



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

THIRD QUARTERLY REPORT

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*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 “**Third Quarterly Financial Statements**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 31 December 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 nine months ended 31 December 2021

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue</b>	2	592	2,839	2,717	10,435
Cost of services rendered		(340)	(1,709)	(1,656)	(6,712)
<b>Gross profit</b>		252	1,130	1,061	3,723
Other income	3	499	371	1,675	1,220
General administrative expenses		(4,943)	(4,081)	(16,504)	(12,308)
Selling and distribution costs		(1,800)	(2,657)	(5,962)	(7,970)
Finance costs	4	(1,584)	(863)	(4,569)	(1,772)
Share of results of an associate		-	(340)	(624)	(794)
<b>Loss before tax</b>	4	(7,576)	(6,440)	(24,923)	(17,901)
Income tax expenses	5	-	-	(73)	-
<b>Loss for the period</b>		(7,576)	(6,440)	(24,996)	(17,901)
<b>Attributable to:</b>					
Equity holders of the Company		(7,576)	(6,440)	(24,996)	(17,901)
		HK cents	HK cents	HK cents	HK cents
<b>Loss per share attributable to equity holders of the Company</b>					
Basic	6	(0.76)	(0.64)	(2.50)	(1.79)
Diluted	6	(0.76)	(0.64)	(2.50)	(1.79)

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

For the nine months ended 31 December 2021

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Loss for the period</b>	<b>(7,576)</b>	<b>(6,440)</b>	<b>(24,996)</b>	<b>(17,901)</b>
<b>Other comprehensive income (loss)</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Share of other comprehensive loss of an associate – exchange difference on translation	-	44	-	106
Exchange difference on translation of foreign subsidiaries	252	1,774	(901)	2,945
Other comprehensive income (loss) for the period, net of tax	252	1,818	(901)	3,051
<b>Total comprehensive loss for the period</b>	<b>(7,324)</b>	<b>(4,622)</b>	<b>(25,897)</b>	<b>(14,850)</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(7,324)	(4,622)	(25,897)	(14,850)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note 9(a))	Capital reserve HK\$'000 (Note 9(b))	Convertible bonds reserve HK\$'000 (Note 8)	Exchange reserve HK\$'000 (Note 9(c))	Statutory reserve HK\$'000 (Note 9(d))	Accumulated losses HK\$'000	
<b>At 1 April 2020 (audited)</b>	10,000	31,510	37,529	-	40	1,199	(4,484)	75,794
Loss for the period	-	-	-	-	-	-	(17,901)	(17,901)
<b>Other comprehensive income</b>								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Share of other comprehensive loss of an associate								
- exchange difference on translation	-	-	-	-	106	-	-	106
Exchange difference on translation of foreign subsidiaries	-	-	-	-	2,945	-	-	2,945
<b>Total comprehensive loss for the period</b>	-	-	-	-	3,051	-	(17,901)	(14,850)
<b>Transaction with owners</b>								
<i>Contributions and distributions</i>								
Issue of convertible bonds (Note 8)	-	-	-	876	-	-	-	876
<b>Total transaction with owners</b>	-	-	-	876	-	-	-	876
<b>At 31 December 2020 (unaudited)</b>	10,000	31,510	37,529	876	3,091	1,199	(22,385)	61,820

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

For the nine months ended 31 December 2021

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note 9(a))	Capital reserve HK\$'000 (Note 9(b))	Convertible bonds reserve HK\$'000 (Note 8)	Exchange reserve HK\$'000 (Note 9(c))	Statutory reserve HK\$'000 (Note 9(d))	Accumulated losses HK\$'000	
<b>At 1 April 2021 (audited)</b>	10,000	31,510	37,529	876	1,473	1,199	(35,139)	47,448
Loss for the period	-	-	-	-	-	-	(24,996)	(24,996)
<b>Other comprehensive loss</b>								
<i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(901)	-	-	(901)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(901)	-	(24,996)	(25,897)
<b>At 31 December 2021 (unaudited)</b>	10,000	31,510	37,529	876	572	1,199	(60,135)	21,551

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 in Hong Kong 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 Third Quarterly Financial Statements have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations 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 Third Quarterly Financial Statements 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 nine months ended 31 December 2021

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

The Third Quarterly Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial 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 HKFRSs which collective term includes all applicable individual HKFRSs, HKASs 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 Audited Consolidated Financial Statements**").

The accounting policies and methods of computation applied in the preparation of the Third Quarterly Financial Statements are consistent with those applied in the preparation of the 2021 Audited Consolidated Financial Statements.

The Third Quarterly 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 Third Quarterly 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 nine months ended 31 December 2021

### 2. REVENUE

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Merchant discount rate income ("MDR income")	476	2,273	2,193	8,433
Marketing and distribution service income	7	9	20	25
	<b>483</b>	<b>2,282</b>	<b>2,213</b>	<b>8,458</b>
<b>Revenue from other sources</b>				
Foreign exchange rate discount income	109	557	504	1,977
	<b>592</b>	<b>2,839</b>	<b>2,717</b>	<b>10,435</b>

### 3. OTHER INCOME

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	8	17	21	75
HKSAR Government subsidies	-	-	-	432
Other interest income	291	354	1,396	713
Sundry income	200	-	258	-
	<b>499</b>	<b>371</b>	<b>1,675</b>	<b>1,220</b>

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

For the nine months ended 31 December 2021

### 4. LOSS BEFORE TAX

This is stated after charging:

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Finance costs</b>				
Effective interest expenses on convertible bonds	683	570	1,990	1,170
Finance charges on lease liabilities	8	2	18	13
Interest expenses for financial liabilities at amortised cost	893	291	2,561	589
	<b>1,584</b>	<b>863</b>	<b>4,569</b>	<b>1,772</b>
<b>Staff costs, including key management's remuneration</b>				
Salaries, allowances and other short-term employee benefits	3,348	2,908	10,402	8,497
Contribution to defined contribution plans	65	41	192	126
	<b>3,413</b>	<b>2,949</b>	<b>10,594</b>	<b>8,623</b>
<b>Other items</b>				
Amortisation of intangible assets (included in "Selling and distribution costs")	450	852	1,356	2,562
Depreciation of property, plant and equipment	753	1,189	2,673	3,463
Depreciation of right-of-use assets	375	360	940	1,080

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

For the nine months ended 31 December 2021

### 5. INCOME TAX EXPENSES

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Deferred tax</b>				
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 jurisdictions.

Thailand Enterprise Income Tax at the rate of 20% (2020: 20%) has not been provided for both 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 both 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 nine months ended 31 December 2021

### 6. LOSS PER SHARE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	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	(7,576)	(6,440)	(24,996)	(17,901)

	For the three months ended 31 December		For the nine months ended 31 December	
	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.

### 7. DIVIDENDS

The Directors did not recommend a payment of dividend for the nine months ended 31 December 2021 (2020: Nil).

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

For the nine months ended 31 December 2021

## 8. 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 nine months ended 31 December 2021

### 8. CONVERTIBLE BONDS *(Continued)*

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

	HK\$'000
<b>Liability component</b>	
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/>	
<b>At 31 March 2021 (audited)</b>	<b>11,859</b>
<hr/>	
Effective interest expenses (Note 4)	1,990
Interest accrued	(599)
<hr/>	
<b>At 31 December 2021 (unaudited)</b>	<b>13,250</b>
<hr/>	
<b>Equity component</b>	
Nominal value of the Convertible Bonds	11,850
Fair value of liability component at the Bond Issue Date	(10,951)
Issue costs	(23)
<hr/>	
<b>At the Bond Issue Date, at 31 March 2021 (audited) and at 31 December 2021 (unaudited)</b>	<b>876</b>
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### 9. RESERVES

#### (a) Share premium

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

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

For the nine months ended 31 December 2021

## 9. RESERVES *(Continued)*

### (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, Oriental City Group (Thailand) Co., Ltd. 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.

## 10. EVENTS AFTER THE REPORTING PERIOD

On 31 January 2022, the Company entered into a subscription agreement with a subscriber, namely, Mr. Tsang Chi Kit (the "**Subscriber**") pursuant to which the Company has agreed to allot and issue to the Subscriber, and the Subscriber has agreed to subscribe for 200,000,000 new shares of the Company (the "**Subscription Share(s)**") at a subscription price of HK\$0.078 per Subscription Share. The Subscription Shares will be allotted and issued by the Company to the Subscriber under the general mandate granted to the Directors to allot, issue and otherwise deal with up to 200,000,000 shares of the Company, representing 20% of the total number of the issued shares of the Company as at the date of its annual general meeting held on 31 August 2021. For details, please refer to the joint announcement of the Company and China Smartpay dated 31 January 2022.

## 11. APPROVAL OF THE THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved by the Board on 9 February 2022.

## 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. Currently, the associate is applying for the payment service provider license to be granted by the Monetary Authority of Singapore.

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 the Group's 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 subsequent waves of the outbreak of the COVID-19 pandemic caused by the variants of the coronavirus, 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 due to the reliance on 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 as well as to explore and identify any other potential investment opportunities from time to time.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group recorded a total revenue of approximately HK\$2.7 million (2020: approximately HK\$10.4 million) derived from the merchant acquiring business, which included i) the MDR income of approximately HK\$2.2 million (2020: approximately HK\$8.4 million); ii) the foreign exchange rate discount income of approximately HK\$0.5 million (2020: approximately HK\$2.0 million); and iii) the marketing and distribution service income of approximately HK\$20,000 (2020: approximately HK\$25,000). There were decreases in the MDR income and the foreign exchange rate discount income by approximately HK\$6.2 million and HK\$1.5 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 the lockdown in Thailand and closure of airports in the PRC in 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

The 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\$1.7 million (2020: approximately HK\$6.7 million). The decrease in the cost of services rendered of approximately 75.3% 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\$1.1 million, representing a decrease of approximately HK\$2.6 million or approximately 71.5% as compared with that of approximately HK\$3.7 million for the Corresponding Period, which was in line with the decrease in revenue. The gross profit margin increased from 35.7% to 39.1% for the Reporting Period which was primarily driven by the increased portion of higher merchant discount rate transactions.

## **General administrative expenses**

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$16.5 million (2020: approximately HK\$12.3 million). The increase in general administrative expenses by approximately 34.1% 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\$6.0 million for the Reporting Period (2020: approximately HK\$8.0 million). The decrease in selling and distribution costs by approximately 25.2% 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\$794,000). The recorded share of losses of the associate was similar to the Corresponding Period.

## **Finance costs**

The finance costs amounted to approximately HK\$4.6 million for the Reporting Period (2020: approximately HK\$1.8 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\$25.0 million for the Reporting Period (2020: approximately HK\$17.9 million). The increase in 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.

## **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 7 to the Third Quarterly 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 31 March 2021 and 31 December 2021, the Group had no outstanding foreign currency forward contracts for the exchange of US\$ with Baht, respectively. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. The Group did not have other derivatives for hedging against the foreign exchange rate risk as at 31 December 2021.

## **Contingent liabilities**

As at 31 December 2021, the Group did not have any material contingent liabilities (2020: Nil).

## **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).

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

As at 31 December 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 the 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 31 December 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	89,040,000	8.90%
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%

Notes:

- (1) The calculation is based on the total number of 1,000,000,000 shares of the Company in issue as at 31 December 2021.
- (2) As at 31 December 2021, 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.

According to an announcement published on 3 February 2022 by China Smartpay, Charm Act entered into a placing agreement with SBI China Capital Financial Services Limited (the “**Placing Agent**”), pursuant to which Charm Act agreed to place through the Placing Agent up to a maximum of 325,000,000 shares of the Company (the “**Placing Share(s)**”), being the total number of the shares of the Company held by Charm Act, to not less than six independent placees at the placing price of HK\$0.078 per Placing Share on a best effort basis (the “**CSG Placing**”). Upon completion of the CSG Placing, assuming that all 325,000,000 Placing Shares have been successfully placed by the Placing Agent, the shareholding in the Company held by Charm Act will be reduced from 32.5% to 0%, whereupon China Smartpay and Charm Act will no longer be interested in any equity interests in the Company.

- (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 5 November 2021, these 89,040,000 shares of the Company are held by her.
- (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.

Save as disclosed above, as at 31 December 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 (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 business as at 31 December 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 of the Company dated 27 September 2018 (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 31 December 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 31 December 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 Third Quarterly 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, 9 February 2022

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

