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CLARIFICATION ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION

Reference is made to the announcement (the “**Announcement**”) of the Company dated 20 March 2014 in relation to the entering into the Capital Injection Agreement for the investment of the Target Company. Unless the content otherwise requires, capitalised terms used in this announcement shall have the same meaning given to them in the Announcement.

As the applicable percentage ratio for the Capital Injection Agreement under the GEM Listing Rules is more than 5% but less than 25%, the transaction under the Capital Injection Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

The Company wishes to provide additional information on the following:

CONSIDERATION

The Consideration under the Capital Injection Agreement of RMB20 million (equivalent to approximately HK\$25 million) was determined after arm’s length negotiation between the Company and the Other Existing Shareholders with reference to, including the proprietary cutting-edge technology and solid foundation of operation of the Target Company, the synergy between Target Company and an unanimously agreed valuation amount of RMB70 million on the Target Company. Such valuation was derived by applying a 2014 price-to-sales (P/S) ratio of 2.8x and 2015 forward P/S ratio of 0.5x on the respective estimated sales to be generated.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a limited company duly incorporated under the laws of the PRC in March 2014. It is a manufacturer and operator of smart point-of-sale terminal technology. The Target Company owns the intellectual property rights of KoolPOS, a cutting-edge point-of-sale terminal and solution designed to accept multiple payment methods (including magnetic stripe card, IC card, near-field-communication, barcode, QR Code and sound wave payment) as well as payment acceptance agencies on one platform. This feature tackles the inconvenience faced by today's merchants, which often have to work with multiple types of POS machines and payment acceptance agencies at the same time. KoolPOS can also support smart merchant application system and third-party apps, which allow merchants to provide multi-dimensional value-added internet services. For instance, after consumers book services and procure discounts of certain merchants online, they can later on check in at the merchants, verify identity, claim discount and make payments through one KoolPOS, thus conveniently closing the loop of Online-to-Offline (O2O) process. The closed-loop feature will make KoolPOS an attractive product for technology companies, merchants and consumers.

Recently, the Target Company won the bids for 10,000 machines with one of the top 3 payment acceptance companies in China. It has also set up a joint operational and technological team with the largest internet payment company in China, in order to realize QR code payment by users of said company's mobile payment products.

As the Target Company was incorporated in March 2014, it has not generated and recorded any revenue up to the date of this announcement and the Target Company has not prepared management account for the month ending 31 March 2014 nor a financial statement for its first financial year. The registered capital was RMB10 million, of out which none of the capital has been contributed by the Other Existing Shareholders up to the date of this announcement, and will be increased to RMB12,857,143 upon completion of the Capital Injection Agreement. Hence, the net assets position of the Target Company is virtually nil.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE CAPITAL INJECTION AGREEMENT

The Group is principally engaged in operating the card acceptance business in Thailand. As disclosed in the 2013 Annual Report and the 2013 Third Quarterly Report of the Company, the Group will continue to seek new opportunities, including but not limited to, e-commerce, e-finance and e-payment, aiming to broaden its revenue base and enhance the profitability of the Group and therefore to increase the value of the Company.

The Board understands a crucial factor of success in the payment business is to tap into an extensive network of POS terminals that allow the cards to be processed and believes that KoolPOS is able to attract more volume into the Group's existing business with its more inclusive payment solution and the innovative technology of the Target Company can help the Group to capture bigger market share and increase shareholders' return.

Given the Target Company's competitive and proven technology, the solid foundation of operation and the synergy between the Target Company and the Group, the Board believes the valuation of the Target Company at RMB70 million is justified and the entering into the Capital Injection Agreement is on normal commercial terms, in the ordinary course of business of the Company and the terms of the Capital Injection Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

By Order of the Board
Oriental City Group Holdings Limited
Zhang Huaqiao
Chairman

Hong Kong, 25 March 2014

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

This announcement, for which the directors of the Company 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 Company's website at www.ocg.com.hk.