



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

## 2020 INTERIM 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 “**Interim Financial Statements**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2020 (the “**Reporting Period**”), together with the comparative figures of the corresponding period in 2019 (the “**Corresponding Period**” or “**2019**”), as follows:

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

For the six months ended 30 September 2020

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>3,334</b>	20,719	<b>7,596</b>	42,256
Cost of services rendered		<b>(2,128)</b>	(14,262)	<b>(5,003)</b>	(29,069)
<b>Gross profit</b>		<b>1,206</b>	6,457	<b>2,593</b>	13,187
Other income	4	<b>632</b>	92	<b>849</b>	149
General administrative expenses		<b>(4,397)</b>	(4,446)	<b>(8,227)</b>	(7,929)
Selling and distribution costs		<b>(2,687)</b>	(1,990)	<b>(5,313)</b>	(4,236)
Finance costs	5	<b>(725)</b>	(164)	<b>(909)</b>	(321)
Share of results of an associate		<b>(270)</b>	-	<b>(454)</b>	-
<b>(Loss) Profit before taxation</b>	5	<b>(6,241)</b>	(51)	<b>(11,461)</b>	850
Income tax expenses	6	-	(470)	-	(779)
<b>(Loss) Profit for the period</b>		<b>(6,241)</b>	(521)	<b>(11,461)</b>	71
<b>Attributable to:</b>					
Equity holders of the Company		<b>(6,241)</b>	(521)	<b>(11,461)</b>	71
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>(Loss) Earnings per share attributable to equity holders of the Company</b>					
Basic	7	<b>(0.62)</b>	(0.05)	<b>(1.15)</b>	0.01
Diluted	7	<b>(0.62)</b>	(0.05)	<b>(1.15)</b>	0.01

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

For the six months ended 30 September 2020

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>(Loss) Profit for the period</b>	<b>(6,241)</b>	<b>(521)</b>	<b>(11,461)</b>	<b>71</b>
<b>Other comprehensive income (loss)</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Share of other comprehensive loss of an associate-exchange difference on translation	29	-	62	-
Exchange difference on translation of foreign subsidiaries	(878)	(837)	1,171	909
Other comprehensive (loss) income for the period, net of tax	(849)	(837)	1,233	909
<b>Total comprehensive (loss) income for the period</b>	<b>(7,090)</b>	<b>(1,358)</b>	<b>(10,228)</b>	<b>980</b>
<b>Total comprehensive (loss) income attributable to:</b>				
Equity holders of the Company	(7,090)	(1,358)	(10,228)	980

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Notes	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Interest in an associate		1,698	2,090
Financial asset at FVPL		300	300
Property, plant and equipment	9	9,690	11,011
Right-of-use assets		536	1,251
Intangible assets	10	13,275	14,938
Deferred tax assets	14	188	188
		<b>25,687</b>	29,778
<b>Current assets</b>			
Trade receivables	11	4,211	5,626
Other receivables	11	26,108	15,741
Due from the ultimate holding company	11	2,375	2,375
Income tax recoverable		2,452	2,276
Restricted funds	12	51	1,392
Bank balances and cash		32,962	36,915
		<b>68,159</b>	64,325
<b>Current liabilities</b>			
Trade payables	13	5,648	8,128
Other payables	13	2,488	1,662
Lease liabilities		526	1,215
		<b>8,662</b>	11,005
<b>Net current assets</b>		<b>59,497</b>	53,320

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

At 30 September 2020

	Notes	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
<b>Total assets less current liabilities</b>		<b>85,184</b>	83,098
<b>Non-current liabilities</b>			
Lease liabilities		16	41
Deferred tax liabilities	14	1,213	1,213
Other long-term liabilities	15	6,246	6,050
Convertible bonds	16	11,267	–
		<b>18,742</b>	7,304
<b>NET ASSETS</b>		<b>66,442</b>	75,794
<b>Capital and reserves</b>			
Share capital	17	10,000	10,000
Reserves	18	56,442	65,794
<b>TOTAL EQUITY</b>		<b>66,442</b>	75,794

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

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

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

For the six months ended 30 September 2020

	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		Statutory reserve HK\$'000 (Note 18(d))	Accumulated losses HK\$'000	
				bonds reserve HK\$'000 (Note 16)	Exchange reserve HK\$'000 (Note 18(c))			
<b>At 1 April 2020 (audited)</b>	10,000	31,510	37,529	-	40	1,199	(4,484)	75,794
Loss for the period	-	-	-	-	-	-	(11,461)	(11,461)
<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	-	-	-	-	62	-	-	62
Exchange difference on translation of foreign subsidiaries	-	-	-	-	1,171	-	-	1,171
<b>Total comprehensive loss for the period</b>	-	-	-	-	1,233	-	(11,461)	(10,228)
<b>Transaction with owners</b>								
<i>Contributions and distributions</i>								
Issue of convertible bonds (Note 16)	-	-	-	876	-	-	-	876
<b>Total transaction with owners</b>	-	-	-	876	-	-	-	876
<b>At 30 September 2020 (unaudited)</b>	10,000	31,510	37,529	876	1,273	1,199	(15,945)	66,442



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

		For the six months ended 30 September	
	Note	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Cash (used in) generated from operations	20	(15,065)	2,388
Income tax paid		–	(1,246)
Interest paid		(11)	(14)
Interest received		58	149
<b>Net cash (used in) from operating activities</b>		<b>(15,018)</b>	<b>1,277</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(591)	(3,423)
Purchase of intangible assets		–	(456)
<b>Net cash used in investing activities</b>		<b>(591)</b>	<b>(3,879)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of leases liabilities		(718)	(716)
Issue of convertible bonds, net of issue costs		11,543	–
<b>Net cash from (used in) financing activities</b>		<b>10,825</b>	<b>(716)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,784)</b>	<b>(3,318)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>36,915</b>	<b>52,818</b>
Effect on exchange rate changes		831	659
<b>Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash</b>		<b>32,962</b>	<b>50,159</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

## 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 2020

## 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 2020, 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 2020 (the “**2020 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 2020 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 following 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:

Amendments to HKASs 1 and 8

Definition of Material

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 2020

### 2. SEGMENT INFORMATION

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

#### 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Thailand	3,334	20,719	7,596	42,256

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

For the six months ended 30 September 2020

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

#### Geographical information *(Continued)*

*Specified non-current assets*

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Hong Kong	508	1,174
Thailand	22,993	26,026
	<b>23,501</b>	<b>27,200</b>

#### 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 2020 and 2019 is as follows:

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A and its affiliates	1,839	18,979
Customer B and its affiliates	1,420	9,396
Customer C and its affiliates	1,128	<Remark>
Customer D and its affiliates	876	-

<Remark>

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

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

For the six months ended 30 September 2020

### 3. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Merchant discount rate income ("MDR income")	2,691	15,758	6,160	31,927
Marketing and distribution service income	10	444	16	933
	<b>2,701</b>	<b>16,202</b>	<b>6,176</b>	<b>32,860</b>
<b>Revenue from other sources</b>				
Foreign exchange rate discount income	633	4,517	1,420	9,396
	<b>3,334</b>	<b>20,719</b>	<b>7,596</b>	<b>42,256</b>

### 4. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Bank interest income	15	92	58	149
Other interest income	266	–	359	–
HKSAR Government subsidies	351	–	432	–
	<b>632</b>	<b>92</b>	<b>849</b>	<b>149</b>

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

For the six months ended 30 September 2020

### 5. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging:

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Finance costs</b>				
Finance costs on lease liabilities	4	9	11	14
Interest expenses for financial liabilities at amortised cost	152	155	298	307
Effective interest expenses on convertible bonds	569	–	600	–
	<b>725</b>	<b>164</b>	<b>909</b>	<b>321</b>
<b>Staff costs, including key management's remuneration</b>				
Salaries, allowances and other short-term employee benefits	2,832	2,147	5,589	3,938
Contribution to defined contribution plans	42	59	85	112
	<b>2,874</b>	<b>2,206</b>	<b>5,674</b>	<b>4,050</b>
<b>Other items</b>				
Amortisation of intangible assets (included in "selling and distribution costs")	863	97	1,710	173
Depreciation of property, plant and equipment	1,157	1,150	2,274	2,208
Depreciation of right-of-use assets	361	552	720	721

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

For the six months ended 30 September 2020

### 6. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Current tax</b>				
Thailand Enterprise				
Income Tax	–	268	–	577
Withholding tax on dividends declared by a foreign subsidiary	–	202	–	202
<b>Income tax expenses for the period</b>	<b>–</b>	<b>470</b>	<b>–</b>	<b>779</b>

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

Hong Kong Profits Tax at the rate of 16.5% (2019: 16.5%) has not been provided for the periods as the Group's estimated assessable profits arising in or derived from Hong Kong are wholly absorbed by unrelieved tax losses brought forward from previous years.

Thailand Enterprise Income Tax at the rate of 20% has not been provided as the operation in Thailand incurred a loss for taxation purposes for the period (2019: Thailand Enterprise Income Tax had been provided at the rate of 20% on the estimated assessable profits of the operation arising from Thailand.)

Cambodia Corporate Income Tax at the rate of 20% (2019: 20%) has not been provided for both periods as the 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% (2019: 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% (2019: 14%) withholding tax.



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

For the six months ended 30 September 2020

### 7. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss) Profit for the period attributable to equity holders of the Company	(6,241)	(521)	(11,461)	71

	For the three months ended 30 September		For the six months ended 30 September	
	2020 Number of Shares	2019 Number of Shares	2020 Number of Shares	2019 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) earnings per share is the same as basic (loss) earnings per share as the effect of potential ordinary shares had anti-dilutive effects during the period (2019: there were no dilutive potential ordinary shares in existence).

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

For the six months ended 30 September 2020

### 8. DIVIDENDS

The directors did not recommend a payment of dividend for the six months ended 30 September 2020 (2019: Nil).

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group incurred expenditures on property, plant and equipment with total cost of approximately HK\$591,000 (2019: approximately HK\$3,423,000) and no property, plant and equipment has been disposed or impaired by the Group for both periods.

### 10. INTANGIBLE ASSETS

During the six months ended 30 September 2020, the Group did not incur any expenditures on intangible assets (2019: approximately HK\$15,642,000) and no intangible assets has been disposed or impaired by the Group for both periods.

### 11. TRADE AND OTHER RECEIVABLES

	Note	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
<b>Trade receivables</b>			
From third parties	11(a)	4,211	5,626
<b>Other receivables</b>			
Deposits		1,217	1,198
Prepayments		3,482	3,750
Other debtors	11(b)	21,409	10,793
		<b>26,108</b>	15,741
<b>Due from the ultimate holding company</b>	11(c)	<b>2,375</b>	2,375

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

For the six months ended 30 September 2020

### 11. TRADE AND OTHER RECEIVABLES *(Continued)*

#### (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 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Less than 1 month	4,211	5,626

#### (b) Other debtors

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

- (i) advance to an investee of approximately HK\$4,981,000 (31 March 2020: HK\$4,886,000) which is unsecured, interest-bearing at 8% per annum, repayable on 31 December 2022 and subject to a "repayable on demand" clause; and
- (ii) loans to independent third parties of approximately HK\$7,951,000 (31 March 2020: Nil) which are unsecured, interest bearing range from 8% to 10% per annum, repayable on 31 December 2020 or 2 March 2021 respectively and subject to a "repayable on demand" clause.

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.

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

For the six months ended 30 September 2020

### 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”).

### 13. TRADE AND OTHER PAYABLES

	Note	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
<b>Trade payables</b>			
To third parties	13(a)	5,648	8,128
<b>Other payables</b>			
Accrued charges and other payables		2,488	1,662

#### (a) Trade payables

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

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Less than 1 month	5,648	8,128

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

For the six months ended 30 September 2020

### 14. DEFERRED TAXATION

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
<b>Assets</b>		
Tax losses	(188)	(188)
<b>Liabilities</b>		
Withholding tax on undistributed earnings of a foreign subsidiary	1,213	1,213

Deferred tax assets are recognised in respect of the tax losses carried forward to the extent that it is probable that future taxable profit will be available to utilise such tax losses. During the six months ended 30 September 2020, no deferred tax assets were utilised based on the estimation of assessable profit arising in or derived from Hong Kong.

Deferred tax liabilities of approximately HK\$1,213,000 (31 March 2020: approximately HK\$1,213,000) has been recognised for the future withholding tax implications of the portion of undistributed earnings in Thailand that may be distributed in the foreseeable future. After considering the retained earnings available for distribution in the foreseeable future, no provision for additional deferred taxation has been provided for both periods.

### 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.

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

For the six months ended 30 September 2020

### 15. OTHER LONG TERM LIABILITIES *(Continued)*

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in the Group's unaudited condensed consolidated statement of financial position in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive 9.5% (per annum) cumulative dividend on the paid up value of the preference shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

At 30 September 2020, the Group had an outstanding amount due to a non-controlling shareholder of OCG Thailand amounted to Baht 25,500,000 (equivalent to approximately HK\$6,246,000) (31 March 2020: Baht 25,500,000 (equivalent to approximately HK\$6,050,000)) 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 2020: 9.5% per annum), with an accrued dividend payable of approximately Baht 1,211,000 (equivalent to approximately HK\$297,000) as included in "Trade and other payables" (31 March 2020: Nil).

### 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 (the "**Maturity 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 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.

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

For the six months ended 30 September 2020

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

The Convertible Bonds recognised at the end of the reporting period 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/>
	10,667
Effective interest expenses	600
	<hr/>
<b>Liability component at 30 September 2020</b>	<b>11,267</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>Equity component at the Bond Issue Date and at 30 September 2020</b>	<b>876</b>
	<hr/>

For details of the placing of the Convertible Bonds, please refer to the announcements dated 10 June 2020 and 26 June 2020 respectively.

### 17. SHARE CAPITAL

	Number of shares	Nominal Value HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 30 September 2020 and 31 March 2020	10,000,000,000	100,000
	<hr/>	<hr/>
Issued and fully paid:		
At 30 September 2020 and 31 March 2020	1,000,000,000	10,000
	<hr/>	<hr/>

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

For the six months ended 30 September 2020

## 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 law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

### (b) Capital reserves

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

In addition, listing expenses that 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 2020

### 19. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2020 and 2019, 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Key management personnel</b>				
Salaries and allowances	1,194	614	2,319	1,228
Contributions to defined contribution retirement schemes	14	8	28	16
	<b>1,208</b>	<b>622</b>	<b>2,347</b>	<b>1,244</b>
<b>Close family member of key management personnel</b>				
Salaries and allowances	102	75	177	100
Contributions to defined contribution retirement schemes	4	4	8	5
	<b>106</b>	<b>79</b>	<b>185</b>	<b>105</b>
	<b>1,314</b>	<b>701</b>	<b>2,532</b>	<b>1,349</b>

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

For the six months ended 30 September 2020

### 20. CASH (USED IN) GENERATED FROM OPERATIONS

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) Profit before taxation	(11,461)	850
Amortisation	1,710	173
Depreciation of property, plant and equipment	2,274	2,208
Depreciation of right-of-use assets	720	721
Foreign exchange differences	92	–
Bank interest income	(58)	(149)
Other interest income	(359)	–
Share of results of an associate	454	–
Finance costs	909	321
Changes in working capital		
Trade and other receivables	(8,239)	32,045
Restricted funds	1,386	(813)
Trade and other payables	(2,493)	(32,968)
Cash (used in) generated from operations	(15,065)	2,388

### 21. CAPITAL EXPENDITURE COMMITMENTS

As at 30 September 2020, the Group did not have any significant capital expenditure commitments (31 March 2020: Nil).

### 22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 6 November 2020.

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

During the Reporting Period, the Group continuously faced the risks of the uncertainties in Thailand's economic outlook, the impact of Sino-US trade war and the impact of the outbreak of the coronavirus 2019 ("**COVID-19**") pandemic, which would affect Chinese tourists' spending sentiments in Thailand. In particular, the outbreak of the COVID-19 pandemic, which led to the suspension of international flights to Thailand since April 2020, resulted in a material adverse effect to the income of the Group in the last few months. It is uncertain as to when the international flights to Thailand would be resumed, and hence the Company has been proactive in exploring other business opportunities, especially payment related business, that could sustain the Company's business development and growth for generating a better return to the shareholders of the Company.

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

In September 2020, the Company and China New Economy Fund Limited ("**CNE**") entered into a share swap agreement, pursuant to which subject to fulfillment of the conditions precedent, both parties thereto have agreed, among others, that (i) the Company shall subscribe for, and CNE shall allot and issue to the Company, 86,000,000 new shares of CNE for a total consideration of HK\$17,200,000 and (ii) CNE shall subscribe for, and the Company shall allot and issue to CNE, 200,000,000 new shares of the Company for a total consideration of HK\$17,200,000. For details, please refer to the announcement of the Company dated 8 September 2020.

CNE, a well-established investment company listed on the Stock Exchange (stock code: 80), has invested globally in both private and publicly listed enterprises and has an established network of identifying private equity projects. The Company is currently under discussion and negotiation with CNE on establishing a strategic partnership with CNE for investment in CNE's pipeline projects and future projects, which are targeted to be mainly in fintech and IT sectors in the PRC, this may bring synergy and business opportunities to supplement and expand the existing business of the Company. By leveraging on business network of CNE, the Company may also be able to access to exclusive business opportunities in certain early stage projects which may be payment related.

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 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 fluctuation 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\$7.6 million (2019: approximately HK\$42.3 million) derived from the merchant acquiring business, which included i) MDR income of approximately HK\$6.2 million (2019: approximately HK\$31.9 million); ii) foreign exchange rate discount income of approximately HK\$1.4 million (2019: approximately HK\$9.4 million); and iii) marketing and distribution service income of approximately HK\$16,000 (2019: approximately HK\$933,000). There was a decrease in MDR income and foreign exchange rate discount income by approximately HK\$25.7 million and HK\$8.0 million respectively when comparing with those in the Corresponding Period. The decrease in these two income streams was primarily due to the significant decrease in the transaction volume via UPI processed by the Group for the Reporting Period as compared with that of the Corresponding Period as a result of the outbreak of the COVID-19 pandemic. The marketing and distribution service income remained insignificant to the Group's revenue for the Reporting 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\$5.0 million (2019: approximately HK\$29.1 million). The decrease in cost of services rendered by approximately 82.8% was in line with the decrease in revenue.

### Gross profit and gross profit margin

Gross profit for the Reporting Period amounted to approximately HK\$2.6 million, representing a decrease of approximately HK\$10.6 million or approximately 80.3% as compared with approximately HK\$13.2 million for the Corresponding Period, which was in line with the decrease in revenue. The gross profit margin increased from 31.2% to 34.1% for the Reporting Period which was primarily driven by the increase in portion of MDR income.

## **General administrative expenses**

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$8.2 million (2019: approximately HK\$7.9 million). The slightly increase in general administrative expenses by approximately 3.8% was mainly due to the increment in salaries and benefits for directors and staff.

## **Selling and distribution costs**

The Group recorded selling and distribution costs of approximately HK\$5.3 million for the Reporting Period (2019: approximately HK\$4.2 million). The increase in selling and distribution costs by approximately 25.4% was mainly due to the increase in amortisation cost which was offset by 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\$454,000 (2019: Nil). The results of an associate was shared by the Group since an acquisition took place in February 2020.

## **Finance costs**

The finance costs amounted to approximately HK\$909,000 for the Reporting Period (2019: approximately HK\$321,000). The amount represented (i) the cumulative dividend accrued to a non-controlling shareholder in respect of the paid-up amount of the preference shares issued by OCG Thailand, (ii) the finance costs on lease liabilities, and (iii) the effective interest expenses on the Convertible Bonds. The increase was mainly arisen from the effective interest expenses of the Convertible Bonds issued in June 2020. Details of the Convertible Bonds are set out in Note 16 to the Interim Financial Statements.

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

The Group recorded a net loss attributable to owners of the Company of approximately HK\$11.5 million for the Reporting Period (2019: profit of approximately HK\$0.07 million). The recorded net loss was mainly attributable to the aforementioned decrease in revenue and gross profit as a result of the drop in the UnionPay transaction volume.

## Liquidity and financial resources

As at 30 September 2020, the Group had current assets of approximately HK\$68.2 million (31 March 2020: approximately HK\$64.3 million) including bank balances and cash of approximately HK\$33.0 million (31 March 2020: approximately HK\$36.9 million). Total assets and total liabilities were approximately HK\$93.8 million (31 March 2020: approximately HK\$94.1 million) and HK\$27.4 million (31 March 2020: approximately HK\$18.3 million) respectively as at 30 September 2020.

The gearing ratio, which is calculated by dividing other long-term liabilities and convertible bonds by total equity, was 26.4% as at 30 September 2020 (31 March 2020: 8.0%).

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 2020, total equity attributable to equity holders of the Company amounted to approximately HK\$66.4 million (31 March 2020: approximately HK\$75.8 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 will be no assurance that the Group will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

The 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 risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

## **Foreign exchange exposure**

The Group mainly operates in Thailand with transactions denominated in Baht. The Group exposes to foreign exchange risk as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As at 30 September 2020, the Group has outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$0.55 million (equivalent to approximately HK\$4.3 million) (31 March 2020: US\$0.6 million (equivalent to approximately HK\$4.7 million)). The Directors and senior management will continue to monitor the foreign risk 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 2020.

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

Save as disclosed in this report, during the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2019: 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 2020 (2019: Nil).

## **Contingent liabilities**

The Group did not have any material contingent liabilities as at 30 September 2020 (2019: Nil).

## **Employees information**

As at 30 September 2020, the Group had a total of 28 employees (31 March 2020: 30 employees) of whom 8 (31 March 2020: 8) were based in Hong Kong, 17 were based in Thailand (31 March 2020: 18) and 3 were based in China (31 March 2020: 4). For the Reporting Period, the total staff costs, including key management's remuneration, amounted to approximately HK\$5.7 million (2019: approximately HK\$4.1 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 26 June 2020.

## COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group’s business plan as set out in the prospectus of the Company dated 27 September 2018 (the “**Prospectus**”) with actual business progress for the six months ended 30 September 2020.

Business Objective	Planned progress for the six months ended 30 September 2020 as set out in the Prospectus	Actual business development for the six months ended 30 September 2020
Continuously improving the availability and enhancing functions of our stock of smart POS terminals	To purchase around 1,100 new smart POS terminals to distribute to new merchants in Cambodia and being backup stocks for merchants in Thailand; while updating and enhancing the add-on functions of the existing smart POS terminals and setting up interface for additional smart POS terminals.	The operation in Cambodia has not yet commenced its business. Due to the outbreak of the COVID-19 pandemic, the Group has slowed down the planned progress and will continue the evaluation on the necessity of purchasing new smart POS terminals.
Developing our acquiring host system	(i) To pay the annual enhancement fee of the QR Code payment system, (ii) To maintain the UPOP’s acquiring host system, and (iii) To recruit new staff.	For (i) and (ii), the Group has completed the plan. For (iii), due to the outbreak of the COVID-19 pandemic, the Group has not hired new staff.

Business Objective	Planned progress for the six months ended 30 September 2020 as set out in the Prospectus	Actual business development for the six months ended 30 September 2020
Strengthening and broadening our marketing initiatives	To publish the coupon booklet.	Due to the outbreak of the COVID-19 pandemic, the Group has not published coupon booklet in Thailand but has hired talents in China to perform marketing activities for the Group.
Recruiting new talents	To retain the legal and compliance services provided by a Thailand law firm; hire the business head for Ko Samui and Pattaya.	Due to the outbreak of the COVID-19 pandemic, the Group has retained the legal and compliance services but has hired the talents in Hong Kong instead of Thailand.
Extending our payment processing services to cover other payment network associations	To cover Visa Card and maintain a direct principal member of Mastercard to enhance our payment processing services.	The Group has covered Visa Card and Mastercard.
Expanding to Cambodia	To develop our operation in Cambodia and maintain our acquiring host system.	The business in Cambodia has not yet been commenced. Due to the outbreak of the COVID-19 pandemic, the Group has slowed down the planned progress and will continue to evaluate the progress.

## USE OF PROCEEDS

The shares of the Company were listed on GEM on 16 October 2018 (the “Listing”). The Directors intend to apply the net proceeds from the Listing in accordance with the proposed applications as set out in the Prospectus. 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 2020, the net proceeds from the Listing had been applied as follows:

	Intended use of net proceeds HK\$ million	Actual use of net proceeds from the Listing up to 30 September 2020 HK\$ million	Unutilised net proceeds up to 30 September 2020 HK\$ million
Continuously improving the availability and enhancing functions of the stock of smart POS terminals	12.8	3.0	9.8
Further developing the acquiring host system	8.1	7.6	0.5
Strengthening and broadening the marketing initiatives	1.2	1.1	0.1
Recruiting new talents	2.2	1.6	0.6
Extending the payment processing services to cover other payment network associations	15.1	8.0	7.1
Expanding to Cambodia	6.6	5.1	1.5
Working Capital	5.1	5.1	–
	51.1	31.5	19.6

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.

As at the date of this report, the unutilised proceeds from the Listing amounting to a total of approximately HK\$19.6 million were placed in interest-bearing deposits with authorised financial institutions or licensed banks.

For the unutilised net proceeds from the Listing up to 30 September 2020, the Company intends to use them in the same manner and proportions as described in the Prospectus. However, the actual use of proceeds was less than planned because the outbreak of the COVID-19 pandemic lead to the Company being more prudent in applying the proceeds. The Board estimated that the time for utilising the remaining net proceeds will extend one more year.

## USE OF NET PROCEEDS FROM THE PLACING OF THE CONVERTIBLE BONDS

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

	<b>Intended use of net proceeds HK\$'000</b>	<b>Actual use of net proceeds from the Completion Date and up to 30 September 2020 HK\$'000 (Note)</b>
Exploring investment opportunities in online and offline payment related business in Asia Pacific	9,000	3,000
Working capital	2,543	2,543
	<hr/> 11,543	<hr/> 5,543

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 shareholders. The Board estimated that the time for utilising the remaining unused net proceeds will be within one year from the date of this report. The Company will stay alert to the development and situation of the COVID-19 pandemic and make further announcement(s), if necessary, according to the GEM Listing Rules.

## **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 2020, none of the Directors nor chief executives of the Company have registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the section headed “Directors’ and Chief Executives’ Interests or Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associate Corporations”, at no time during the Reporting Period, the Directors and the chief executives 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 as disclosed under the section headed “Share Option Scheme”, 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 executives of the Company to hold any interests or short positions in the shares or underlying shares in, 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 2020, 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	146,500,000	14.65%
Mr. Yu Chun Fai ("Mr. Yu") (Note 3)	Interest in a controlled corporation	146,500,000	14.65%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 4)	Interests of spouse	146,500,000	14.65%
隋笑春	Beneficial owner	94,640,000	9.46%
Original Fortune Group Limited ("Original Fortune") (Note 5)	Beneficial owner	67,500,000	6.75%
Mr. Sung Hak Keung, Andy ("Mr. Sung") (Note 5)	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 in issue as at 30 September 2020.
- (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 the 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 146,500,000 shares of the Company. Accordingly, Mr. Yu is deemed to be interested in the 146,500,000 shares of the Company which Straum Investments is deemed to be interested in by virtue of the disclosure requirements of the SFO.
- (4) Ms. Choi is the wife of Mr. Yu and Mr. Yu is deemed to be interested in the 146,500,000 shares of the Company as stated in Note (3) above. Accordingly, Ms. Choi is deemed to be interested in the 146,500,000 shares of the Company which Mr. Yu is deemed to be interested in by virtue of the disclosure requirements of the SFO.
- (5) Mr. Sung holds the entire issued share capital of Original Fortune. Original Fortune, in turn, directly holds 67,500,000 shares 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.

Pursuant to the share swap agreement dated 8 September 2020, subject to fulfillment of the conditions precedent to completion as set out in the share swap agreement, CNE agreed to subscribe for, and the Company agreed to allot and issue to CNE, 200,000,000 shares of the Company, whereas the Company agreed to subscribe for, and CNE agreed to allot and issue to the Company, 86,000,000 shares of CNE, upon completion. Upon the completion and the allotment and issue of the shares of the Company, CNE will become a substantial shareholder for the purpose of the SFO holding approximately 16.67% of the enlarged issued capital of the Company (assuming that there will be no other change to the issued share capital of the Company between the date of entering the share swap agreement and the completion date). For details, please refer to the joint announcement issued by the Company and China Smartpay dated 8 September 2020.



Save as disclosed above, as at 30 September 2020, 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 as recorded in the register required to be kept under Section 336 of the SFO.

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

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

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **CORPORATE GOVERNANCE**

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

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lin Xiaofeng has been appointed as the chairman and chief executive officer of the Company since 30 July 2019. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and effectively respond to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code to be appropriate in such circumstance.

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

Save and except for their respective interest in the Company, none of the Directors and their respective associates (as defined under the GEM Listing Rules) had any interest in any business that directly or indirectly competed or might compete with the business of the Group during the Reporting Period.

## **DEED OF NON-COMPETITION**

China Smartpay and Charm Act, being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, have 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 of the Company 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.

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

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

## **INTERESTS OF COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Ample Capital Limited as its compliance adviser, which will provide advice and guidance to the Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and its compliance adviser dated on 24 September 2018, neither the compliance advisor 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.

## SHARE OPTION SCHEME

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

No share option has been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 September 2020.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code for the purpose of reviewing and supervising the Company’s financial reporting and internal control procedures. As at 30 September 2020, 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**  
**Lin Xiaofeng**  
*Chairman and Executive Director*

Hong Kong, 6 November 2020

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