

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)

2021 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 interim results of the Group for the six months ended 30 September 2021. This announcement, containing the full text of the 2021 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 the preliminary announcement of the interim results.

By Order of the Board
Oriental Payment Group Holdings Limited
Dr. Ng Kit Chong
Chairman

Hong Kong, 10 November 2021

As at the date of this announcement, the executive Directors are Dr. Ng Kit Chong and 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 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.



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



2021

INTERIM REPORT

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 (the “**Board**”) of Directors hereby announces the unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**”), together with the comparative figures of the corresponding period in 2020 (the “**Corresponding Period**” or “**2020**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	697	3,334	2,125	7,596
Cost of services rendered		(397)	(2,128)	(1,316)	(5,003)
Gross profit		300	1,206	809	2,593
Other income	4	522	632	1,176	849
General administrative expenses		(6,737)	(4,397)	(11,561)	(8,227)
Selling and distribution costs		(1,846)	(2,687)	(4,162)	(5,313)
Finance costs	5	(1,590)	(725)	(2,985)	(909)
Share of results of an associate		(295)	(270)	(624)	(454)
Loss before tax	5	(9,646)	(6,241)	(17,347)	(11,461)
Income tax expenses	6	-	-	(73)	-
Loss for the period		(9,646)	(6,241)	(17,420)	(11,461)
Attributable to:					
Equity holders of the Company		(9,646)	(6,241)	(17,420)	(11,461)
Loss per share attributable to equity holders of the Company		HK cents	HK cents	HK cents	HK cents
Basic	7	(0.96)	(0.62)	(1.74)	(1.15)
Diluted	7	(0.96)	(0.62)	(1.74)	(1.15)

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

For the six months ended 30 September 2021

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period	(9,646)	(6,241)	(17,420)	(11,461)
Other comprehensive (loss) income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Share of other comprehensive loss of an associate-exchange difference on translation	(3)	29	-	62
Exchange difference on translation of foreign subsidiaries	(801)	(878)	(1,153)	1,171
Other comprehensive (loss) income for the period, net of tax	(804)	(849)	(1,153)	1,233
Total comprehensive loss for the period	(10,450)	(7,090)	(18,573)	(10,228)
Total comprehensive loss attributable to:				
Equity holders of the Company	(10,450)	(7,090)	(18,573)	(10,228)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Non-current assets			
Interest in an associate		356	980
Financial asset at FVPL		300	300
Property, plant and equipment	9	5,968	7,662
Right-of-use assets		1,406	845
Intangible assets	10	5,013	5,989
Prepayment for software development expenditure		12,000	–
Deferred tax assets	14	209	282
		25,252	16,058
Current assets			
Trade receivables	11	363	162
Other receivables	11	29,222	32,261
Due from the ultimate holding company	11	2,375	2,375
Income tax recoverable		2,363	2,499
Restricted funds	12	32	75
Bank balances and cash		23,348	29,237
		57,703	66,609
Current liabilities			
Trade payables	13	1,583	1,344
Other payables	13	31,709	14,073
Lease liabilities		850	837
Liability component of convertible bonds	16	12,749	–
		46,891	16,254
Net current assets		10,812	50,355

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2021

	Notes	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Total assets less current liabilities		36,064	66,413
Non-current liabilities			
Lease liabilities		560	11
Deferred tax liabilities	14	768	768
Other long-term liabilities	15	5,861	6,327
Liability component of convertible bonds	16	–	11,859
		7,189	18,965
NET ASSETS		28,875	47,448
Capital and reserves			
Share capital	17	10,000	10,000
Reserves	18	18,875	37,448
TOTAL EQUITY		28,875	47,448

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000 (Note 17)	Share premium HK\$'000 (Note 18(a))	Capital reserve HK\$'000 (Note 18(b))	Convertible bonds reserve HK\$'000 (Note 16)	Exchange reserve HK\$'000 (Note 18(c))	Statutory reserve HK\$'000 (Note 18(d))	Accumulated losses HK\$'000	
At 1 April 2020 (audited)	10,000	31,510	37,529	-	40	1,199	(4,484)	75,794
Loss for the period	-	-	-	-	-	-	(11,461)	(11,461)
Other comprehensive income								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Share of other comprehensive loss of an associate								
- exchange difference on translation	-	-	-	-	62	-	-	62
Exchange difference on translation of foreign subsidiaries	-	-	-	-	1,171	-	-	1,171
Total comprehensive loss for the period	-	-	-	-	1,233	-	(11,461)	(10,228)
Transaction with owners								
<i>Contributions and distributions</i>								
Issue of convertible bonds (Note 16)	-	-	-	876	-	-	-	876
Total transaction with owners	-	-	-	876	-	-	-	876
At 30 September 2020 (unaudited)	10,000	31,510	37,529	876	1,273	1,199	(15,945)	66,442

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

For the six months ended 30 September 2021

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000 (Note 17)	Share premium HK\$'000 (Note 18(a))	Capital reserve HK\$'000 (Note 18(b))	Convertible bonds reserve HK\$'000 (Note 16)	Exchange reserve HK\$'000 (Note 18(c))	Statutory reserve HK\$'000 (Note 18(d))	Accumulated losses HK\$'000	
At 1 April 2021 (audited)	10,000	31,510	37,529	876	1,473	1,199	(35,139)	47,448
Loss for the period	-	-	-	-	-	-	(17,420)	(17,420)
Other comprehensive loss								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(1,153)	-	-	(1,153)
Total comprehensive loss for the period	-	-	-	-	(1,153)	-	(17,420)	(18,573)
At 30 September 2021 (unaudited)	10,000	31,510	37,529	876	320	1,199	(52,559)	28,875

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Note	For the six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from (used in) operations	20	7,903	(15,065)
Interest paid		(706)	(11)
Interest received		1,106	58
Net cash from (used in) operating activities		8,303	(15,018)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(688)	(591)
Prepayment made for software development expenditure		(12,000)	–
Net cash used in investing activities		(12,688)	(591)
FINANCING ACTIVITIES			
Repayment of leases liabilities		(563)	(718)
Issue of convertible bonds, net of issue costs		–	11,543
Net cash (used in) from financing activities		(563)	10,825
Net decrease in cash and cash equivalents		(4,948)	(4,784)
Cash and cash equivalents at the beginning of the reporting period		29,237	36,915
Effect on exchange rate changes		(941)	831
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash		23,348	32,962

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Oriental Payment Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 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 and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in merchant acquiring business in Thailand. The Group is also engaged in payment processing services to merchants in Singapore through an associate which was acquired in February 2020.

The immediate holding company is Charm Act Group Limited (“**Charm Act**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company (the “**Directors**”), the ultimate holding company is China Smartpay Group Holdings Limited (“**China Smartpay**”), which is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange.

The Interim Financial Statements have been prepared in accordance with the Hong Kong Accounting Standards 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, incomes 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 2021

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 2021, 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 2021 (the “**2021 Consolidated Financial Statements**”).

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2021 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 adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for both periods.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted the new/revised HKFRSs that have been issued but are not yet effective.



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

For the six months ended 30 September 2021

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 conforming to HKFRSs that are regularly reviewed by the executive Directors, 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.

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, right-of-use assets and intangible 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Thailand	697	3,334	2,125	7,596

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

For the six months ended 30 September 2021

2. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

Specified non-current assets

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Hong Kong	1,292	871
Thailand	11,095	13,625
	12,387	14,496

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the periods ended 30 September 2021 and 2020 is as follows:

	For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Customer A and its affiliates	446	<Remark>
Customer B and its affiliates	395	1,420
Customer C and its affiliates	274	<Remark>
Customer D and its affiliates	<Remark>	1,839
Customer E and its affiliates	<Remark>	1,128
Customer F and its affiliates	<Remark>	876

<Remark>

The customer did not contribute over 10% of the total revenue of the Group for the respective reporting periods.

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

For the six months ended 30 September 2021

3. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue from contracts with customers within HKFRS 15				
Merchant discount rate income ("MDR income")	546	2,691	1,717	6,160
Marketing and distribution service income	5	10	13	16
	551	2,701	1,730	6,176
Revenue from other sources				
Foreign exchange rate discount income	146	633	395	1,420
	697	3,334	2,125	7,596

4. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	3	15	13	58
HKSAR Government subsidies	–	351	–	432
Other interest income	461	266	1,105	359
Sundry income	58	–	58	–
	522	632	1,176	849

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

For the six months ended 30 September 2021

5. LOSS BEFORE TAX

This is stated after charging:

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Finance costs				
Effective interest expenses on convertible bonds	672	569	1,307	600
Finance charges on lease liabilities	5	4	10	11
Interest expenses for financial liabilities at amortised cost	913	152	1,668	298
	1,590	725	2,985	909
Staff costs, including key management's remuneration				
Salaries, allowances and other short-term employee benefits	3,419	2,832	7,054	5,589
Contribution to defined contribution plans	61	42	127	85
	3,480	2,874	7,181	5,674
Other items				
Amortisation of intangible assets (included in "Selling and distribution costs")	451	863	906	1,710
Depreciation of property, plant and equipment	741	1,157	1,920	2,274
Depreciation of right-of-use assets	300	361	565	720

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

For the six months ended 30 September 2021

6. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Deferred tax				
Reversal of over provision of deferred tax assets in prior year	-	-	73	-
Income tax expenses for the period	-	-	73	-

(a) Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% (2020: 16.5%) has not been provided as the Group incurred a loss for taxation purpose for the period (2020: the Group's estimated assessable profits arising in or derived from Hong Kong were wholly absorbed by unrelieved tax losses brought forward from previous years).

(b) Income taxes outside Hong Kong

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

Thailand Enterprise Income Tax at the rate of 20% (2020: 20%) has not been provided for the periods as the Group's operation in Thailand incurred a loss for taxation purposes.

Cambodia Corporate Income Tax at the rate of 20% (2020: 20%) has not been provided for the periods as the Group's operation in Cambodia has not yet commenced its business.

Dividends payable by a foreign invested enterprise in Thailand to its foreign investors are subject to a 10% (2020: 10%) withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with Thailand that provides for a different withholding arrangement.

Dividends payable by an enterprise in Cambodia to its foreign investors are subject to a 14% (2020: 14%) withholding tax.

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

For the six months ended 30 September 2021

7. LOSS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period attributable to equity holders of the Company	(9,646)	(6,241)	(17,420)	(11,461)

	For the three months ended 30 September		For the six months ended 30 September	
	2021 Number of Shares	2020 Number of Shares	2021 Number of Shares	2020 Number of Shares
Weighted average number of ordinary shares	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares had anti-dilutive effects during the periods.

8. DIVIDENDS

The Directors did not recommend a payment of dividend for the six months ended 30 September 2021 (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group incurred expenditures on property, plant and equipment with a total cost of approximately HK\$688,000 (2020: approximately HK\$591,000) and no property, plant and equipment has been disposed of or impaired by the Group for both periods.

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

For the six months ended 30 September 2021

10. INTANGIBLE ASSETS

During the six months ended 30 September 2021, the Group did not incur any expenditures on intangible assets (2020: Nil) and no intangible assets has been disposed of or impaired by the Group for both periods.

11. TRADE AND OTHER RECEIVABLES

	Note	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade receivables			
From third parties	11(a)	363	162
Other receivables			
Deposits		4,093	4,184
Prepayments		3,300	3,460
Other debtors	11(b)	21,829	24,617
		29,222	32,261
Due from the ultimate holding company	11(c)	2,375	2,375

(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 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Less than 1 month	363	162

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

For the six months ended 30 September 2021

11. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other debtors

At the end of the reporting period, other debtors included:

- (i) advance to an investee of HK\$4,700,000 (31 March 2021: HK\$4,700,000) which is unsecured, interest-bearing at 8% per annum, repayable on 31 December 2022 and subject to a "repayable on demand" clause;
- (ii) loans to independent third parties of approximately HK\$11,232,000 (31 March 2021: approximately HK\$13,833,000) which are unsecured, interest-bearing ranged at 12% to 14% per annum and repayable within one year (31 March 2021: unsecured, interest-bearing ranged at 13% to 14% per annum and repayable within one year); and
- (iii) interest receivables of approximately HK\$847,000 (31 March 2021: approximately HK\$859,000) which are unsecured, interest-free and repayable within one year.

The remaining items of other debtors are unsecured, interest-free and have no fixed repayment term.

(c) Due from the ultimate holding company

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

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 balances are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in Thai Baht ("Baht").

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

For the six months ended 30 September 2021

13. TRADE AND OTHER PAYABLES

	Note	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade payables			
To third parties	13(a)	1,583	1,344
Other payables			
Accruals and other payables	13(b)	31,709	14,073

(a) Trade payables

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

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Less than 1 month	396	155
1 month to 3 months	89	209
Over 3 months	1,098	980
	1,583	1,344

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

For the six months ended 30 September 2021

13. TRADE AND OTHER PAYABLES *(Continued)*

(b) Accruals and other payables

At the end of the reporting period, accruals and other payables included:

- (i) other payable to a third party of HK\$15,000,000 which is unsecured, interest-bearing at 10% per annum and repayable on 25 May 2022 (31 March 2021: other payable to a third party of approximately HK\$1,392,000 which was guaranteed by a Director, interest-bearing at 8% per annum and was settled on 30 August 2021);
- (ii) other borrowings from third parties of approximately HK\$6,285,000 which is unsecured, interest-bearing at 12% per annum, and repayable on demand and HK\$6,000,000 which is guaranteed by a Director, interest-bearing at 12% per annum and repayable on 1 April 2022 (31 March 2021: other borrowings from a third party of approximately HK\$8,700,000 which were unsecured, interest-bearing at 12% per annum and repayable on demand); and
- (iii) interest payables of approximately HK\$2,553,000 (31 March 2021: approximately HK\$1,225,000) which are unsecured, interest-free and repayable within one year.

The remaining items of accruals and other payables are unsecured, interest-free and have no fixed repayment term.

14. DEFERRED TAXATION

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Assets		
Tax losses	(209)	(282)
Liabilities		
Withholding tax on undistributed earnings of a foreign subsidiary	768	768

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

For the six months ended 30 September 2021

14. DEFERRED TAXATION *(Continued)*

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 2021, deferred tax assets of approximately HK\$73,000 (31 March 2021: Nil) were reversed based on the estimation of assessable profit arising in or derived from Hong Kong.

Deferred tax liabilities of approximately HK\$768,000 (31 March 2021: approximately HK\$768,000) 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.

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.

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

For the six months ended 30 September 2021

15. OTHER LONG TERM LIABILITIES *(Continued)*

As at 30 September 2021, 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\$5,861,000) (31 March 2021: Baht 25,500,000 (equivalent to approximately HK\$6,327,000)) 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 2021: 9.5% per annum), with an accrued dividend payable of approximately Baht 3,637,000 (equivalent to approximately HK\$836,000) as included in "Trade and other payables" (31 March 2021: Baht 2,423,000 (equivalent to approximately HK\$601,000)).

16. CONVERTIBLE BONDS

On 26 June 2020 (the "**Bond Issue Date**"), the Company issued convertible bonds (the "**Convertible Bonds**"), with a coupon interest rate of 7% per annum, in an aggregate principal amount of HK\$11,850,000 to not less than six independent placees who, and where applicable, whose ultimate beneficial owners were independent third parties. The Convertible Bonds will mature on the date falling upon the expiry of two years from the Bond Issue Date or if such date is not a business day, the immediate preceding business day (the "**Maturity Date**").

The coupon interest is accrued on a day to day basis on the principal amount of the Convertible Bonds outstanding and shall only be payable by the Company semi-annually in arrears on the dates falling six months and one year after the Bond Issue Date and on the anniversary(ies) of such dates for each year thereafter up to and including the Maturity Date. Bondholders will be entitled to receive an additional interest at the rate of 10% per annum from the Bond Issue Date up to and including the Maturity Date chargeable on the principal amount of the Convertible Bonds, which will be payable by the Company on the Maturity Date, if they have not converted any of their Convertible Bonds into new shares of the Company.

The Convertible Bonds can be converted into a maximum number of 79,000,000 ordinary shares of the Company at the initial conversion price of HK\$0.15 per share of the Company.

Details of the placing of the Convertible Bonds are set out in the joint announcements of the Company and China Smartpay dated 10 June 2020 and 26 June 2020 respectively.

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

For the six months ended 30 September 2021

16. CONVERTIBLE BONDS *(Continued)*

The Convertible Bonds recognised at the end of the following respective reporting periods are calculated as follow:

	HK\$'000
Liability component	
Fair value of liability component at the Bond Issue Date	10,951
Issue costs	(284)
<hr/>	
At the Bond Issue Date	10,667
Effective interest expenses	1,823
Interest paid	(420)
Interest accrued	(211)
<hr/>	
At 31 March 2021 (audited)	11,859
<hr/>	
Effective interest expenses (Note 5)	1,307
Interest accrued	(417)
<hr/>	
At 30 September 2021 (unaudited)	12,749
<hr/>	
Equity component	
Nominal value of the Convertible Bonds	11,850
Fair value of liability component at the Bond Issue Date	(10,951)
Issue costs	(23)
<hr/>	
At the Bond Issue Date, at 31 March 2021 (audited) and at 30 September 2021 (unaudited)	876

17. SHARE CAPITAL

	Number of shares	Nominal Value HK\$'000
Authorised:		
<i>Ordinary share of HK\$0.01 each</i>		
At 30 September 2021 and 31 March 2021	10,000,000,000	100,000
<hr/>		
Issued and fully paid:		
<i>Ordinary share of HK\$0.01 each</i>		
At 30 September 2021 and 31 March 2021	1,000,000,000	10,000

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

For the six months ended 30 September 2021

18. 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 laws 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 reserve

The capital reserve 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).

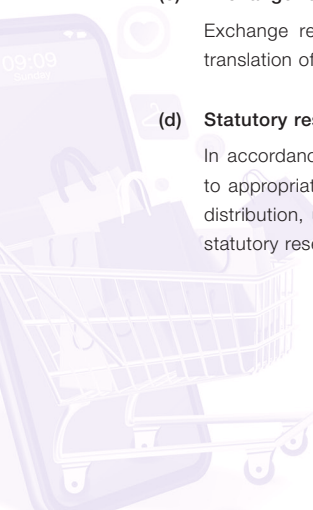
In addition, listing expenses that were not directly attributed to the issuance of new shares of the Company for funds raising are recognised in the consolidated statement of profit or loss and other comprehensive income when they were incurred. Starting from 1 April 2017, it was agreed with China Smartpay 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.

(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 and an associate.

(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 2021

19. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2021 and 2020, information of the related party transactions is set out below.

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

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Key management personnel				
Salaries and allowances	1,411	1,194	2,824	2,319
Contributions to defined contribution retirement schemes	18	14	37	28
	1,429	1,208	2,861	2,347
Close family member of key management personnel				
Salaries and allowances	75	102	150	177
Contributions to defined contribution retirement schemes	4	4	8	8
	79	106	158	185
	1,508	1,314	3,019	2,532

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

For the six months ended 30 September 2021

20. CASH GENERATED FROM (USED IN) OPERATIONS

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before tax	(17,347)	(11,461)
Amortisation	906	1,710
Depreciation of property, plant and equipment	1,920	2,274
Depreciation of right-of-use assets	565	720
Foreign exchange differences	152	92
Bank interest income	(13)	(58)
Other interest income	(1,105)	(359)
Share of results of an associate	624	454
Finance costs	2,985	909
Changes in working capital		
Trade and other receivables	2,505	(8,239)
Restricted funds	37	1,386
Trade and other payables	16,674	(2,493)
Cash generated from (used in) operations	7,903	(15,065)

21. CAPITAL EXPENDITURE COMMITMENTS

	At	At
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Contracted but not provided for, net of deposits paid – acquisition of intangible assets in respect of further developing the acquiring host system	129	201

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 10 November 2021.

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 also engaged in payment processing services to merchants in Singapore through an associate which was acquired in February 2020.

The Group has three main income streams derived from the merchant acquiring business, including (i) the MDR income; (ii) the foreign exchange rate discount income; and (iii) the marketing and distribution service income. For each successful transaction processed by the Group via its point-of-sale terminals, the MDR income is generated from 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 of 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 Reporting Period, the Group continuously faced the risks of the uncertainties in the impact of Sino-US trade war and the outbreak of the coronavirus disease 2019 ("COVID-19") pandemic, which continuously affected Chinese tourists' spending in Thailand. In particular, the outbreak of the COVID-19 pandemic, which led to the continuous suspension of a majority of the international flights to Thailand, resulted in a material adverse effect to the income of the Group. In order to reduce the business risks in reliance upon tourism, the Group has engaged information technology companies to provide research and design services on other payment related software development, so that it can explore the expansion of businesses relating to payment, marketing and value-added which focus on local consumption in Asia Pacific (including Hong Kong), and businesses relating to cross-border e-commerce collection and payment.

While exploring investment opportunities in online and offline payment related business in Asia Pacific, the Group completed a placing of convertible bonds in June 2020 to raise funds. Taking into account the speedy recovery of the economy of the People's Republic of China (the "PRC") from the impacts of the COVID-19 pandemic and the favourable policies towards the Guangdong – Hong Kong – Macau Greater Bay Area (the "**Greater Bay Area**"), the Group has also explored investment opportunities in new economies such as the fintech industry and IT industry in the PRC, and in particular, in the Greater Bay Area.

The Group will stay alert to the development and situation of the COVID-19 pandemic, continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to maintain the stability and sustainability of the businesses. The Group will also continue to closely monitor the market conditions and adjust the Group's business strategies to cope with the fluctuations in the transaction value derived from its merchant network.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group recorded a total revenue of approximately HK\$2.1 million (2020: approximately HK\$7.6 million) derived from the merchant acquiring business, which included i) the MDR income of approximately HK\$1.7 million (2020: approximately HK\$6.2 million); ii) the foreign exchange rate discount income of approximately HK\$0.4 million (2020: approximately HK\$1.4 million); and iii) the marketing and distribution service income of approximately HK\$13,000 (2020: approximately HK\$16,000). There were decreases in the MDR income and the foreign exchange rate discount income by approximately HK\$4.5 million and HK\$1.0 million respectively when comparing with those in the Corresponding Period. The decreases in these two income streams were primarily attributable to the facts that (i) some of the Chinese tourists, who were previously stuck in Thailand due to lockdown in Thailand and closure of airports in the PRC for the Corresponding Period, gradually returned to the PRC and (ii) a majority of the international flights to Thailand remained not resumed. These resulted in a further drop of the Chinese tourists' spending in Thailand, and hence a further decrease in the transaction volume via UPI processed by the Group for the Reporting Period as compared with that of the Corresponding 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. The total cost of services rendered for the Reporting Period amounted to approximately HK\$1.3 million (2020: approximately HK\$5.0 million). The decrease in cost of services rendered of approximately 73.7% was in line with the decrease in revenue.

Gross profit and gross profit margin

The gross profit for the Reporting Period amounted to approximately HK\$0.8 million, representing a decrease of approximately HK\$1.8 million or approximately 68.8% as compared with that of approximately HK\$2.6 million for the Corresponding Period, which was in line with the decrease in revenue. The gross profit margin increased from 34.1% to 38.1% for the Reporting Period which was primarily driven by the increased portion of higher MDR rate transactions.

General administrative expenses

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$11.6 million (2020: approximately HK\$8.2 million). The increase in general administrative expenses by approximately 40.5% was mainly due to the increment in the salaries and benefits for the Directors and staff of the Group.

Selling and distribution costs

The Group recorded selling and distribution costs of approximately HK\$4.2 million for the Reporting Period (2020: approximately HK\$5.3 million). The decrease in selling and distribution costs by approximately 21.7% was mainly due to the decrease in the transaction volume.

Share of results of an associate

The share of losses of an associate of the Group for the Reporting Period amounted to approximately HK\$624,000 (2020: approximately HK\$454,000). The increase in the share of losses of the associate was mainly resulted from the situation of the COVID-19 pandemic in Singapore which adversely affect the business of the associate for the Reporting Period.

Finance costs

The finance costs amounted to approximately HK\$3.0 million for the Reporting Period (2020: approximately HK\$0.9 million). The increase in finance costs was mainly due to the increase in the effective interest expenses on the Convertible Bonds and the increase in the interest expenses for financial liabilities at amortised cost.

Loss for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$17.4 million for the Reporting Period (2020: approximately HK\$11.5 million). The recorded net loss was mainly attributable to the aforementioned decrease in revenue and gross profit as a result of the further drop in the UnionPay transaction volume.

Liquidity and financial resources

As at 30 September 2021, the Group had current assets of approximately HK\$57.7 million (31 March 2021: approximately HK\$66.6 million) including bank balances and cash of approximately HK\$23.3 million (31 March 2021: approximately HK\$29.2 million). Total assets and total liabilities were approximately HK\$83.0 million (31 March 2021: approximately HK\$82.7 million) and HK\$54.1 million (31 March 2021: approximately HK\$35.2 million) respectively as at 30 September 2021.

The gearing ratio, which is calculated by dividing other long-term liabilities and convertible bonds by total equity, was 64.5% as at 30 September 2021 (31 March 2021: 38.3%).

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 2021, total equity attributable to equity holders of the Company amounted to approximately HK\$28.9 million (31 March 2021: approximately HK\$47.4 million).

Dividend policy

The Group currently does not have a pre-determined dividend payout ratio. Dividends may be paid out by cash or other means that the Group considers appropriate. The declaration and payment of any interim 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 the 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 operation performance, financial condition, the payment by the subsidiaries of cash dividends to the Group, and other factors the Board may deem relevant. There is 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 dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

Details of the dividend are set out in Note 8 to the Interim Financial Statements.

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 Period. To manage liquidity risks, 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 exposes to foreign exchange risks as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign exchange risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Board, the Group will enter into foreign currency forward contracts should the needs arise. As at 30 September 2021, the Group has no outstanding foreign currency forward contracts for the exchange of US\$ with Baht (31 March 2021: no outstanding foreign currency forward contracts for the exchange of US\$ with Baht). The Directors and senior management 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 2021.

Significant investment, material acquisitions and disposals

During the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2020: Nil).

Segment information

Details of the Group's segment information are set out in Note 2 to the Interim Financial Statements.

Charges on the Group's assets

There was no charge on the Group's assets as at 30 September 2021 (2020: Nil).

Contingent liabilities

As at 30 September 2021, the Group did not have any material contingent liabilities (2020: Nil).

Employee and Remuneration Policies

As at 30 September 2021, the Group had a total of 29 employees (31 March 2021: 29 employees) among whom 11 (31 March 2021: 11) were based in Hong Kong, 15 were based in Thailand (31 March 2021: 15) and 3 were based in the PRC (31 March 2021: 3). For the Reporting Period, the total staff costs, including key management's remuneration, amounted to approximately HK\$7.2 million (2020: approximately HK\$5.7 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks involved in its operations, many of which are beyond its control. Please refer to the section headed "Principal Risks and Uncertainties" in the annual report dated 24 June 2021.



USE OF PROCEEDS

The shares of the Company were listed on GEM of the Stock Exchange on 16 October 2018 (the “**Listing**”). The Directors intended to apply the net proceeds from the Listing in accordance with the proposed applications as set out in the prospectus of the Company dated 27 September 2018 (the “**Prospectus**”) and the supplemental announcement of the Company dated 29 September 2021 in relation to the annual results announcement and the annual report of the Company for the year ended 31 March 2020. The net proceeds received by the Company from the Listing, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$51.1 million. Up to 30 September 2021, the net proceeds from the Listing had been applied as follows:

	Intended use of net proceeds	Amount unutilised as at 31 March 2021	Amount utilised during the six months ended 30 September 2021	Unutilised net proceeds up to 30 September 2021
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Continuously improving the availability and enhancing functions of the stock of smart POS terminals	12.8	9.8	–	9.8
Developing the acquiring host system	8.1	0.5	–	0.5
Strengthening and broadening the marketing initiatives	1.2	–	–	–
Recruiting new talents	2.2	–	–	–
Extending the payment processing services to cover other payment network associations	15.1	7.1	–	7.1
Expanding to Cambodia	6.6	1.5	0.3	1.2
Working Capital	5.1	–	–	–
	51.1	18.9	0.3	18.6

The business strategies as set out in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

During the Reporting Period, only a total of approximately HK\$0.3 million of the net proceeds were utilised, where, as at the date of this report, the unutilised proceeds from the Listing amounted to a total of approximately HK\$18.6 million which were placed in interest-bearing deposits with authorised financial institutions or licensed banks. The actual use of proceeds was less than planned because the outbreak of the COVID-19 pandemic has led to the Company being more prudent in applying the proceeds. In view that suspension of a majority of the international flights to Thailand had led to a decrease in the number of Chinese tourists and hence their spending in Thailand, the Group considered that it would not be in the commercial interest of the Group to utilise net proceeds from the Listing as initially planned, particularly, for deploying resources on the expansion and development of business and operation of the Group, when the market had unexpectedly low market demand and was subject to uncertainties amidst the outbreak of the COVID-19 pandemic.

For the unutilised net proceeds from the Listing up to 30 September 2021, the Company intends to use them for the same intended purposes as previously disclosed in the Prospectus. The Board estimated that the time for utilising the remaining unutilised net proceeds will be by 23 June 2022.

USE OF NET PROCEEDS FROM THE PLACING OF THE CONVERTIBLE BONDS

Reference is made to the joint announcements of the Company and China Smartpay dated 10 June 2020 and 26 June 2020 respectively in relation to the issuance of the Convertible Bonds with a coupon interest rate of 7% per annum, in an aggregate principal amount of HK\$11,850,000 to not less than six independent placees.



The net proceeds from the placing of the Convertible Bonds under general mandate (the “**Placing**”) at the time of its completion on 26 June 2020 (the “**Completion Date**”) were approximately HK\$11,543,000. As at 30 September 2021, the net proceeds from the Placing had been applied as follows:

Intended use of net proceeds	Amount unutilised as at 31 March 2021	Amount utilised during the six months ended 30 September 2021	Unutilised net proceeds up to 30 September 2021
Exploring investment opportunities in online and offline payment related business in Asia Pacific	9,000	6,000	6,000
Working capital	2,543	-	-
	11,543	-	6,000

Note:

The outbreak of the COVID-19 pandemic has a significant impact on the tourism industry in Asia Pacific, the Company has temporarily applied the surplus cash from the net proceeds for lending to certain independent third parties in order to generate interest income for the benefit of the shareholders of the Company. The Company intends to use the unutilised net proceeds for the same intended purposes as previously disclosed. The Board estimated that the time for utilising the remaining unutilised net proceeds will be by 23 June 2022. The Company will stay alert to the development and situation of the COVID-19 pandemic and keep exploring potential investment opportunities in Asia Pacific.

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

As at 30 September 2021, none of the Directors nor chief executive of the Company had registered any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “SFO”)) 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 SFO; (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period, the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save for the share option scheme of the Company which was adopted by way of shareholder's written resolution passed on 18 September 2018, at no time during the Reporting Period was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares, underlying shares, or debentures of the Company and/or its associated corporations (within the meaning of the SFO).



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

As at 30 September 2021, so far as known to the Directors, the following persons/entities 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 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	325,000,000	32.50%
China Smartpay (Note 2)	Interest in a controlled corporation	325,000,000	32.50%
Straum Investments Limited ("Straum Investments") (Note 3)	Beneficial owner	138,000,000	13.80%
Mr. Yu Chun Fai ("Mr. Yu") (Note 3)	Interest in a controlled corporation	138,000,000	13.80%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 4)	Interests of spouse	138,000,000	13.80%
Ms. Sui Xiaochun ("Ms. Sui") (Note 5)	Beneficial owner	72,230,000	7.22%
Original Fortune Group Limited ("Original Fortune") (Note 6)	Beneficial owner	67,500,000	6.75%
Mr. Sung Hak Keung Andy ("Mr. Sung") (Note 6)	Interest in a controlled corporation	67,500,000	6.75%
China New Economy Fund Limited ("China New Economy") (Note 7)	Beneficial owner	57,160,000	5.72%

Notes:

- (1) The calculation is based on the total number of 1,000,000,000 shares of the Company in issue as at 30 September 2021.
- (2) China Smartpay holds the entire issued share capital of Charm Act. Charm Act, in turn, directly holds 325,000,000 shares of the Company. Accordingly, China Smartpay is deemed to be interested in those 325,000,000 shares of the Company 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 138,000,000 shares of the Company. Accordingly, Mr. Yu is deemed to be interested in those 138,000,000 shares of the Company which Straum Investments is 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 138,000,000 shares of the Company as stated in Note (3) above. Accordingly, Ms. Choi is deemed to be interested in those 138,000,000 shares of the Company which Mr. Yu is deemed to be interested in by virtue of the disclosure requirements of the SFO.
- (5) Pursuant to the disclosure of interest notice filed by Ms. Sui on 31 March 2021, these 72,230,000 shares of the Company are held by Ms. Sui herself.
- (6) Mr. Sung holds the entire issued share capital of Original Fortune. Original Fortune, in turn, directly holds 67,500,000 shares of the Company. Accordingly, Mr. Sung is deemed to be interested in the 67,500,000 shares of the Company which Original Fortune is interested in by virtue of the disclosure requirements of the SFO.
- (7) Pursuant to the disclosure of interest notice filed by China New Economy on 30 September 2021, these 57,160,000 shares of the Company are held by China New Economy itself.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other persons (other than the Directors and the chief executive of the Company) 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 or which would be recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to achieving high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and the code provisions in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules as the basis of the Company's corporate governance practices since its listing on the GEM of the Stock Exchange on 16 October 2018.

The Board is of the view that during the Reporting Period and up to the date of this report, the Company has complied with all applicable code provisions as set out in the CG Code.



DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 September 2021 which competed or may compete, directly or indirectly, with the Group's business.

DEED OF NON-COMPETITION

China Smartpay and Charm Act, being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, entered into a deed of non-competition dated 18 September 2018 in favour of the Company (the "**Deed of Non-Competition**"). Details of the Deed of Non-Competition was set out in the Prospectus.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by China Smartpay and Charm Act up to the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Standard of Dealings**"), as the code of conduct regarding Directors' securities transactions in the securities of the Company. Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has complied with the Standard of Dealings during the Reporting Period.



INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group 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 24 September 2018, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules. The above-mentioned compliance adviser agreement expired on 30 June 2021.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 18 September 2018. The purpose of the Share Option Scheme is to grant options (the “**Option(s)**”) to subscribe for the shares of the Company to eligible persons as defined in the Share Option Scheme as incentives or rewards for the service rendered to the Group and any entity in which any member of the Group holds any equity interest.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 18 September 2018. Since the date of adoption of the Share Option Scheme and up to 30 September 2021, no Option has been granted by the Company. As at the date of this report, the Company had 100,000,000 shares available for issue under the Share Option Scheme (representing 10% of the total number of the existing issued shares of the Company as at the date of this report). Details of the Share Option Scheme were set out in the Prospectus.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with specific 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. The Audit Committee adopted a revised specific terms of reference on 10 November 2021 to align references to the relevant requirements of the GEM Listing Rules. As at 30 September 2021, 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 Interim Financial Statements 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
Dr. Ng Kit Chong
Chairman

Hong Kong, 10 November 2021

As at the date of this report, the executive Directors are Dr. Ng Kit Chong and 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.

