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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)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD BY QUALIFYING SHAREHOLDERS ON THE RECORD DATE
WITH
BONUS ISSUE ON THE BASIS OF
ONE BONUS SHARE FOR EVERY RIGHTS SHARE
TAKEN UP UNDER THE RIGHTS ISSUE;
(2) AMENDMENT OF ARTICLES OF ASSOCIATION
AND
(3) RESUMPTION OF TRADING**

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LIMITED

Underwriter of the Rights Issue



KINGSTON SECURITIES LIMITED

PROPOSED RIGHTS ISSUE WITH BONUS ISSUE

The Company proposes to raise HK\$21 million, before expenses, by issuing 300,000,000 Rights Shares at a price of HK\$0.07 per Rights Share, on the basis of one Rights Share for every two Shares held by Qualifying Shareholders on the Record Date, together with 300,000,000 Bonus Shares on the basis of one Bonus Share for every Rights Share taken up under the Rights Issue. The Rights Issue together with the Bonus Issue is only available to Qualifying Shareholders.

Subject to the conditions set out under the section headed “Conditions of the Rights Issue and the Bonus Issue” below, if the Underwriting Agreement is not terminated in accordance with its terms, the Company will allot and issue 300,000,000 Rights Shares and 300,000,000 Bonus Shares to raise HK\$21 million, before expenses, under the Rights Issue (together with the Bonus Issue).

The Underwriter has conditionally agreed to underwrite the Rights Shares which have not been taken up. Accordingly, the Rights Issue is fully underwritten.

USE OF PROCEEDS

The net proceeds of the Rights Issue are expected to be approximately HK\$19.5 million, which will be used as funds for future investment of the Group should suitable opportunity arises and, if such investment opportunity is not being identified, be applied as general working capital of the Group.

PROPOSED AMENDMENT TO THE ARTICLES

In order to facilitate the Rights Issue by enabling the Company to allot and issue the Bonus Shares, which will only be issued to the first registered holders of the fully-paid Rights Shares, the Directors propose the Amendment to the Articles to allow a distribution to Shareholders on a non pro-rata basis. Accordingly, a special resolution will be proposed at the EGM for the Independent Shareholders to approve the Amendment to the Articles, the passing of which is one of the conditions of the Bonus Issue.

WARNING OF RISKS OF DEALINGS IN THE SHARES AND THE RIGHTS SHARES

The Rights Issue (together with the Bonus Issue) is conditional upon, among other things, (i) approval by the Independent Shareholders at the EGM; (ii) the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and the Bonus Shares; and (iii) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as referred to in the section headed “Conditions of the Rights Issue and the Bonus Issue” below.

The last day of dealings in the Shares on a cum-rights basis is Monday, 8 November 2010. The Shares will be dealt with on an ex-rights basis from Tuesday, 9 November 2010. The Rights Shares will be dealt in their nil-paid form from Thursday, 18 November 2010 to Thursday, 25 November 2010 (both dates inclusive). To qualify for the Rights Issue together with the Bonus Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is currently expected to be Tuesday, 16 November 2010. In order to be registered as a member of the Company on the Record Date, any transfer of the Shares (with the relevant share certificates) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by 4:30 p.m. on Wednesday, 10 November 2010. The share register is expected to be closed from Thursday, 11 November 2010 to Tuesday, 16 November 2010 (both dates inclusive) to determine the entitlements to the Rights Issue.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

INDEPENDENT SHAREHOLDERS' APPROVAL

As the Rights Issue (together with the Bonus Issue) is expected to increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.29 of the GEM Listing Rules, the Rights Issue (together with the Bonus Issue) requires approval from the Independent Shareholders at the EGM, where OCG Asia and its associate(s), including Mr. Yu, shall abstain from voting.

An independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung, who have no interest in the Rights Issue (together with the Bonus Issue) has been established to advise the Independent Shareholders on the terms of the Rights Issue (together with the Bonus Issue). Independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders as to whether the terms of the Rights Issue (together with the Bonus Issue) are fair and reasonable so far as the Independent Shareholders are concerned and whether the Rights Issue (together with the Bonus Issue) is in the interests of the Company and the Shareholders as a whole. The appointment of the independent financial adviser will be subject to the approval of the independent committee of the Board.

A circular setting out, among other things, details of the Rights Issue (together with the Bonus Issue) and the Amendment to the Articles, the letter of advice from the independent financial adviser and the recommendation of the independent board committee will be sent to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on Monday, 27 September 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Tuesday, 28 September 2010.

RIGHTS ISSUE WITH BONUS ISSUE

Issue Statistics

Basis of the Rights Issue with the Bonus Issue	:	one Rights Share for every two Shares held by Qualifying Shareholders on the Record Date, with one Bonus Share for every fully paid Rights Share taken up under the Rights Issue
Number of Shares in issue as at the date of this announcement	:	600,000,000 Shares
Number of Rights Shares	:	300,000,000 Rights Shares, representing (i) 50% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares; and (iii) 25% of the issued share capital of the Company as enlarged by the Rights Issue and the Bonus Issue

The aggregate nominal value of the Rights Shares amounts to HK\$3,000,000.

Number of Bonus Shares	:	300,000,000 Bonus Shares to be issued to the first registered holders of the fully-paid Rights Shares on the basis of one Bonus Share for every Rights Share taken up under the Rights Issue, representing 50% of the existing issued share capital of the Company as at the date of this announcement and 25% of the issued share capital of the Company as enlarged by the Rights Issue and the Bonus Issue
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Subscription Price per Rights Share	:	HK\$0.07 per Rights Share
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Underwriter	:	Kingston Securities To the best knowledge of the Directors, having made reasonable enquiries, each of the Underwriter and its beneficial owner(s) is an independent third party not connected with the Company or its connected persons
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The Underwriter has conditionally agreed to underwrite the Rights Shares which have not been taken up. Accordingly, the Rights Issue is fully underwritten

The new Shares to be issued pursuant to the Rights Issue and the Bonus Issue will be issued pursuant to a specific mandate to be granted to the Directors at the EGM.

The Rights Issue (together with the Bonus Issue) is conditional upon, among other things, (i) approval by the Independent Shareholders at the EGM; (ii) the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and the Bonus Shares; and (iii) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as referred to in the section headed “Conditions of the Rights Issue and the Bonus Issue” below. If the Underwriter terminates the Underwriting Agreement in accordance the terms thereof, the Rights Issue (together with the Bonus Issue) will not continue to proceed even if all other conditions as stated in the section headed “Conditions of the Rights Issue and the Bonus Issue” below are fulfilled.

Accordingly, subject to the conditions set out under the section headed “Conditions of the Rights Issue and the Bonus Issue” below being fulfilled, if the Underwriting Agreement is not terminated in accordance with its terms, the Company will allot and issue 300,000,000 Rights Shares and 300,000,000 Bonus Shares to raise HK\$21 million, before expenses, under the Rights Issue (together with the Bonus Issue).

As at the date of this announcement, the Company does not have any pre-existing obligation to issue Shares or any outstanding Share Options, derivatives or securities which are convertible or exchangeable into Shares.

Subscription Price for the Rights Shares

HK\$0.07 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

1. a discount of approximately 84.44% to the closing price of HK\$0.45 per Share as quoted on GEM on the Last Trading Day;
2. a discount of approximately 84.44% to the average closing price of HK\$0.45 per Share for the last five trading days as quoted on GEM up to and including the Last Trading Day;
3. a discount of approximately 84.44% to the average closing price of HK\$0.45 per Share for the last ten trading days as quoted on GEM up to and including the Last Trading Day;

4. a discount of approximately 71.13% to the theoretical ex-right price (after taking into consideration the Bonus Issue) of HK\$0.2425 per Share based on the closing price of HK\$0.45 per Share as quoted on GEM on the Last Trading Day; and
5. a premium of approximately 89.19% over the net asset value per Share of approximately HK\$0.037 based on the audited consolidated net asset value of the Group as at 31 March 2010.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price and liquidity of the Shares under the prevailing market conditions. As the Rights Issue (together with the Bonus Issue) is offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a considerable discount to the current market price of the Shares to attract Qualifying Shareholders to participate in the Rights Issue (together with the Bonus Issue). The Directors consider that the terms of the Rights Issue are fair and reasonable and that the Rights Issue (together with the Bonus Issue) is in the interests of the Company and the Shareholders as a whole.

For those Qualifying Shareholders who participate in the Rights Issue, they would be entitled to one Bonus Share for every Rights Share taken up under the Rights Issue. On this basis, the averages price for each Share to be allotted and issued under the Rights Issue (together with the Bonus Issue) is approximately HK\$0.035 which represents:

1. a discount of approximately 92.22% to the closing price of HK\$0.45 per Share as quoted on GEM on the Last Trading Day;
2. a discount of approximately 92.22% to the average closing price of HK\$0.45 per Share for the last five trading days as quoted on GEM up to and including the Last Trading Day;
3. a discount of approximately 92.22% to the average closing price of HK\$0.45 per Share for the last ten trading days as quoted on GEM up to and including the Last Trading Day;
4. a discount of approximately 85.57% to the theoretical ex-right price (after taking into consideration the Bonus Issue) of HK\$0.2425 per Share based on the closing price of HK\$0.45 per Share as quoted on GEM on the Last Trading Day; and
5. a discount of approximately 5.41% to the net asset value per Share of approximately HK\$0.037 based on the audited consolidated net asset value of the Group as at 31 March 2010.

Basis of Provisional Allotment

One Rights Share in nil-paid form for every two existing Shares held by a Qualifying Shareholder on the Record Date.

Status of the Rights Shares and the Bonus Shares

When allotted, issued and fully paid, the Rights Shares and the Bonus Shares will rank *pari passu* in all respects with the then existing Shares in issue on the date of allotment and issue of fully paid Rights Shares and the Bonus Shares. Holders of the Rights Shares and the Bonus Shares, when allotted, issued and fully paid, will be entitled to receive all future dividends and distributions which may be declared, made or paid in respect thereof on or after the date of allotment and issue of the Rights Shares and the Bonus Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must on the Record Date be registered as a member of the Company and not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, any transfer of the Shares (with the relevant share certificates) must be lodged for registration with the Registrar by 4:30 p.m. on Wednesday, 10 November 2010. The branch share registrar of the Company in Hong Kong is:–

Union Registrars Limited at
18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong

Book Close Period

The register of members of the Company will be closed from Thursday, 11 November 2010 to Tuesday, 16 November 2010, both dates inclusive, for the purpose of establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Rights of Excluded Shareholders (if any)

The Rights Issue Documents will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

The Directors will make enquiries pursuant to Rule 17.41 of the GEM Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholders from the Rights Issue and the Bonus Issue, no Rights Shares and Bonus Shares will be offered to such Overseas Shareholders. In such circumstances, the Rights Issue and the Bonus Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for information only, but not the PALs or EAFs.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of HK\$100 or more will be paid to the relevant Excluded Shareholder in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Excluded Shareholders will be made available for excess application on EAFs by the Qualifying Shareholders.

Fractional Entitlements to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number) and the aggregate of fractions of the Rights Shares will be allotted to a nominee appointed by the Company and all nil-paid Rights Shares arising from such aggregation will be sold in the market if a net premium can be obtained, and the Company will retain the proceeds from such sale(s) for its benefit. Any unsold fractions of the Rights Shares will be made available for excess application on EAFs by the Qualifying Shareholders.

Application for Excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements of Excluded Shareholders, any unsold fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted by any Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application can be made by completing the EAF and lodging the same with appropriate remittance for the excess Rights Shares.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis, in proportion to the number of excess Rights Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lots holdings to whole-lot holdings.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top up of odd-lots arrangement and the application for excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for registration of the relevant Shares in the name(s) of the beneficial owner(s) prior to the Record Date.

For investors whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Registrar by 4:30 p.m. on Wednesday, 10 November 2010.

Application for Listing of the Rights Shares and the Bonus Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil-paid and fully paid forms, and the fully-paid Bonus Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on GEM, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on GEM or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Stamp Duty

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty in Hong Kong and any other applicable fees and charges in Hong Kong. Nil-paid and fully paid Rights Shares are expected to be traded in board lots of 10,000 (which is the same as the current board lot size of the Shares as traded on GEM).

Share Certificates and Refund Cheques

Subject to the fulfillment of the conditions of the Rights Issue and the Bonus Issue as set out in the section headed “Conditions of the Rights Issue and the Bonus Issue” below, certificates for all fully-paid Rights Shares and Bonus Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 6 December 2010. Dealings of the fully-paid Rights Shares and the Bonus Shares are expected to commence on or about Wednesday, 8 December 2010. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or before Monday, 6 December 2010 by ordinary post at their own risk.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date	:	24 September 2010
Parties	:	(1) The Company; and (2) Kingston Securities, which is independent of and not connected with the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates
Number of Rights Shares Underwritten	:	300,000,000 Rights Shares
Commission	:	2.5% of the aggregate Subscription Price in respect of the Underwritten Shares, being 300,000,000 Rights Shares

To the best knowledge of the Directors, having made reasonable enquiries, each of the Underwriter and its beneficial owner(s) is an independent third party not connected with the Company or its connected persons.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Untaken Shares, (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (having the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue; and (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.

Commission

The Company will pay to the Underwriter an underwriting commission calculated at 2.5% of the aggregate Subscription Price for the Underwritten Shares, which amounts to approximately HK\$0.5 million. The commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter with reference to current prevailing market rate.

Termination of the Underwriting Agreement

The Underwriter shall be entitled, by written notice to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will materially and adversely affect the prospects of the Group as a whole including, without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (e) any suspension in the trading of securities generally or the Company's securities on GEM for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Rights Issue Documents or other announcements or circulars in connection with the Rights Issue; or
- (f) the circular, Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not, prior to the date of the Underwriting Agreement, been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

The Underwriter shall be entitled, by written notice to the Company, to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event which, if it had occurred or arisen before the date of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter,

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Shareholders and potential investors of the Company should note that the Rights Issue (together with the Bonus Issue) is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. If the Underwriter terminates the Underwriting Agreement in accordance the terms thereof, the Rights Issue (together with the Bonus Issue) will not continue to proceed even if all other conditions as stated in the section headed "Conditions of the Rights Issue and the Bonus Issue" below are fulfilled.

PROPOSED AMENDMENT TO THE ARTICLES

In order to facilitate the Rights Issue by enabling the Company to allot and issue the Bonus Shares, which will only be issued to the first registered holders of the fully-paid Rights Shares, the Directors propose the Amendment to the Articles to allow a distribution to Shareholders on a non pro-rata basis. Accordingly, a special resolution will be proposed at the EGM for the Independent Shareholders to approve the Amendment to the Articles.

CONDITIONS OF THE RIGHTS ISSUE AND THE BONUS ISSUE

The Rights Issue is conditional upon:

- (a) the passing by the Independent Shareholders (or where appropriate the Shareholders) at the EGM of the necessary resolution(s) (such vote shall be taken by way of poll) to approve:
 - (i) the Amendment to the Articles to allow the allotment and issue of the Bonus Shares not in proportions to the shareholding of the Shareholders by way of capitalisation of the share premium account of the Company;
 - (ii) the Rights Issue; and
 - (iii) the allotment and issue of the Bonus Shares;
- (b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Rights Issue Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;
- (c) the posting of the Rights Issue Documents to Qualifying Shareholders on the Posting Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) and the Bonus Shares by no later than their respective first day of dealing;
- (e) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (f) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement.

In the event that the conditions above (which are incapable of being waived) have not been satisfied on or before the Latest Time for Termination or, where appropriate, the times as stipulated above or such other time as may be agreed between the Company and the Underwriter in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

The Rights Issue (together with the Bonus Issue) is conditional upon, among other things, (i) approval by the Independent Shareholders at the EGM; (ii) the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and the Bonus Shares; and (iii) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as referred to in the section headed “Conditions of the Rights Issue and the Bonus Issue” below.

The last day of dealings in the Shares on a cum-rights basis is Monday, 8 November 2010. The Shares will be dealt with on an ex-rights basis from Tuesday, 9 November 2010. The Rights Shares will be dealt in their nil-paid form from Thursday, 18 November 2010 to Thursday, 25 November 2010 (both dates inclusive). To qualify for the Rights Issue together with the Bonus Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is currently expected to be Tuesday, 16 November 2010. In order to be registered as a member of the Company on the Record Date, any transfer of the Shares (with the relevant share certificates) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by 4:30 p.m. on Wednesday, 10 November 2010. The share register is expected to be closed from Thursday, 11 November 2010 to Tuesday, 16 November 2010 (both dates inclusive) to determine the entitlements to the Rights Issue.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Rights Issue together with Bonus Issue which has been prepared on the assumption that the Rights Issue (together with the Amendment to the Articles, the issue and allotment of the Bonus Shares and the transactions contemplated thereunder) will be approved by the Independent Shareholders at the EGM. **The timetable below is indicative only and is subject to change. The Company will make further announcement(s) and notify the Shareholders on any changes to the expected timetable as and when appropriate.**

2010

Despatch of circular in relation to the Rights Issue (together with the Bonus Issue) to the Shareholders	Friday, 22 October
Last day of dealings in the Shares on a cum-rights basis	Monday, 8 November
First day of dealings in the Shares on an ex-rights basis	Tuesday, 9 November
Latest time for lodging transfers of Shares to be entitled for the Rights Issue and the Bonus Issue	4:30 p.m. on Wednesday, 10 November
Book close period to determine the entitlements to the Rights Issue and the Bonus Issue (both dates inclusive).	from Thursday, 11 November to Tuesday, 16 November
Latest time for lodging proxy forms of the EGM	10:30 a.m. on Sunday, 14 November
EGM	10:30 a.m. on Tuesday, 16 November
Record Date.	Tuesday, 16 November
Despatch of the Rights Issue Documents on.	Wednesday, 17 November
Register of members re-opens.	Wednesday, 17 November
First day of dealings in nil-paid Rights Shares	Thursday, 18 November
Latest time for splitting nil-paid Rights Shares.	4:30 p.m. on Monday, 22 November
Last day of dealings in nil-paid Rights Shares	Thursday, 25 November

Latest time for acceptance of and payment for the
Rights Shares and application for excess Rights Shares 4:00 p.m. on Tuesday, 30 November

Latest time for Termination. 4:00 p.m. on Friday, 3 December

Announcement of the results of the Rights Issue
and excess application published. Friday, 3 December

Despatch of refund cheques for wholly and partially
unsuccessful excess applications to be posted on or before Monday, 6 December

Despatch of Share certificates for fully paid
Rights Shares and Bonus Shares on or before. Monday, 6 December

Dealings in fully paid Rights Shares and
Bonus Shares expected to commence 9:30 a.m. on Wednesday, 8 December

REASONS FOR THE RIGHTS ISSUE WITH BONUS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The principal activities of the Company is investment holding. The Group is principally engaged in the cards and payment related businesses, namely the card acceptance business and the co-branded card partnership business in Thailand and the PRC respectively.

The Directors consider the Right Issue allows the Group to strengthen its financial position and to enlarge its capital base without having to incur any interest expenses as compared to debt financing. This is specially the case when the Group incurred a loss for the year ended 31 March 2010. The Directors also consider that the Right Issue (together with the Bonus Issue) are in the interest of the Company and the Shareholders as a whole as they offer an equal opportunity to all the Shareholders (except the Excluded Shareholders) to participate in the future development of the Company should they wish to do so. The Bonus Issue will give the Shareholders an incentive to take part in the Right Issue. In addition, as disclosed in the first quarterly report of the Company, in light of the on-going political instability in Thailand, the Company has been expanding cautiously in Thailand. In order to maintain a continuous and healthy growth in the business development of the Group, as well as to diversify the business risk of the Group, the Board considers it to be essential for the Company to proactively seek for new business opportunity for enhancing its revenue on a stable and long term basis. The net proceeds of the Rights Issue would allow the Company to have sufficient funding to capture the suitable investment opportunity when arises.

The net proceeds (after deducting expenses including underwriting commission, professional fees, printing charges and sundry expenses) of the Rights Issue are expected to be approximately HK\$19.5 million, which will be used as funds for future investment of the Group should suitable opportunity arises and, if such investment opportunity is not being identified, be applied as general working capital of the Group. There is no specific investment plans or targets being identified by the Company as at the date of this announcement.

On the basis that the net proceeds (after deducting expenses including underwriting commission, professional fees, printing charges and sundry expenses) of the Rights Issue are expected to be approximately HK\$19.5 million, and that an aggregate of 600,000,000 new Shares will be issued pursuant to the Rights Issue and the Bonus Issue, the net price per new Share to be issued pursuant to the Rights Issue (together with the Bonus Issue) is approximately HK\$0.0325.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue together with the Bonus Issue (assuming that all Qualifying Shareholders have taken up their respective entitlements under the Rights Issue); and (iii) immediately after completion of the Rights Issue together with the Bonus Issue (assuming that the Underwriter has taken up all the entitlements of the Qualifying Shareholders under the Rights Issue):

	As at the date of this announcement		Immediately after completion of the Rights Issue together with the Bonus Issue (assuming that all Qualifying Shareholders have taken up their respective entitlements under the Rights Issue)		Immediately after completion of the Rights Issue together with the Bonus Issue (assuming that no Qualifying Shareholders has taken up their respective entitlements under the Rights Issue and the Underwriter has taken up all the entitlements of the Qualifying Shareholders) (Note 4)	
	Shares	%	Shares	%	Shares	%
OCG Asia (Note 1)	402,000,000	67.00	804,000,000	67.00	402,000,000	33.50
Mr. Yu (Note 2)	24,000,000	4.00	48,000,000	4.00	24,000,000	2.00
Ms. Wong Lai Chun (Note 3)	6,000,000	1.00	12,000,000	1.00	6,000,000	0.50
Sub-total	432,000,000	72.00	864,000,000	72.00	432,000,000	36.00
Underwriter	—	—	—	—	600,000,000	50.00
Public Shareholders	168,000,000	28.00	336,000,000	28.00	168,000,000	14.00
Sub-total	168,000,000	28.00	336,000,000	28.00	768,000,000	64.00
Total	600,000,000	100.00	1,200,000,000	100.00	1,200,000,000	100.00

Notes:

- (1) These Shares were held by Oriental City Group Asia Limited which is in turn wholly-owned by Oriental City Group International Limited, a company wholly-owned by Oriental City Group plc. As Mr. Yu is the beneficial owner of the entire issued share capital of Straum Investments Limited, a controlling shareholder of Oriental City Group plc, thus Mr. Yu is deemed to be interested in the 402,000,000 Shares held by Oriental City Group Asia Limited under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- (2) Mr. Yu is an executive Director and a chairman of the Company and is personally interested in 24,000,000 Shares.
- (3) Ms. Wong Lai Chun is a non-executive Director and is personally interested in 6,000,000 Shares.
- (4) This scenario is for illustration purpose only and will not occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Untaken Shares, (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (having the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue; and (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

There has not been any equity fund raising exercise conducted by the Company in the past 12 months immediately preceding the date of this announcement.

INDEPENDENT SHAREHOLDERS' APPROVAL

As the Rights Issue (together with the Bonus Issue) is expected to increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.29 of the GEM Listing Rules, the Rights Issue (together with the Bonus Issue) is subject to approval by the Independent Shareholders at the EGM whereby OCG Asia and its associate(s), including Mr. Yu, shall abstain from voting.

An independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung, who have no interest in the Rights Issue (together with the Bonus Issue) has been established to advise the Independent Shareholders on the terms of the Rights Issue (together with the Bonus Issue). Independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders as to whether the terms of the Rights Issue (together with the Bonus Issue) are fair and reasonable so far as the Independent Shareholders are concerned and whether the Rights Issue (together with the

Bonus Issue) is in the interests of the Company and the Shareholders as a whole. The appointment of the independent financial adviser will be subject to the approval of the independent committee of the Board.

A circular setting out, among other things, details of the Rights Issue (together with the Bonus Issue) and the Amendment to the Articles, the letter of advice from the independent financial adviser and the recommendation of the independent board committee will be sent to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on Monday, 27 September 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Tuesday, 28 September 2010.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Amendment to the Articles”	the proposed amendment to Article 144 of the Articles to allow distribution to Shareholders on a non pro-rata basis, which will be subject to approval of the relevant special resolution by the Shareholders at the EGM
“Articles”	the articles of association of the Company, and each an “ Article ”
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of Bonus Shares to the first registered holders of fully-paid Rights Shares on the basis of one Bonus Share for every Rights Share subscribed for and taken up under the Rights Issue
“Bonus Shares”	the new Shares to be allotted and issued under the Bonus Issue, being 300,000,000 Bonus Shares, and each a “Bonus Share”

“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Oriental City Group Holdings Limited (Stock code: 8325), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened and held on Tuesday, 16 November 2010 (or any adjourned meeting thereof) to approve the Rights Issue, the Amendment to the Articles, the issue and allotment of the Bonus Shares and the transactions respectively contemplated thereunder
“Excluded Shareholders”	the Overseas Shareholders whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than OCG Asia and its associate(s)
“Last Trading Day”	24 September 2010, being the date of the Underwriting Agreement, which is a Stock Exchange trading day

“Latest Time for Termination”	being 4:00 p.m. on the third business day after the latest date for the acceptance of the offer for the Rights Shares, or such other later date as the Underwriter and the Company may agree in writing
“Mr. Yu”	Mr. Yu Chun Fai, an executive Director and the chairman of the Company, who is personally interested in 24,000,000 Shares and deemed to be interested in 402,000,000 Shares held by OCG Asia, by virtue of his interests in the entire issued share capital in Straum Investments Limited, which is a controlling shareholder of OCG Asia
“OCG Asia”	Oriental City Group Asia Limited, a company incorporated in the British Virgin Islands with limited liability and is interested in 402,000,000 Shares, representing approximately 67% of the existing issued share capital of the Company as at the date of this announcement
“Overseas Shareholders”	the Shareholders whose registered address (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Wednesday, 17 November 2010, the expected date for despatch of the Rights Issue Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders, as the case may be
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issue
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements to the Rights Issue are determined
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar of the Company

“Rights Issue”	the issue by way of rights of one Rights Share for every two existing Shares held by the Qualifying Shareholders on the Record Date at a price of HK\$0.07 per Rights Share
“Rights Issue Documents”	together, the Prospectus, PAL and EAF
“Rights Shares”	the new Shares to be allotted and issued under the Rights Issue, being 300,000,000 Shares, and each a “Rights Share”
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	the outstanding options to subscribe for new Shares granted under the share option scheme of the Company adopted on 14 August 2009
“Shareholder(s)”	registered holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.07 per Rights Share under the Rights Issue
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Thailand”	The Kingdom of Thailand
“Underwriter” or “Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 24 September 2010 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	300,000,000 Rights Shares to be underwritten by the Underwriter pursuant to the Underwriting Agreement, being the total number of Rights Shares to be issued pursuant to the Rights Issue

“Untaken shares”	those (if any) of the Rights Shares for which duly completed PAL(s) (accompanied by cheques or banker’s cashier order for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before Latest Time for Acceptance which shall not be more than 300,000,000 Rights Shares (with Bonus Shares)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

* *All times and dates in this announcement refer to Hong Kong times and dates.*

By order of the Board of
Oriental City Group Holdings Limited
Yu Chun Fai
Chairman

Hong Kong, 27 September 2010

As of the date of this announcement, the executive Director is Mr. Yu Chun Fai, the non-executive Director is Ms. Wong Lai Chun, and the independent non-executive Directors are Mr. Chan Chun Wai, Mr. Chan Wing Cheung, Joseph and Mr. Tsang Siu Tung.

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 in this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the website of the Company at <http://www.ocg.com.hk> for at least seven days from the day of its posting.