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JOINT ANNOUNCEMENT

- (1) PLACING OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE BY OPG;
(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE DEEMED
DISPOSAL OF SHAREHOLDING INTEREST IN OPG BY CSG;
AND
(3) CONNECTED TRANSACTION OF CSG IN RELATION
TO THE APPOINTMENT OF PLACING AGENT BY OPG**

Placing Agent



SBI China Capital Financial Services Limited

THE PLACING OF THE CONVERTIBLE BONDS

The CSG Board and the OPG Board jointly announce that after trading hours on 10 June 2020, OPG, an indirect non-wholly owned subsidiary of CSG held by it as to 32.5% as at the date of this joint announcement, entered into the Placing Agreement with the Placing Agent, pursuant to which OPG conditionally agreed to place, through the Placing Agent, on a best effort basis, the Convertible Bonds in an aggregate principal amount of up to HK\$11,850,000 to not less than six Places at the initial Conversion Price of HK\$0.15 per OPG Share (subject to adjustments) upon and subject to the terms and conditions of the Placing Agreement.

Based on the initial Conversion Price of HK\$0.15, a maximum number of 79,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represents:

- (i) 7.9% of the existing issued OPG Shares immediately prior to the exercise of any of the Conversion Rights; and

- (ii) approximately 7.32% of the issued OPG Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of OPG between the date of this joint announcement and the full conversion of the Convertible Bonds).

Assuming that the Convertible Bonds are fully placed by the Placing Agent, the maximum gross proceeds to be raised from the Placing are estimated to be HK\$11,850,000. As disclosed in the annual report of OPG for the year ended 31 March 2019 and its third quarterly report for the nine months ended 31 December 2019, respectively, the OPG Group would proactively seek business opportunities that would contribute and sustain the OPG Group's future development on generating better return to the OPG Shareholders. The net proceeds (after deducting estimated expenses incurred) of approximately HK\$11,650,000 are intended to be applied as general working capital for OPG's existing business operation, development and expansion.

The Conversion Shares will be issued under the general mandate and no additional approval for the allotment and issue of the Conversion Shares from the OPG Shareholders is required. An application will be made by OPG to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

THE DEEMED DISPOSAL AND OPG'S APPOINTMENT OF THE PLACING AGENT

As at the date of this joint announcement, CSG is a controlling shareholder holding 325,000,000 OPG Shares, representing 32.5% of the total issued share capital of OPG, through Charm Act.

Assuming that the Convertible Bonds are converted in full and all 79,000,000 Conversion Shares are allotted and issued by OPG, the shareholding interest of CSG in OPG will be diluted from 32.5% to approximately 30.12% as at the date of this joint announcement (assuming that there will be no other change to the issued share capital of OPG between the date of this joint announcement and the full conversion of the Conversion Bonds), representing a decrease of approximately 2.38%. Accordingly, such dilution of shareholding interest in OPG of CSG is regarded as a deemed disposal by CSG of its shareholding interest in OPG pursuant to Rule 19.29 of the GEM Listing Rules.

Following the Placing, given that CSG will, subject to the applicable Accounting Standards, continue to control over OPG, OPG will remain as a subsidiary of CSG and its financial results and financial positions will continue to be consolidated in the consolidated financial statements of the CSG Group.

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Deemed Disposal, when aggregated with the January Disposal, which was conducted within 12 months from the date of the placing agreement in relation to the January Disposal (i.e. 13 January 2020), exceed(s) 5% but all of them are less than 25%, the Deemed Disposal, when aggregated with the January Disposal, constitutes a discloseable transaction for CSG and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this joint announcement, Dr. Cao Guoqi indirectly owns approximately 74% of the total issued share capital of the Placing Agent. Hence, the Placing Agent is a connected person of CSG and the engagement of services of the Placing Agent by OPG, an indirect non-wholly owned subsidiary of CSG, in consideration of the placing commission under the Placing Agreement, constitutes a connected transaction for CSG under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) are less than 5% and the total consideration payable by OPG to the Placing Agent under the Placing Agreement is less than HK\$3,000,000, the engagement of services of the Placing Agent by OPG is fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

As Completion is conditional upon fulfilment or waiver (as applicable) of the conditions as described in the paragraph headed "Conditions Precedent" under the section headed "The Placing of the Convertible Bonds" in this joint announcement, the Placing may or may not proceed. OPG Shareholders, CSG Shareholders and potential investors should exercise caution when dealing in the OPG Shares and the CSG Shares (as the case may be).

I. THE PLACING OF THE CONVERTIBLE BONDS

The CSG Board and the OPG Board jointly announce that after trading hours on 10 June 2020, OPG, an indirect non-wholly owned subsidiary of CSG held by it as to 32.5% as at the date of this joint announcement, entered into the Placing Agreement with the Placing Agent, pursuant to which OPG conditionally agreed to place, through the Placing Agent, on a best effort basis, the Convertible Bonds in an aggregate principal amount of up to HK\$11,850,000 to not less than six Placees at the initial Conversion Price of HK\$0.15 per OPG Share (subject to adjustments) upon and subject to the terms and conditions of the Placing Agreement.

Principal terms and conditions of the Placing Agreement are summarised below:

The Placing Agreement

Date: 10 June 2020 (after trading hours)

Parties: OPG as issuer; and
the Placing Agent as placing agent

Subject Matter

Pursuant to the Placing Agreement, the Placing Agent conditionally agreed to procure, on a best effort basis, not less than six Placees to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$11,850,000. The Convertible Bonds are attached with Conversion Rights to convert into Conversion Shares at the initial Conversion Price of HK\$0.15 per OPG Share (subject to adjustments) upon and subject to the terms and conditions of the Placing Agreement.

The Placees

The Placing Agent shall, during the Placing Period, use its best effort to procure not less than six independent professional, institutional, corporate or individual investor(s) to subscribe for the Convertible Bonds. The Placing Agent shall use all its best endeavours to ensure that each of the Placees and their respective ultimate beneficial owner(s) shall be a third party independent of and not connected with OPG, CSG and/or any of their respective connected person(s), and that it is not acting in concert (as defined in the Takeovers Code) with OPG, CSG and/or any of their respective connected person(s) in relation to the control of OPG.

Placing Commission and Expenses

The Placing Agent will be entitled to a placing commission, in Hong Kong dollars, equivalent to 1% of the aggregate principal amount of the Convertible Bonds being actually placed by the Placing Agent to the selected Placees in the Placing, together with out-of-pocket expenses properly and reasonably incurred by it in relation to the Placing.

The placing commission under the Placing Agreement was determined after arm's length negotiations between OPG and the Placing Agent with reference to the prevailing market conditions.

Conditions Precedent

Completion is subject to and conditional upon:

- (a) the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Conversion Shares under the Placing (subject to conditions to which neither the Placing Agent nor OPG may reasonably object); and
- (b) all the necessary consents and approvals in respect of the Placing, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights) having been obtained by OPG.

If the foregoing conditions are not fulfilled (or waived (other than condition (a) which cannot be waived) by the Placing Agent, as the case may be) on or prior to the Long Stop Date, the Placing Agreement (save and except certain clauses governing, among others, announcements, assignment, notices and governing law which shall survive termination and remain in full force and effect) shall terminate and neither OPG nor the Placing Agent shall have any claim against the other for any costs or losses (save for any antecedent breaches of the Placing Agreement).

Completion

Completion shall take place on a date falling within three Business Days following fulfilment of the above conditions or such other date as OPG and the Placing Agent shall agree in writing.

By no later than 5:00 p.m. on the seventh Business Day prior to the Completion Date, the Placing Agent shall deliver to OPG or its professional advisers details of the Placees procured by it including but not limited to the amount of Convertible Bonds subscribed for by each Placee.

On the Completion Date, OPG shall provide to the Placing Agent the Convertible Bonds certificates in favour of each of the Placees in respect of the relevant principal amount of the Convertible Bonds subscribed for by each Placee, while, simultaneously, the Placing Agent shall make, or procure the making of, payments to OPG for the principal amounts of the Convertible Bonds being placed or subscribed, after deductions of the commissions, fees and expenses payable by OPG to the Placing Agent in accordance with the Placing Agreement.

Termination

If any of the following events occurs at any time prior to 10:00 a.m. on the Completion Date which, in the reasonable opinion of the Placing Agent, would or might materially and adversely affect the success of the Placing or the business or financial prospects of the OPG Group, the Placing Agent may, by giving a written notice to OPG at any time prior to 10:00 a.m. on the Completion Date, terminate the Placing Agreement without liability to OPG:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement;
- (b) any suspension in the trading of the OPG Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of this joint announcement or circulars relating to the Placing, the Placing Agreement and any ancillary agreements thereto (where appropriate); or
- (c) any of the following events:
 - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the OPG Group as a whole; 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 Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the OPG Group as a whole or adversely prejudices the success of the Placing by potential investor(s) or otherwise makes it inexpedient or inadvisable for OPG or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Convertible Bonds (such success being the placing of the Convertible Bonds to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for OPG or the Placing Agent to proceed with the Placing.

In the event that the Placing Agent terminate the Placing Agreement in accordance with the foregoing provisions, all obligations of OPG and the Placing Agent under the Placing Agreement (save and except for the provisions in relation to OPG's payment of the out-of-pocket expenses incurred by the Placing Agent in relation to the Placing and OPG's giving of the indemnity in favour of the Placing Agent) shall cease and determine, and neither OPG nor the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement (save and except for any antecedent breaches of the Placing Agreement).

Principal Terms of the Convertible Bonds

Principal terms of the Convertible Bonds are summarised below:

Issuer:	OPG
Principal amount of Convertible Bonds to be issued by OPG:	An aggregate principal amount of up to HK\$11,850,000
Issue Price:	100% of the principal amount of the Convertible Bonds
Maturity Date:	the date falling upon the expiry of two years from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day
Interest:	The Convertible Bonds will bear interest from the date of issue at the rate of 7% per annum accrued on a day to day basis on the principal amount of the Convertible Bonds outstanding, which subject as provided in the Placing Agreement, will be payable by OPG semi-annually in arrears on the dates falling six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the Maturity Date, with the first payment to be made on the date falling six months after the date of its issue. If a Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period, such Bondholder will be entitled to receive an additional interest at the rate of 10% per annum from the date of issue up to and including the Maturity Date chargeable on the principal amount of the Convertible Bonds, which will be payable by OPG to such Bondholder on the Maturity Date.

The interest of the Convertible Bonds shall be calculated on the basis of a 365-day year and on the actual number of days elapsed.

Conversion Price: HK\$0.15 per OPG Share, subject to adjustments, details of the adjustment mechanisms are set out in the CB Conditions

Adjustment events: Pursuant to the CB Conditions and the Placing Agreement, the Conversion Price shall from time to time be adjusted upon occurrence of the following events, among others:

- (i) consolidation or subdivision of the OPG Shares;
- (ii) issue of any OPG Shares by way of capitalisation of profits or reserves (other than in lieu of a cash dividend);
- (iii) capital distribution to the OPG Shareholders or a grant to the OPG Shareholders of any rights to acquire for cash assets of the OPG Group;
- (iv) offer of any new OPG Shares to the OPG Shareholders for subscription by way of rights, or a grant to the OPG Shareholders of any options or warrants to subscribe for new OPG Shares, at a price which is less than 80% of the relevant market price per OPG Share;
- (v) issue of any securities convertible into or exchangeable for or carrying rights of subscription for new OPG Shares wholly for cash, if in any case, the total effective consideration per OPG Share receivable for such securities is less than 80% of the relevant market price per OPG Share, or any rights of conversion, exchange or subscription attached to such securities are modified so that the said total effective consideration per OPG Share receivable for such securities is less than 80% of the relevant market price per OPG Share;
- (vi) issue of any OPG Shares wholly for cash at a price per OPG Share which is less than 80% of the relevant market price per OPG Share; or
- (vii) issue of any OPG Shares for acquisition of asset at a total effective consideration per OPG Share which is less than 80% of the relevant market price per OPG Share.

Conversion Shares:

Based on the initial Conversion Price of HK\$0.15, a maximum number of 79,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represents:

- (i) 7.9% of the existing issued OPG Shares immediately prior to the exercise of any of the Conversion Rights; and
- (ii) approximately 7.32% of the issued OPG Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of OPG between the date of this joint announcement and the full conversion of the Convertible Bonds).

Conversion Period:

The period commencing from any Business Day falling 6 months after the date of issue of the Convertible Bonds and up to and including the Maturity Date

Conversion Rights:

The Bondholders will be entitled to, at any time during the Conversion Period, convert the whole or any part of the outstanding principal amount of the Convertible Bonds (in the minimum amount of HK\$1,000,000 or any whole multiple thereof on each conversion) into Conversion Shares.

The Conversion Shares shall be allotted and issued by OPG in board lots in the name of the Bondholder or as it may direct with effect from Conversion Date and shall be delivered to such Bondholder within fourteen Business Days of the Conversion Date. Any outstanding balance of the Convertible Bonds not converted shall be returned to such Bondholder in the manner set out in the CB Conditions.

No fraction of a Conversion Share will be issued but (except in cases where any such cash payment would amount to less than HK\$1.00) an equivalent cash payment in Hong Kong dollars will be made to a Bondholder which proposes to exercise all or any part of its Conversion Rights in respect of such fraction.

Conversion prerequisites: No Conversion Rights may be exercised by a Bondholder unless such Bondholder confirms and/or provides evidence that upon exercise of the Convertible Rights:

- (a) such Bondholder and its associates, together with any persons acting in concert (as defined in the Takeovers Code) with it, will not on the Conversion Date become obliged to make a mandatory offer under Rule 26 of the Takeovers Code;
- (b) OPG will be able to comply with the relevant public float requirements under the GEM Listing Rules; and
- (c) to the reasonable satisfaction of OPG, such Bondholder and any persons acting in concert (as defined in the Takeovers Code) with it will not be beneficially interested in 30% or more of the then issued OPG Shares and/or the voting rights of OPG.

Ranking: The Convertible Bond constitutes a direct, general, unconditional and unsecured obligation of OPG and ranks *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of OPG.

The Conversion Shares shall rank *pari passu* in all respects amongst themselves and with all other issued OPG Shares outstanding at the Conversion Date and be entitled to all dividends and other distributions should the record date of which falls on a date on or after the Conversion Date.

Transferability: The Convertible Bonds are assignable and transferable subject to the CB Conditions, the applicable laws, rules and regulations (including but not limited to the GEM Listing Rules).

Events of Default:

If any of the events specified below (“**Event(s) of Default**”) occurs and is continuing, the Bondholder with majority vote (such number of votes casted by the Bondholders representing more than 75% of the aggregate outstanding principal amount of the Convertible Bonds) may give a written notice (the “**Default Notice**”) in respect of the Convertible Bonds, to OPG declaring an Event of Default and electing that the Convertible Bonds be redeemed:

- (a) a default is made for more than fourteen Business Days in the payment of any amount due in respect of the Convertible Bonds when the same ought to be paid in accordance with the CB Conditions;
- (b) a default is made by OPG in the performance or observance of any covenant, condition or provision contained in the CB Conditions and on its part to be performed or observed (other than the covenant to pay the principal) and such default is incapable of remedy, or if capable of remedy is not remedied within fourteen Business Days of service by the Bondholder on OPG, of notice requiring such default to be remedied;
- (c) a resolution is passed or an order of a court of competent jurisdiction is made that OPG be wound up or dissolved;
- (d) any governmental or other authority expropriates, or threatens to expropriate, all or any substantial part of the business or assets of OPG save as permitted in the CB Conditions;
- (e) an encumbrancer takes possession of or a receiver is appointed over the whole or a material part of the assets or undertaking of OPG and such possession or appointment is not terminated within twenty-eight Business Days of a written request by the Bondholder;
- (f) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property of OPG and is not discharged within twenty-eight Business Days thereof;

- (g) OPG initiates or consents to proceedings relating to itself under any applicable reorganisation or insolvency law or makes an assignment for the benefit of, or enters into any composition with, its creditors generally;
- (h) proceedings are initiated against OPG under any applicable reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of thirty Business Days;
- (i) it is or will become unlawful for OPG to perform or comply with any one or more of their respective obligations under the CB Conditions or the Convertible Bonds;
- (j) the Convertible Bonds are not redeemed on the Maturity Date pursuant to the CB Conditions;
- (k) any present or future indebtedness of OPG in excess of HK\$100,000,000 becomes due and payable prior to its stated maturity or any such indebtedness is not paid after three months of when it becomes due; or
- (l) any event occurs which has an analogous effect to any of the events referred in paragraphs (a) to (k) above.

Further Issue:

OPG may from time to time, without the consent of the Bondholders, create and issue further Convertible Bonds having the same terms and conditions as the Convertible Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Convertible Bonds.

Voting:

The Bondholder will not be entitled to attend or vote at any meetings of OPG by reason only of it being the Bondholder.

Application for listing:

No application will be made by OPG for the listing of the Convertible Bonds on any stock or securities exchange.

Conversion Price

The Conversion Price was determined after arm's length negotiations between OPG and the Placing Agent after considering the current market sentiment, the historical OPG Share prices and the OPG Group's future development.

The initial Conversion Price of HK0.15 per OPG Share represents:

- (i) a premium of 100% to the closing price of HK\$0.075 per OPG Share as quoted on the Stock Exchange on 10 June 2020, being the date of the Placing Agreement;
- (ii) a premium of approximately 101.61% to the average closing price of HK\$0.0744 per OPG Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement; and
- (iii) a premium of approximately 102.16% to the average closing price of HK\$0.0742 per OPG Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement.

General Mandate to Allot and Issue the Conversion Shares

The OPG Directors were authorised to allot and issue up to 200,000,000 OPG Shares under the general mandate, representing 20% of the issued share capital of OPG as at the date of its annual general meeting held on 30 July 2019. As at the date of this joint announcement, the general mandate has not been utilised.

The aggregate number of OPG Shares which may fall to be issued upon conversion in full of the Convertible Bonds at the initial Conversion Price is 79,000,000 OPG Shares, representing 7.9% of OPG's existing issued share capital and approximately 7.32% of its issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming that there will be no other change in the issued share capital of OPG between the date of this joint announcement and the full conversion of the Convertible Bonds). In light that the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the general mandate, the Placing and the issue and allotment of the Conversion Shares are not subject to the OPG Shareholders' approval.

An application will be made by OPG to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Reasons for and benefits of the Placing for, and intended use of proceeds by OPG

Assuming that the Convertible Bonds are fully placed by the Placing Agent, the maximum gross proceeds to be raised from the Placing are estimated to be HK\$11,850,000. As disclosed in the annual report of OPG for the year ended 31 March 2019 and its third quarterly report for the nine months ended 31 December 2019, respectively, the OPG Group would proactively seek business opportunities that would contribute and sustain the OPG Group's future development on generating better return to the OPG Shareholders. The net proceeds (after deducting estimated expenses incurred) of approximately HK\$11,650,000 are intended to be applied as general working capital for OPG's existing business operation, development and expansion.

The OPG Directors are of the view that the Placing represents an opportunity to raise additional funding without immediate dilution effect on the existing shareholding of OPG, and will, upon exercise of the Convertible Rights, enlarge the capital base and widen the shareholder base of OPG.

Accordingly, the OPG Directors consider that the terms of the Placing and the Convertible Bonds, which have been determined after arm's length negotiation between OPG and the Placing Agent, are on normal commercial terms, are fair and reasonable and in the interests of OPG and the OPG Shareholders as a whole.

Fund Raising Activities of OPG in the Past 12 Months

OPG has not carried out any equity fund raising activity on the past 12 months immediately preceding the date of this joint announcement.

Effect on the Shareholding Structure of OPG

The following table illustrates the shareholding structure of OPG (i) as at the date of this joint announcement; and (ii) upon conversion in full of the Convertible Bonds (assuming that there will be no other change to the issued share capital of OPG between the date of this joint announcement and the full conversion of the Convertible Bonds):

	As at the date of this joint announcement		Upon full conversion of Convertible Bonds	
	Number of OPG Shares	Shareholding percentage (Note 3)	Number of OPG Shares	Approximate shareholding percentage (Note 3)
Shareholders				
Charm Act (Note 1)	325,000,000	32.50	325,000,000	30.12
Straum Investments Limited (Note 2)	157,500,000	15.75	157,500,000	14.60
The Placees	–	–	79,000,000	7.32
Other public OPG Shareholders	517,500,000	51.75	517,500,000	47.96
Total	<u>1,000,000,000</u>	<u>100</u>	<u>1,079,000,000</u>	<u>100</u>

Notes:

1. Charm Act is wholly owned by CSG. Accordingly, CSG is deemed to be interested in such 325,000,000 OPG Shares held by Charm Act for the purpose of SFO.
2. Straum Investments Limited is wholly owned by Mr. Yu Chun Fai. Accordingly, Mr. Yu Chun Fai is deemed to be interested in such 157,500,000 OPG Shares held by Straum Investments Limited for the purpose of SFO. On the other hand, Ms. Choi Hiu Wa is the wife of Mr. Yu Chun Fai and hence Ms. Choi Hiu Wa is deemed to be interested in such 157,500,000 Shares due to the interest of her spouse (i.e. Mr. Yu Chun Fai) for the purpose of SFO.
3. The percentage figures are subject to rounding adjustments.

Information on the OPG Group

The principal activity of OPG is investment holding, with its subsidiaries principally engaged in merchant acquiring business in Thailand.

Information on the Placing Agent

The Placing Agent is a licensed corporation to carry out business in Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO.

The Placing Agent is indirectly owned as to approximately 74% by Dr. Cao Guoqi, a former executive director of CSG who tendered his resignation on 20 January 2020, as at the date of this announcement and is therefore a connected person of CSG.

Save as disclosed above, to the best of the knowledge, information and belief of the OPG Directors, and having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is a third party independent of and not connected with OPG and its connected person(s).

II. THE JANUARY DISPOSAL AND THE DEEMED DISPOSAL AS WELL AS OPG'S APPOINTMENT OF THE PLACING AGENT

Reference is made to the announcements (the “**January Disposal Announcements**”) issued by CSG respectively dated 13 January 2020, 23 January 2020 and 3 February 2020 in relation to the disposal of the then 20% equity interests in OPG indirectly held by CSG through Charm Act by way of placing (the “**January Disposal**”). Completion of the January Disposal took place on 3 February 2020. Following the completion of the January Disposal, the shareholding interests in OPG held by CSG has been reduced from 52.5% to 32.5%.

As disclosed in the January Disposal Announcements, as certain applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in relation to the January Disposal exceeded 5% but all of them were less than 25%, the January Disposal constituted a discloseable transaction for CSG and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Implications Under the GEM Listing Rules

As at the date of this joint announcement, CSG is a controlling shareholder holding 325,000,000 OPG Shares, representing 32.5% of the total issued share capital of OPG, through Charm Act.

Assuming that the Convertible Bonds are converted in full and all 79,000,000 Conversion Shares are allotted and issued by OPG, the shareholding interest of CSG in OPG will be diluted from 32.5% to approximately 30.12% (assuming that there will be no other change to the issued share capital of OPG between the date of this joint announcement and the full conversion of the Conversion Bonds), representing a decrease of approximately 2.38%. Accordingly, such dilution of shareholding interest in OPG of CSG is regarded as a deemed disposal by CSG of its shareholding interest in OPG pursuant to Rule 19.29 of the GEM Listing Rules.

Following the Placing, given that CSG will, subject to the applicable Accounting Standards, continue to control over OPG, OPG will remain as a subsidiary of CSG, and its financial results and financial positions will continue to be consolidated in the consolidated financial statements of the CSG Group.

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Deemed Disposal, when aggregated with the January Disposal, which was conducted within 12 months from the date of the placing agreement in relation to the January Disposal (i.e. 13 January 2020), exceed(s) 5% but all of them are less than 25%, the Deemed Disposal, when aggregated with the January Disposal, constitutes a discloseable transaction for CSG and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this joint announcement, Dr. Cao Guoqi indirectly owns approximately 74% of the total issued share capital of the Placing Agent. Hence, the Placing Agent is a connected person of CSG and the engagement of services of the Placing Agent by OPG, an indirect non-wholly owned subsidiary of CSG, in consideration of the placing commission under the Placing Agreement, constitutes a connected transaction for CSG under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) are less than 5% and the total consideration payable by OPG to the Placing Agent under the Placing Agreement is less than HK\$3,000,000, the engagement of services of the Placing Agent by OPG is fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Information on the CSG Group

The Group is principally engaged in operating prepaid cards and internet payment business, prestige benefits business, internet micro-credit business in the PRC and merchant acquiring business in Thailand. Charm Act, being the wholly-owned subsidiary of CSG, is principally engaged in investment holding.

Financial Information of the OPG Group

Set out below is the audited financial information of the OPG Group extracted from its audited consolidated financial statements for the each of the two years ended 31 March 2018 and 2019 respectively prepared in accordance with the Accounting Standards:

	For the year ended 31 March 2018 HK\$'000	For the year ended 31 March 2019 HK\$'000
Profit/(loss) before taxation	1,853	(5,659)
Loss after taxation	(1,094)	(8,105)

Financial Effects of the Deemed Disposal

The unaudited aggregate net asset value of the OPG Group as at 30 September 2019 amounted to approximately HK\$83,607,000.

There is no expected gain or loss for the Deemed Disposal.

Reasons for and the Benefits of the Deemed Disposal

The CSG Board concurs with the view of the OPG Board as set out under the paragraph of “Reasons for and benefits of the Placing for, and intended use of proceeds by OPG” above that the Placing will provide OPG with immediate and additional funding to support its existing business operation as well as strengthen its capital bases for future growth and development.

Having considered that the benefits on OPG as set out above outweighing the dilution effect on shareholding interest of CSG in OPG, the CSG Directors consider that the Deemed Disposal is fair and reasonable and in the interest of the CSG Group and the CSG Shareholders as a whole.

III. GENERAL

Save for Mr. Lin Xiaofeng, both an executive director of CSG and the sole executive director of OPG, having voluntarily abstained from voting on the resolution(s) of each of the OPG Board and the CSG Board in relation to approval of the Placing Agreement, the Deemed Disposal and the transactions respectively contemplated thereunder, no Director has a material interest or is required to abstain from voting on the said resolution(s).

As Completion is conditional upon fulfilment or waiver (as applicable) of the conditions as described in the paragraph headed “Conditions Precedent” under the section headed “The Placing of the Convertible Bonds” in this joint announcement, the Placing may or may not proceed. OPG Shareholders, CSG Shareholders and potential investors should exercise caution when dealing in the OPG Shares and the CSG Shares (as the case may be).

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

“Accounting Standards”	Hong Kong Financial Reporting Standards issued by The Hong Kong Institute of Certified Public Accountants; comprising all applicable Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	a day (other than a Saturday, Sunday, public holiday, or days on which a tropical cyclone warning signal no. 8 or above or “black rainstorm warning signal” is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“CB Conditions”	the terms and conditions of the Convertible Bonds
“Charm Act”	Charm Act Group Limited (美雅集團有限公司), a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of CSG and a controlling shareholder of OPG
“Completion”	completion of the Placing in accordance with the Placing Agreement
“Completion Date”	a date falling within three Business Days following the conditions set out in the Placing Agreement being fulfilled or such other date as OPG and the Placing Agent shall agree in writing
“connected person(s)”	has the meaning given to that term under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Date”	the date on which the Bondholder exercises its Conversion Rights by delivering to the principal place of business of OPG a written notice stating its intention to convert, together with the Convertible Bonds certificate

“Conversion Period”	the period commencing from any Business Days falling 6 months after the date of issue of the Convertible Bonds and up to and including the Maturity Date
“Conversion Price”	HK\$0.15 per Conversion Share, subject to adjustments set out in the CB Conditions
“Conversion Rights”	rights attached to the Convertible Bonds to convert the whole or any part thereof into Conversion Shares in accordance with the CB Conditions
“Conversion Share(s)”	new OPG Shares to be allotted and issued by the OPG upon exercise of the Conversion Rights in accordance with the CB Conditions
“Convertible Bonds”	the convertible bonds in the maximum aggregate principal amount of up to HK\$11,850,000 to be issued by OPG pursuant to the Placing Agreement
“CSG”	China Smartpay Group Holdings Limited (中國支付通集團控股有限公司), a company incorporated in the Cayman Island with limited liability, whose shares are listed on GEM with stock code: 8325
“CSG Board”	board of directors of CSG
“CSG Director(s)”	director(s) of CSG
“CSG Group”	CSG and its subsidiaries
“CSG Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of CSG
“CSG Shareholder(s)”	holder(s) of the CSG Share(s)
“Deemed Disposal”	deemed disposal of the shareholding interest of CSG in OPG as a result of the dilution of shareholding interest of CSG in OPG upon the allotment and issue of the Conversion Shares assuming full exercise of the Conversion Rights
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Long Stop Date”	30 June 2020 (or such later date as may be agreed between OPG and the Placing Agent in writing), being the long stop date for the fulfilment or waiver (as the case may be) of the conditions as set out in the Placing Agreement, or if such date is not a Business Day, the immediate preceding Business Day
“Maturity Date”	the date falling upon the expiry of two years from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day
“OPG”	Oriental Payment Group Holdings Limited (東方支付集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM with stock code: 8613
“OPG Board”	board of directors of OPG
“OPG Director(s)”	director(s) of OPG
“OPG Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of OPG
“OPG Shareholder(s)”	holder(s) of the OPG Share(s)
“Placee(s)”	independent professional, institutional, corporate or individual investor(s) procured by the Placing Agent to subscribe for any principal amount of the Convertible Bonds pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	placing of the Convertible Bonds upon and subject to the terms and conditions of the Placing Agreement
“Placing Agent”	SBI China Capital Financial Services Limited (軟庫中華金融服務有限公司), a licensed corporation to carry on business in Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 10 June 2020 entered into between OPG and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on the Business Day prior to the Completion Date, unless terminated earlier pursuant to the terms of the Placing Agreement

“PRC”	the People’s Republic of China, for the purpose of this joint announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“%”	per cent.

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

By Order of the Board
China Smartpay Group Holdings Limited
Song Qian
Chairlady

Hong Kong, 10 June 2020

As at the date of this joint announcement, the OPG Board comprises (i) Mr. Lin Xiaofeng as executive director; (ii) Mr. Xiong Wensen as non-executive director; and (iii) Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po as independent non-executive directors.

As at the date of this joint announcement, the CSG Board comprises (i) Mr. Yan Dinggui, Ms. Song Qian, Mr. Song Xiangping, Mr. Lin Xiaofeng and Mr. Liu Liang as executive directors; and (ii) Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin as independent non-executive directors.

This joint announcement, for which the OPG Directors and CSG 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 OPG and CSG, respectively. The OPG Directors and CSG Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint 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 joint announcement misleading.

This joint announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the websites of each of OPG at www.ocg.com.hk and CSG at www.chinasmartpay.com, respectively.