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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)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus (the “**Prospectus**”) of Oriental Payment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 September 2018 in relation to the listing (the “**Listing**”) of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited by way of share offer; and (ii) the annual report (the “**2022 Annual Report**”) of the Company dated 30 June 2022 for the year ended 31 March 2022. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Annual Report.

USE OF PROCEEDS FROM THE LISTING

As disclosed in the 2022 Annual Report, the Company has received an aggregate amount of net proceeds (“**Net Proceeds**”) from the Listing of approximately HK\$51.1 million, after deducting underwriting commission and other listing expenses. As disclosed in the section headed “Business Objectives, Future Plans and Use of Proceeds” of the Prospectus, the Company intended to apply the Net Proceeds in the following manner:

- (a) approximately 25.0% of the Net Proceeds were intended to be applied for improving the availability and enhancing functions of the Group’s smart POS terminals;
- (b) approximately 15.9% of the Net Proceeds were intended to be applied for developing the Group’s acquiring host system;
- (c) approximately 2.3% of the Net Proceeds were intended to be applied for strengthening and broadening the Group’s marketing initiatives;

- (d) approximately 4.3% of the Net Proceeds were intended to be applied for recruiting new talents;
- (e) approximately 29.6% of the Net Proceeds were intended to be applied for extending the Group's payment processing services to cover other payment network associations;
- (f) approximately 12.9% of the Net Proceeds were intended to be applied for expanding to Cambodia; and
- (g) approximately 10.0% of the Net Proceeds were intended to be applied for working capital of the Group.

As further disclosed in the 2022 Annual Report, (i) a total of approximately HK\$17.8 million of the Net Proceeds were unutilised and were placed in interest-bearing deposits with authorised financial institutions or licensed banks as at the date of the 2022 Annual Report; and (ii) such unutilised Net Proceeds were intended to be utilised by the Company for the same intended purposes as described in the Prospectus, which were estimated to be utilised within one year from the date of the 2022 Annual Report. As at the date of this announcement, a total of approximately HK\$17.8 million of the Net Proceeds remained unutilised (“**Unutilised Net Proceeds**”).

CHANGE IN USE OF PROCEEDS

The Board hereby announces that taking into account the reasons set out in the section headed “Reasons for the Change in Use of Proceeds” of this announcement below, the Board has resolved to change the intended use of the Unutilised Net Proceeds in the following manner (“**Change in Use of Proceeds**”).

The table below sets out the utilisation of the Net Proceeds from the Listing up until the date of this announcement, the amount of the Unutilised Net Proceeds as at the date of this announcement, the revised allocation of the Unutilised Net Proceeds and the expected timeline for full utilisation of the Unutilised Net Proceeds:

Intended uses of Net Proceeds	Amount of Net Proceeds from the Listing (HK\$' million) (approximately)	Amount of Net Proceeds utilised as at the date of this announcement (HK\$' million) (approximately)	Amount of Unutilised Net Proceeds as at the date of this announcement (HK\$' million) (approximately)	Revised allocation of the Unutilised Net Proceeds (HK\$' million) (approximately)	Expected timeline for full utilisation of the Unutilised Net Proceeds (Note)
(a) Continuously improving the availability and enhancing functions of the Group's stock of smart POS terminals	12.8	3.0	9.8	4.8	On or before 30 June 2023
(b) Developing the Group's acquiring host system	8.1	7.6	0.5	0.5	On or before 30 June 2023
(c) Strengthening and broadening the Group's marketing initiatives	1.2	1.2	–	–	–
(d) Recruiting new talents	2.2	2.2	–	–	–
(e) Extending the Group's payment processing services to cover other payment network associations	15.1	8.0	7.1	2.1	On or before 30 June 2023
(f) Expanding to Cambodia	6.6	6.2	0.4	0.4	On or before 30 June 2023
(g) Working Capital	5.1	5.1	–	10.0	On or before 30 June 2023
Total:	<u>51.1</u>	<u>33.3</u>	<u>17.8</u>	<u>17.8</u>	

Note: The expected timeline for full utilisation of the Unutilised Net Proceeds as described above was based on the Board's estimation of the Group's business development strategies and needs, which may be changed subject to the prevailing market conditions.

REASONS FOR THE CHANGE IN USE OF PROCEEDS

As disclosed in the 2022 Annual Report, the outbreak of the coronavirus disease 2019 (and other related or mutated form) (“**COVID-19**”) pandemic has a material adverse effect to the business operation of the Group and overall economy in the global business environment. In particular, there was a substantial drop of the Chinese tourists’ spending in Thailand amidst the outbreak of the COVID-19 pandemic, which resulted in the decrease in revenue and gross profit of the Group for the financial year ended 31 March 2022. It was further disclosed in the 2022 Annual Report that 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 its 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.

During the six months ending 30 September 2022, notwithstanding that the international flights to Thailand has resumed gradually, the Chinese tourists’ spending in Thailand as reflected by the transaction volume via Union Pay processed by the Group for the corresponding period has not bounced back from the anti-COVID 19 quarantine measures initially imposed by the Thailand government throughout the past few years. Meanwhile, the Group requires more working capital to maintain the stability and sustainability of its existing business under the current adverse business environment and the slackening spending of Chinese tourists in Thailand.

Under such circumstances, the Board considers that it is currently not an optimal timing to expand its existing merchant acquiring business in Thailand. In order to optimise the use of the Unutilised Net Proceeds, instead of allocating a total of approximately HK\$9.8 million and HK\$7.1 million for continuously improving the availability and enhancing function of the Group’s stock of smart POS terminals and extending the Group’s payment processing services to cover other payment network associations in Thailand, respectively, the Board has resolved to reallocate the Unutilised Net Proceeds by applying approximately HK\$5.0 million out of each of the foregoing uses as initially intended towards the working capital of the Group, thereby allowing the Group to better cope with its current operation needs and safeguarding the financial position of the Group against any economic uncertainty in the future.

Accordingly, the Board is of the view that the Change in Use of Proceeds would enable the Group to deploy its financial resources in a more efficient and effective manner without imposing any material adverse impact on the existing business and operations of the Group, which is in the interest of the Company and the Shareholders as a whole.

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

Hong Kong, 29 September 2022

As at the date of this announcement, the Board comprises Dr. Ng Kit Chong, Mr. Lin Xiaofeng and Mr. Tsang Chi Kit as executive Directors, Mr. Xiong Wensen and Mr. Shiu Shu Ming as non-executive Directors and Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.ocg.com.hk.