and set out in a formal definitive agreement to be entered into between the Ultimate Shareholders and the Investor (the “**Formal Agreement**”) and is subject to the valuation of the business of the Target Group by an independent professional valuer. For the avoidance of doubt, the detailed terms of the Possible Investment, including but not limited to the exact settlement timing, method and amount of the Consideration will be negotiated and finalised by the Investor and the Ultimate Shareholders upon signing of the Formal Agreement.

Subject to the Investor being satisfied with the relevant due diligence review, the parties to the MOU agreed to proceed to negotiate and with the view to finalise detailed terms and conditions of their investment and cooperation and the Formal Agreement based on the provisions of the MOU following the execution of the MOU. It is intended that parties to the MOU will finalise such detailed terms and conditions and to execute the Formal Agreement no later than 45 days from the date of the MOU, or such later date as the parties to the MOU may otherwise agree.

Conditions Precedent

Completion of the Formal Agreement and the transactions contemplated therein including, without limitation, the Possible Investment, will be subject to the conditions precedents as detailed in the Formal Agreement being fulfilled. These conditions precedents will include, inter alia, the following:

- (i) the Investor being satisfied with the relevant due diligence review, at its absolute discretion, together with the support of legal opinion(s) to be issued by reputable law firm(s) and acceptable to the Investor;
- (ii) if required, the approval of the Formal Agreement and transactions contemplated thereunder by the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Shareholders in accordance with the GEM Listing Rules;
- (iii) the due and proper completion of the Acquisition to the absolute satisfaction of the Investor;
- (iv) the due and proper completion of the Reorganisation to the absolute satisfaction of the Investor;

- (v) the Company having completed funding raising exercise(s) with sufficient net proceeds for settlement of the Consideration;
- (vi) compliance with all other applicable laws, rules and regulations including but not limiting to the GEM Listing Rules for the transactions contemplated under the Possible Investment;
- (vii) the grant of any necessary approvals, consents and/or waivers by the relevant governmental or regulatory authorities or bodies, whether in Hong Kong, the PRC or elsewhere (including but not limiting to the Stock Exchange and/or the Securities and Futures Commission of Hong Kong); and
- (viii) the Investor not being aware of any material adverse change of the Target Group and the Licence Group having occurred prior to the completion of the Formal Agreement or being likely to occur whether on or before the completion of the Possible Investment.

In the event that the abovementioned conditions precedent are not fulfilled or waived (other than paragraphs (ii), (v), (vi) and (vii)) above which cannot be waived) in writing by the Investor on or before 31 December, 2013, or such later date as the parties to the MOU may agree in writing, the Formal Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties thereunder shall cease and determine (save for any antecedent breaches).

Long Stop Date

The MOU shall become effective on the date of execution and shall terminate and be of no force and effect on the earlier of (i) the date on which the Formal Agreement is executed, or (ii) 90 days from the date hereof, or such later date as the parties may otherwise agree in writing.

Under the MOU, save for certain general provisions such as provisions on agreement to negotiate, governing law, confidentiality, exclusivity and costs which are legally binding, other terms of the MOU are not legally binding.

Exclusivity

The Ultimate Shareholders and the PRC Company agreed that, without the prior written consent of the Investor, the Ultimate Shareholders and the PRC Company shall not, and shall procure that member(s) of the Target Group and the Licence Group shall not, within 90 business days after the date of the MOU (the “**Exclusivity Period**”), (a) negotiate or enter into any discussions or sign, with any party, any memorandum of understanding, letter of intent, agreement or understanding or arrangements (whether legally binding or not) or continue or permit to continue any such negotiations or arrangements; and (b) accept, solicit, entertain or consider any offer or offers, in each case in respect of the acquisition, subscription, purchase, investment in or otherwise deal with the shareholding interests in the Target Group and the Licence Group (whether direct or indirect), or any business that is similar to the transaction contemplated by the MOU or the Possible Investment, in each case, which would potentially compete with the businesses and transactions contemplated by the MOU or the Possible Investment.

REASONS FOR THE POSSIBLE INVESTMENT

The Group is principally engaged in operating the card acceptance business in Thailand. As disclosed in the first quarterly report of the Company for the three months ended 30 June 2013, the Group is negotiating for the acquisition of the equity interest of a company which, together with its subsidiary, is principally engaged in the payment card business in the PRC. Meanwhile, the Group will continue to seek new opportunities aiming to broaden the revenue base and enhance the profitability of the Group and therefore to increase the value of the Company. As the Target Group will receive the profits generated by and/or economic interest in the PRC Company and/or the Licence Company arising from their operation of prepaid card business and internet payment services in the PRC, the Directors consider that the Possible Investment will be in line with the business strategy of the Group and will enhance the business portfolio of the Group and therefore the entering into of the MOU and proceeding with the Possible Investment are in the interests of the Company and the Shareholders as a whole.

The Possible Investment, if materialised, may constitute a notifiable transaction of the Company under the GEM Listing Rules. The Company will make further announcement(s) in relation to the Possible Investment in accordance with the requirements of the GEM Listing Rules and the SFO as and when appropriate.

The Board wishes to emphasise that no legally binding agreement in relation to the Possible Investment has been entered into as at the date of this announcement, and that completion of the Formal Agreement and the transactions contemplated therein including, without limitation, the Possible Investment, will be subject to fulfilment (or as the case may be, if waivable, waiver) of certain conditions precedents to be set out in the Formal Agreement. Therefore, the Possible Investment may or may not proceed. The Shareholders and/or potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 19 August 2013

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Cheng Nga Ming Vincent and Ms. Cheng Nga Yee; (ii) one non-executive Director Mr. Zhang Huaqiao; and (iii) four independent non-executive Directors, namely Mr. Lee Kin Fai, Mr. Chow King Lok, Mr. Wang Yiming and Mr. Lu Dongcheng.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.ocg.com.hk.