

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**ORIENTAL PAYMENT GROUP HOLDINGS LIMITED**

**東方支付集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8613)**

**2019 INTERIM RESULTS ANNOUNCEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of Oriental Payment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019. This announcement, containing the full text of the 2019 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of interim results.

By Order of the Board  
**Oriental Payment Group Holdings Limited**  
**Lin Xiaofeng**  
*Chairman and executive Director*

Hong Kong, 11 November 2019

*As at the date of this announcement, the executive Director is Mr. Lin Xiaofeng; the non-executive Director is Mr. Xiong Wensen; and the independent non-executive Directors are Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po.*

*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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for at least 7 days from the date of its publication and on the website of the Company at [www.ocg.com.hk](http://www.ocg.com.hk).*



ORIENTAL PAYMENT GROUP

# Oriental Payment Group Holdings Limited

## 東方支付集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8613

INTERIM REPORT  
**2019**



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “**Directors**”) of Oriental Payment Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.*

## RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2019, together with the comparative figures of the corresponding period in 2018, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>20,719</b>	25,860	<b>42,256</b>	57,953
Cost of services rendered		<b>(14,262)</b>	(18,510)	<b>(29,069)</b>	(41,549)
<b>Gross profit</b>		<b>6,457</b>	7,350	<b>13,187</b>	16,404
Other income	4	<b>92</b>	1	<b>149</b>	23
General administrative expenses		<b>(4,446)</b>	(2,402)	<b>(7,929)</b>	(4,764)
Selling and distribution costs		<b>(1,990)</b>	(2,461)	<b>(4,236)</b>	(5,727)
Finance costs	5	<b>(164)</b>	(44)	<b>(321)</b>	(88)
Listing expenses		<b>-</b>	(5,226)	<b>-</b>	(6,224)
<b>(Loss) Profit before taxation</b>	5	<b>(51)</b>	(2,782)	<b>850</b>	(376)
Income tax expenses	6	<b>(470)</b>	(469)	<b>(779)</b>	(1,084)
<b>(Loss) Profit for the period</b>		<b>(521)</b>	(3,251)	<b>71</b>	(1,460)
<b>Attributable to:</b>					
Equity holders of the Company		<b>(521)</b>	(3,251)	<b>71</b>	(1,460)
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>(Loss) Earnings per share attributable to equity holders of the Company</b>					
Basic	7	<b>(0.05)</b>	(0.43)	<b>0.01</b>	(0.19)
Diluted	7	<b>(0.05)</b>	(0.43)	<b>0.01</b>	(0.19)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2019

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>(Loss) Profit for the period</b>	<b>(521)</b>	<b>(3,251)</b>	<b>71</b>	<b>(1,460)</b>
<b>Other comprehensive (loss) income</b> <i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of foreign subsidiaries	(837)	479	909	(833)
<b>Total comprehensive (loss) income for the period</b>	<b>(1,358)</b>	<b>(2,772)</b>	<b>980</b>	<b>(2,293)</b>
<b>Total comprehensive (loss) income attributable to:</b>				
Equity holders of the Company	(1,358)	(2,772)	980	(2,293)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	13,409	11,848
Intangible assets	10	16,779	1,265
Deposits paid for acquisition of intangible assets		–	11,636
Deferred tax assets	14	256	256
Right-of-use assets		633	–
		<b>31,077</b>	25,005
<b>Current assets</b>			
Trade receivables	11	11,445	42,970
Other receivables	11	11,636	10,579
Due from the ultimate holding company	11	2,375	2,375
Income tax recoverable		1,862	1,443
Restricted funds	12	2,733	1,858
Bank balances and cash		50,159	52,818
		<b>80,210</b>	112,043
<b>Current liabilities</b>			
Trade payables	13	14,048	44,516
Other payables	13	5,237	2,357
Lease liabilities		546	–
		<b>19,831</b>	46,873
<b>Net current assets</b>		<b>60,379</b>	65,170

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2019

	Notes	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
<b>Total assets less current liabilities</b>		<b>91,456</b>	90,175
<b>Non-current liabilities</b>			
Deferred tax liabilities	14	1,213	1,213
Other long-term liabilities	15	6,545	6,335
Lease liabilities		91	–
		<b>7,849</b>	7,548
<b>NET ASSETS</b>		<b>83,607</b>	82,627
<b>Capital and reserves</b>			
Share capital	16	10,000	10,000
Reserves	17	73,607	72,627
<b>TOTAL EQUITY</b>		<b>83,607</b>	82,627

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to equity holders of the Company					
	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
<b>At 1 April 2018 (audited)</b>	-*	14,422	1,801	1,199	14,196	31,618
Loss for the period	-	-	-	-	(1,460)	(1,460)
<b>Other comprehensive loss</b>						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign subsidiaries	-	-	(833)	-	-	(833)
Total comprehensive loss for the period	-	-	(833)	-	(1,460)	(2,293)
<b>Transactions with owners</b>						
<i>Contribution and distributions</i>						
Dividends to shareholders (Note 8)	-	-	-	-	(5,000)	(5,000)
Listing expenses borne by China Smartpay Group Holdings Limited ("China Smartpay") (Note 17(b))	-	5,984	-	-	-	5,984
<b>At 30 September 2018 (unaudited)</b>	-*	20,406	968	1,199	7,736	30,309

\* Represent the amount less than HK\$1,000.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 September 2019

	Attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Accumulated profits HK\$'000	
<b>At 1 April 2019 (audited)</b>	10,000	31,510	37,529	1,298	1,199	1,091	82,627
Profit for the period	-	-	-	-	-	71	71
<b>Other comprehensive income</b>							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Exchange difference on translation of foreign subsidiaries	-	-	-	909	-	-	909
Total comprehensive income for the period	-	-	-	909	-	71	980
<b>At 30 September 2019 (unaudited)</b>	10,000	31,510	37,529	2,207	1,199	1,162	83,607

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Note	For the six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	19	2,388	2,740
Income tax paid		(1,246)	(1,935)
<b>Net cash from operating activities</b>		<b>1,142</b>	805
<b>INVESTING ACTIVITIES</b>			
Interest received		149	23
Purchase of property, plant and equipment		(3,423)	(2,603)
Purchase of intangible assets		(456)	(235)
<b>Net cash used in investing activities</b>		<b>(3,730)</b>	(2,815)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		–	(1,500)
Repayment of leases liabilities		(730)	–
<b>Net cash used in financing activities</b>		<b>(730)</b>	(1,500)
<b>Net decrease in cash and cash equivalents</b>		<b>(3,318)</b>	(3,510)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>52,818</b>	21,664
Effect on exchange rate changes		659	(270)
<b>Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash</b>		<b>50,159</b>	17,884

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company's shares (the "**Shares**") were listed on GEM of the Stock Exchange on 16 October 2018. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at Unit 2606, 26/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in merchant acquiring business in Thailand.

The unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2019 and 2018 have been prepared on the basis as if the current group structure has been in existence throughout the periods.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 (the "**Interim Financial Statements**") have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2019, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard (“**HKAS**”) and Interpretations issued by the HKICPA. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Consolidated Financial Statements**”).

The Interim Financial Statements have been prepared on the historical costs basis and presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The Group has adopted the following new/revised standards, amendments and interpretations issued by the HKICPA for the first time for the condensed consolidated financial statements.

Annual Improvements to HKFRSs	2015-2017 Cycle
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Employee benefits
Amendments to HKFRS 9	Prepayment Features with Negative Compensation

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

### HKFRS 16: Leases

The Group has adopted HKFRS 16, which replaced HKAS 17, and the related consequential amendments to other HKFRSs for the six months ended 30 September 2019 which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 April 2019.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised long-term lease liabilities which had previously been classified as operating leases if appropriate. The Group did not reassess if a contract was or contained a lease at adoption. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to profit or loss in the period in which it is incurred on the basis that produces a constant periodic rate of interest on the remaining lease liability balance.

At the inception of a contract that contains a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. The Group, as a lessee assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets if appropriate, were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unaudited condensed consolidated statements of financial position immediately before the date of initial application. The right-of-use assets were recognised in the unaudited condensed consolidated statements of financial position.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

### HKFRS 16: Leases *(Continued)*

Depreciation was charged to profit or loss on a straight-line basis over the shorter of the assets useful lives or over the unexpired term of lease.

Payments associated with short-term leases or leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under HKAS 17. The lease liabilities of approximately HK\$1,354,000 was measured at the present value of the remaining minimum lease payments, discounted using the Group's incremental borrowing rates as of 1 April 2019, with the relevant interest charged to profit or loss over the lease period. The Group applied single discount rate to a portfolio of leases with reasonably similar characteristics in Hong Kong and Thailand. The right-of-use assets of approximately HK\$1,354,000 were recognised at cost, representing the amount of initial measurement of the lease liabilities. The right-of-use assets of approximately HK\$1,354,000 are to be depreciated over the lease period on a straight-line basis. The interest expense in respect of lease liabilities and depreciation of right-of-use assets charged to profit or loss during the six months ended 30 September 2019 was approximately HK\$14,000 and HK\$721,000 respectively.

## 2. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on merchant acquiring business in Thailand during the periods. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the executive directors of the Company, the chief operating decision maker. They review the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment and no further analysis of this single segment is presented.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 2. SEGMENT INFORMATION *(Continued)*

#### Geographical information

The Group's operation is mainly located in Thailand.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and right-of-use assets ("**Specified Non-current Assets**"). The geographical location of revenue is based on the location of the merchants. The geographical location of Specified Non-current Assets is based on the physical location of the assets (in the case of intangible assets, the location of operations).

#### *Revenue from external customers*

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Thailand	20,719	25,860	42,256	57,953

#### *Specified non-current assets*

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Thailand	30,310	13,039
Hong Kong	511	74
	30,821	13,113

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2019

### 2. SEGMENT INFORMATION (Continued)

#### Information about major customers

Revenue from customers contributing individually 10% or more of the total revenue of the Group during the periods ended 30 September 2019 and 2018 is as follows:

	For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Customer A and its affiliates	18,979	26,525
Customer B and its affiliates	9,396	12,775

### 3. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Merchant discount rate income	15,758	20,233	31,927	45,145
Marketing and distribution service income	444	33	933	33
	16,202	20,266	32,860	45,178
<b>Revenue from other sources</b>				
Foreign exchange rate discount income	4,517	5,594	9,396	12,775
	20,719	25,860	42,256	57,953

### 4. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Bank interest income	92	1	149	23



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 5. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Finance costs</b>				
Interest expenses for financial liabilities at amortised cost	155	44	307	88
Finance costs on lease liabilities	9	–	14	–
	<b>164</b>	<b>44</b>	<b>321</b>	<b>88</b>
<b>Staff costs, including key management's remuneration</b>				
Salaries, allowances and other short-term employee benefits	2,147	993	3,938	1,968
Contribution to defined contribution plans	59	23	112	46
	<b>2,206</b>	<b>1,016</b>	<b>4,050</b>	<b>2,014</b>
<b>Other items</b>				
Amortisation of intangible assets (included in "selling and distribution costs")	97	72	173	134
Depreciation of property, plant and equipment	1,150	951	2,208	1,872
Depreciation of right-of-use assets	552	–	721	–
Operating lease payments on premises	–	190	–	378

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 6. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Current tax</b>				
Thailand Enterprise				
Income Tax	268	440	577	1,029
Withholding tax on dividends declared by a foreign subsidiary	202	–	202	–
	470	440	779	1,029
<b>Deferred tax</b>				
Utilisation of tax losses	–	29	–	55
Income tax expenses for the period	470	469	779	1,084

The group entities established in the Cayman Islands and the British Virgin Islands are exempted from income tax of the respective jurisdiction.

Hong Kong Profits Tax at the rate of 16.5% (2018: 16.5%) has not been provided for the periods as the Group's estimated assessable profits arising in or derived from Hong Kong are wholly absorbed by unrelieved tax losses brought forward from previous years.

Thailand Enterprise Income Tax has been provided at the rate of 20% on the estimated assessable profits of the operation arising from Thailand.

Cambodia Corporate Income Tax at the rate of 20% has not been provided as the operation in Cambodia has not yet commenced its business from the date of incorporation to 30 September 2019.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share of the Company is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
(Loss) Profit for the period attributable to equity holders of the Company	(521)	(3,251)	71	(1,460)

	For the three months ended 30 September		For the six months ended 30 September	
	2019 Number of Shares	2018 Number of Shares	2019 Number of Shares	2018 Number of Shares
Weighted average number of ordinary shares	1,000,000,000	750,000,000	1,000,000,000	750,000,000

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Capitalisation Issue (as defined in Note 16) as disclosed in Note 16 had been effective on 1 April 2017.

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there were no potential ordinary shares in issue during both periods.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

For the six months ended 30 September 2019

### **8. DIVIDENDS**

On 18 September 2018, special dividends of HK\$5,000,000 were declared to the equity holders of the entities now comprising the Group prior to the completion of the Reorganisation. The amount was settled in full by cash and offsetting against the portion of listing expenses borne and to be borne by China Smartpay. No other dividend has been declared nor paid by the Group for the six months ended 30 September 2019 and 2018.

### **9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2019, the Group incurred expenditures on property, plant and equipment with total cost of approximately HK\$3,423,000 (2018: approximately HK\$2,603,000) and no property, plant and equipment has been disposed or impaired by the Group for both periods.

### **10. INTANGIBLE ASSETS**

During the six months ended 30 September 2019, the Group incurred expenditures on intangible assets, which was for enhancing the Group's internally developed acquired host system and payment network system with total cost of approximately HK\$15,642,000 (2018: approximately HK\$235,000) and no intangible assets has been disposed or impaired by the Group for both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 11. TRADE AND OTHER RECEIVABLES

	Note	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
<b>Trade receivables</b>			
From third parties	11(a)	11,445	42,970
<b>Other receivables</b>			
Deposits		1,372	1,181
Prepayments		5,205	3,649
Other debtors		5,059	5,749
		11,636	10,579
<b>Due from the ultimate holding company</b>	11(b)	2,375	2,375

#### 11(a) Trade receivables

The Group normally allows a credit period up to 90 days to its trade debtors. The ageing analysis of trade receivables prepared based on transaction date is as follows:

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Less than 1 month	11,445	42,970

#### 11(b) Due from the ultimate holding company

The amount due is unsecured, interest-free and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 12. RESTRICTED FUNDS

The amounts represent bank balances in Thailand maintained solely for the purpose of settlement of outstanding trade payables for the merchant acquiring business pursuant to the agreements signed with a merchant acquiring business partner and the balance cannot be used by the Group for any other purposes. The restricted bank balances are denominated in Thai Baht ("Baht").

### 13. TRADE AND OTHER PAYABLES

	Note	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
<b>Trade payables</b>			
To third parties	13(a)	14,048	44,516
<b>Other payables</b>			
Accrued charges and other creditors		5,237	2,357

#### 13(a) Trade payables

The ageing analysis of trade payables by transaction date is as follows:

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Less than 1 month	14,048	44,516

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 14. DEFERRED TAXATION

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
<b>Assets</b>		
Tax losses	(256)	(256)
<b>Liabilities</b>		
Withholding tax on undistributed earnings of a foreign subsidiary	1,213	1,213

Deferred tax assets are recognised in respect of the tax losses carried forward to the extent that it is probable that future taxable profit will be available to utilise such tax losses. During the six months ended 30 September 2019, no deferred tax assets were utilised based on the estimation of assessable profit arising in or derived from Hong Kong.

Deferred tax liabilities of approximately HK\$1,213,000 (31 March 2019: approximately HK\$1,213,000) has been recognised for the future withholding tax implications of the portion of undistributed earnings in Thailand that may be distributed in the foreseeable future. After considering the retained earnings available for distribution in the foreseeable future, no provision for additional deferred taxation has been provided for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

## 15. OTHER LONG TERM LIABILITIES

Other long-term liabilities represent the preference shares issued by Oriental City Group (Thailand) Co., Ltd. ("**OCG Thailand**"), which is one of the subsidiaries of the Group. The holders of such preference shares have the following rights:

- one vote for every ten shares held on any resolution of OCG Thailand;
- the right to receive cumulative dividend declared by OCG Thailand at the rate of 9.5% per annum on paid up value of the shares issued, prior to the ordinary shares; and
- the right to receive the distribution of the share capital, in the case of the winding up of OCG Thailand, prior to the ordinary shares, but limited to the paid-up amount of the preference shares.

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in the Group's unaudited condensed consolidated statement of financial position in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive 9.5% per annum 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 30 September 2019, the Group had an outstanding amount due to a non-controlling shareholder of OCG Thailand amounted to Baht 25,500,000 (equivalent to approximately HK\$6,545,000) (31 March 2019: Baht 25,500,000 (equivalent to approximately HK\$6,335,000)) in respect of the issued and paid-up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% per annum (31 March 2019: 9.5% per annum), with an accrued dividend payable of approximately Baht 1,215,000 (equivalent to approximately HK\$312,000) (31 March 2019: Nil) as included in "Trade and other payables".



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 16. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 January 2018 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. On the same day, 1 ordinary share of HK\$0.01 each was issued at par to the initial subscriber and transferred to Charm Act Group Limited ("**Charm Act**"). 69 ordinary shares, 21 ordinary shares and 9 ordinary shares were further allotted and issued to Charm Act, Straum Investments Limited ("**Straum Investments**") and Original Fortune Group Limited ("**Original Fortune**") respectively on the same day.

On 18 September 2018, a sale and purchase agreement was entered into among Charm Art, Straum Investments and Original Fortune (as vendors) and the Company (as purchaser), pursuant to which Charm Art, Straum Investments and Original Fortune agreed to sell, and the Company agreed to purchase, 70 shares, 21 shares and 9 shares of Oriental City Group Thailand Limited, respectively. In consideration of which, the Company allotted and issued 70 shares, 21 shares and 9 shares, all credit as fully paid, to Charm Art, Straum Investments and Original Fortune, respectively.

Pursuant to the resolution of the Company's shareholders passed on 18 September 2018, inter-alia, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares of HK\$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

Pursuant to the resolutions in writing of the Company's shareholders passed on 18 September 2018, subject to the share premium account of the Company being credited as a result of the issue of the Company's new shares pursuant to the listing, the Directors were authorised to allot and issue a total of 749,999,800 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$7,499,998 standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in Capitalisation Issue). The Capitalisation Issue was completed on 16 October 2018.

On 16 October 2018, the shares of the Company were listed on GEM of the Stock Exchange and 250,000,000 new shares were issued at HK\$0.22 per share by way of public offer and placing of the shares (the "**Share Offer**"). The gross proceeds for the Share Offer amounted to HK\$55,000,000. The expenses attributable to issue of new shares pursuant to the Share Offer of approximately HK\$13,490,000 were recognised in the share premium account of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

## 17. RESERVES

### (a) Share premium

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

### (b) Capital reserves

The capital reserves represents the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the non-controlling interests (if any).

In addition, listing expenses that are not directly attributed to the issuance of new shares of the Company for funds raising are recognised in the consolidated statement of profit or loss and other comprehensive income when they are incurred. Starting from 1 April 2017, it was agreed with China Smartpay that 90% and 10% of such listing expenses and other listing expenses were borne by China Smartpay and the Group, respectively. Upon recognition of those expenses shared by China Smartpay, a capital contribution from China Smartpay was recorded in the Group's equity.

During the six months ended 30 September 2019, no capital reserve (2018: approximately HK\$5,984,000) has been recognised as capital contribution from China Smartpay.

### (c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries.

### (d) Statutory reserve

In accordance with the relevant laws and regulations in Thailand, OCG Thailand is required to appropriate not less than 5% of its net profit to the statutory reserve upon each dividend distribution, until the statutory reserve reaches 10% of its registered authorised capital. The statutory reserve is not available for dividend distribution.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 18. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2019 and 2018, information of the related party transactions is set out below.

Remuneration for key management personnel (including directors) and their close family members of the Group:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Key management personnel</b>				
Salaries and allowances	614	140	1,228	282
Contributions to defined contribution retirement schemes	8	3	16	6
	<b>622</b>	<b>143</b>	<b>1,244</b>	<b>288</b>
<b>Close family members of key management personnel</b>				
Salaries and allowances	75	–	100	–
Contributions to defined contribution retirement schemes	4	–	5	–
	<b>79</b>	<b>–</b>	<b>105</b>	<b>–</b>
	<b>701</b>	<b>143</b>	<b>1,349</b>	<b>288</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 19. CASH GENERATED FROM OPERATIONS

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) Profit before taxation	850	(376)
Depreciation	2,929	1,872
Amortisation	173	134
Bank interest income	(149)	(23)
Exchange difference	–	38
Finance costs	321	88
Listing expenses borne by China Smartpay	–	5,984
Changes in working capital		
Restricted funds	(813)	328
Trade and other receivables	32,045	1,555
Trade and other payables	(32,968)	(6,860)
Cash generated from operations	2,388	2,740

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2019

### 20. CAPITAL EXPENDITURE COMMITMENTS

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Contracted but not provided for, net of deposits paid – development expenditure of intangible assets in respect of further developing the acquiring host system and extending the payment processing services to cover other payment network associations	–	3,985

### 21. EVENT AFTER THE REPORTING PERIOD

On 29 October 2019, the Company entered into two share purchase agreements with two vendors respectively pursuant to which the Company conditionally agreed to acquire, and the two vendors conditionally agreed to sell, an aggregate of 33% of the entire issued share capital of the target company at a total consideration of HK\$2,200,000 subject to the terms and conditions of the share purchase agreements.

On the same date, the Company, the two vendors and the target company entered into a shareholders' agreement to set out the detail of, among other matters, the management of the target company and the relationship among the shareholders of the target company, in accordance with the terms of the share purchase agreements. The target company is engaged in, including but not limited to, the business of development of e-commerce applications, specifically for online alternative payment and settlement.

### 22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 11 November 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW AND OUTLOOK

The Group is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand.

The Group has three main revenue streams derived from its merchant acquiring business, including (i) merchant discount rate income; (ii) foreign exchange rate discount income; and (iii) marketing and distribution service income. For each successful transaction processed by the Group via its point-of-sale (“**POS**”) terminals, merchant discount rate income is charged to its merchants based on certain percentage of the transaction value. The Group’s foreign exchange rate discount income is derived from its daily settlement with UnionPay International (“**UPI**”) whereby a favourable spot exchange rate in Baht to United States dollars (“**US\$**”) is offered by UPI in translating the nominated transaction value in Baht. The marketing and distribution service income represents the income derived from developing marketing channels for expanding the use of payment service system through its merchant network.

During the period, the Group continuously faced the risks of uncertainties in Thailand’s economic outlook, its relationship with the People’s Republic of China and the impact of Sino-US trade war which would affect Chinese tourists’ spending sentiments in Thailand. The management would closely monitor the market conditions and adjust the Group’s business strategies to cope with the fluctuation in transaction value derived from its merchant network.

The Shares of the Company were successfully listed on GEM of the Stock Exchange on 16 October 2018. The proceeds raised have strengthened the Group’s cash flow and the Group will implement its future plans and business strategies as set out in the section headed “Business Objectives, Future Plans and Use of Proceeds” in the prospectus of the Company dated 27 September 2018 (the “**Prospectus**”).

Looking forward, the Group continues to remain cost conscious through stringent cost control measures in order to improve performance of the Group. The Group will proactively seek business opportunities that will contribute and sustain the Group’s future development on generating better return to the shareholders of the Company.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 September 2019, the Group recorded total revenue of approximately HK\$42.2 million (2018: approximately HK\$57.9 million), which included i) merchant discount rate income of approximately HK\$31.9 million (2018: approximately HK\$45.1 million); ii) foreign exchange rate discount income of approximately HK\$9.4 million (2018: approximately HK\$12.8 million); and iii) marketing and distribution service income of approximately HK\$0.9 million (2018: approximately HK\$33,000). There was a decrease in merchant discount rate income and foreign exchange rate discount income by approximately HK\$13.2 million and HK\$3.4 million respectively when comparing with the same period in 2018. The decrease in these two income streams was in line with the decrease in transaction value processed by the Group for the period which was mainly due to the decrease in the number of Chinese tourists to Thailand during the six months ended 30 September 2019 compared with the same period in 2018. The marketing and distribution service income remained insignificant to the Group's revenue for the period.

### Cost of services rendered

Cost of services rendered of the Group includes the IT network service fee and franchise license fee for the merchant acquiring business. Total cost of services rendered for the six months ended 30 September 2019 amounted to approximately HK\$29.1 million (2018: approximately HK\$41.5 million). The decrease in cost of services rendered by approximately 29.9% was in line with the decrease in revenue.

## **Gross profit and gross profit margin**

Gross profit for the six months ended 30 September 2019 amounted to approximately HK\$13.2 million, representing a decrease of approximately HK\$3.2 million or approximately 19.5% as compared to approximately HK\$16.4 million for the same period in 2018, which was in line with the decrease in revenue. The gross profit margin increased slightly compared with the same period in year 2018.

## **General administrative expenses**

The general administrative expenses of the Group for the six months ended 30 September 2019 amounted to approximately HK\$7.9 million. (2018: approximately HK\$4.8 million). The increase in general administrative expenses by approximately 64.6% was mainly due to (i) the increment in salaries and benefits for directors and staff, and (ii) the increase in depreciation during the period ended 30 September 2019.

## **Selling and distribution costs**

The Group recorded selling and distribution costs of approximately HK\$4.2 million for the six months ended 30 September 2019 (2018: approximately HK\$5.7 million). The decrease in selling and distribution costs by approximately 26.3% was in line with the decrease in the transaction volume.

## **Finance costs**

The finance costs amounted to approximately HK\$0.3 million for the six months ended 30 September 2019 (2018: approximately HK\$0.1 million). The amount represented (i) the cumulative dividend accrued to a non-controlling shareholder in respect of the paid-up amount of the preference shares issued by OCG Thailand, and (ii) the finance costs on lease liabilities. The significant increase in finance costs is due to the increase in the amount of the paid-up preference shares of OCG Thailand.



## **(Loss) Profit for the period**

The Group recorded a net profit attributable to owners of the Company of approximately HK\$0.07 million for the six months ended 30 September 2019 (2018: net loss of approximately HK\$1.5 million). The increase in net profit was mainly due to the aggregate effect of (i) the aforementioned decrease in revenue and gross profit as a result of the drop in the transaction volume, (ii) the aforementioned increase in general administrative expense, and (iii) the absence of the non-recurring listing expense which was incurred for the same period in 2018.

## **Liquidity and financial resources**

As at 30 September 2019, the Group had current assets of approximately HK\$80.2 million (31 March 2019: approximately HK\$112.0 million) including bank balances and cash of approximately HK\$50.2 million (31 March 2019: approximately HK\$52.8 million). Total assets and total liabilities were approximately HK\$111.3 million (31 March 2019: approximately HK\$137.0 million) and HK\$27.7 million (31 March 2019: approximately HK\$54.4 million) respectively as at 30 September 2019.

The gearing ratio, which is calculated by dividing other long-term liabilities by total equity, was 7.8% as at 30 September 2019 (31 March 2019: 7.7%).

The Directors are of the view that the Group's financial resources are sufficient to support its business and operations.

## **Capital Structure**

As at 30 September 2019, total equity attributable to equity holders of the Company amounted to approximately HK\$83.6 million (31 March 2019: approximately HK\$82.6 million).

## **Dividend policy**

The Group currently do not have a pre-determined dividend payout ratio. Dividends may be paid out by way of cash or by other means that the Group considers appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including the results of operations, financial condition, the payment by the subsidiaries of cash dividends to the Group, and other factors the Board may deem relevant. There will be no assurance that the Group will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: nil).

## **Treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting periods. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

## **Foreign exchange exposure**

The Group mainly operates in Thailand with transactions denominated in Baht. The Group exposed to foreign exchange risk as the Group's trade receivables are denominated in US\$. The Directors and senior management of the Company have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As at 30 September 2019, the Group has outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$0.2 million (equivalent to approximately HK\$1.6 million) (31 March 2019: US\$5.4 million (equivalent to approximately HK\$42.4 million)). The Directors and senior management of the Company will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as at 30 September 2019.

## **Significant investment, material acquisitions and disposals**

During the six months ended 30 September 2019, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies.

## **Segment information**

Details of the Group's segment information are set out in Note 2 to the condensed consolidated financial statements.

## **Charges on the Group's assets**

There was no charge on the Group's assets as at 30 September 2019.

## **Contingent liabilities**

As at 30 September 2019, the Group did not have any significant contingent liabilities.

## **Employees information**

As at 30 September 2019, the Group had a total of 26 employees (31 March 2019: 23 employees) of whom 8 (31 March 2019: 6) were based in Hong Kong, 18 were based in Thailand (31 March 2019: 17). For the six months ended 30 September 2019, the total staff costs, including key management's remuneration, amounted to approximately HK\$4.1 million (2018: approximately HK\$2.0 million).

The salaries and benefits of the Group's employees were kept at a market level and employees were rewarded based on performance, merit and market conditions in accordance with the Group's remuneration policy.

## Use of Proceeds

The Shares were listed on GEM on 16 October 2018 by way of Share Offer. The Directors intend to apply the net proceeds from the Share Offer in accordance with the proposed applications as set out in the section headed “Business Objectives, Future Plans and Use of Proceeds” in the Prospectus. The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$51.1 million. Up to 30 September 2019, the net proceeds from the listing had been applied as follows:

	<b>Intended use of net proceeds HK\$ million</b>	<b>Actual use of net proceeds from the listing up to 30 September 2019 HK\$ million</b>	<b>Balance at 30 September 2019 HK\$ million</b>
Continuously improving the availability and enhancing functions of the stock of smart POS terminals	12.8	3.0	9.8
Further developing the acquiring host system	8.1	6.1	2.0
Strengthening and broadening the marketing initiatives	1.2	–	1.2
Recruiting new talents	2.2	0.5	1.7
Extending the payment processing services to cover other payment network associations	15.1	6.0	9.1
Expanding to Cambodia	6.6	–	6.6
Working Capital	5.1	5.1	–
	<b>51.1</b>	<b>20.7</b>	<b>30.4</b>

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATE CORPORATIONS

As at 30 September 2019, none of the Directors nor chief executive of the Company have registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, so far as known to the Directors, the following persons/entities had interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

### Long position in Shares or underlying Shares of the Company

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of issued Shares (Note 1)
Charm Act (Note 2)	Beneficial owner	525,000,000	52.50%
China Smartpay (Note 2)	Interest of a controlled corporation	525,000,000	52.50%
Straum Investments (Note 3)	Beneficial owner	157,500,000	15.75%
Mr. Yu Chun Fai ("Mr. Yu") (Note 3)	Interest of a controlled corporation	157,500,000	15.75%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 4)	Interests of spouse	157,500,000	15.75%
Original Fortune (Note 5)	Beneficial owner	67,500,000	6.75%
Mr. Sung Hak Keung, Andy ("Mr. Sung") (Note 5)	Interest of a controlled corporation	67,500,000	6.75%

Notes:

- (1) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 30 September 2019.
- (2) China Smartpay holds the entire issued share capital of Charm Act. Charm Act, in turn, directly holds 525,000,000 Shares. Accordingly, China Smartpay is deemed to be interested in the 525,000,000 Shares which Charm Act is interested in by virtue of the disclosure requirements of the SFO.
- (3) Mr. Yu holds the entire issued share capital of Straum Investments. Straum Investments, in turn, directly holds 157,500,000 Shares. Accordingly, Mr. Yu is deemed to be interested in the 157,500,000 Shares which Straum Investments is deemed to be interested in by virtue of the disclosure requirements of the SFO.
- (4) Ms. Choi is the wife of Mr. Yu and Mr. Yu is deemed to be interested in the 157,500,000 Shares per Note (3) above. Accordingly, Ms. Choi is deemed to be interested in the 157,500,000 Shares which Mr. Yu is deemed to be interested in by virtue of the disclosure requirements of the SFO.
- (5) Mr. Sung holds the entire issued share capital of Original Fortune. Original Fortune, in turn, directly holds 67,500,000 Shares. Accordingly, Mr. Sung is deemed to be interested in the 67,500,000 Shares which Original Fortune is interested in by virtue of the disclosure requirements of the SFO.

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any other persons who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

## **UPDATE ON DIRECTORS' INFORMATION UNDER RULE 17.50A OF THE GEM LISTING RULES**

There is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

## **CORPORATE GOVERNANCE**

The Company has adopted principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). Except for the deviation from paragraph A.2.1 of the CG Code as stated below, the Company's corporate governance practises have complied with the CG Code.

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yu was the Chairman and the chief executive officer of the Company during the period between 1 April 2019 and 30 July 2019. Taking into account that Mr. Yu was the founder of the Group and had been managing the business of the Group since its establishment, with the extensive experience and knowledge in the business of the Group, the Board believed that it was in the best interest of the Group to have Mr. Yu taking up both the roles of Chairman and chief executive officer for effective management and business development during his tenure of office. On 30 July 2019, Mr. Lin Xiaofeng was appointed as the Chairman and chief executive officer of the Company and Mr. Yu ceased to be a Director, the Chairman and chief executive officer of the Company. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and effectively respond to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code to be appropriate in such circumstance.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

Save and except for their respective interest in our Company, none of the Directors and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competed or might compete with the business of the Group up to the six months ended 30 September 2019.

## **DEED OF NON-COMPETITION**

A deed of non-competition dated 18 September 2018 (the “**Deed of Non-competition**”) executed by China Smartpay and Charm Act in favour of the Company (for itself and for the benefit of its subsidiaries) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed “Relationship with Controlling Shareholders and Non-competition Undertaking – Deed of Non-competition” to the Prospectus.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard of dealing and the Company’s code of conduct for securities transactions throughout the six months ended 30 September 2019.



## INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Ample Capital Limited as its compliance adviser, which will provide advice and guidance to the Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and its compliance adviser dated on 24 September 2018, neither our compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) has been adopted by way of shareholder's written resolution passed on 18 September 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 September 2019.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. As at 30 September 2019, the audit committee comprised three independent non-executive Directors, namely Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po. Mr. Chung, Wai Chuen Alfred is the chairman of the audit committee.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2019 have been reviewed by the audit committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

By Order of the Board  
**Oriental Payment Group Holdings Limited**  
**Lin Xiaofeng**  
*Chairman and Executive Director*

Hong Kong, 11 November 2019

*As at the date of this report, the executive Director is Mr. Lin Xiaofeng; the non-executive Director is Mr. Xiong Wensen; and the independent non-executive Directors are Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po.*