

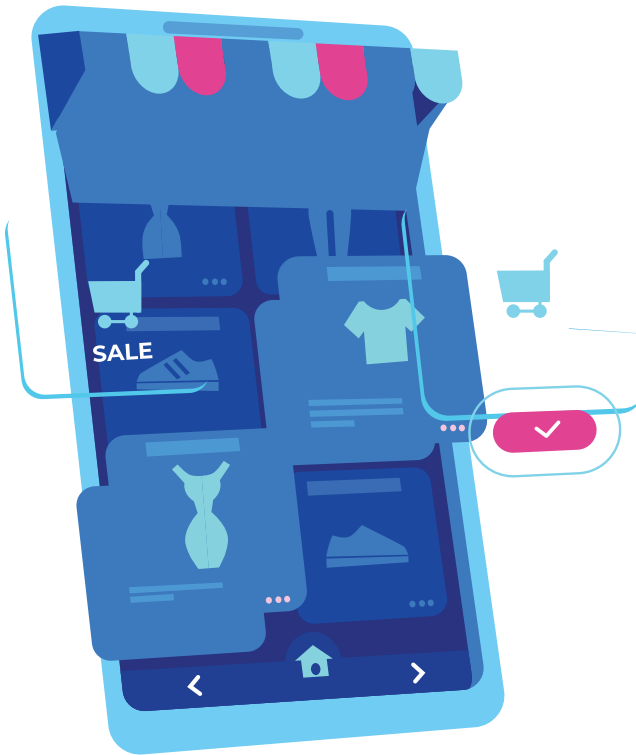


ORIENTAL PAYMENT GROUP

# 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)



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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 2022 (the “**Reporting Period**”), together with the comparative figures of the corresponding period in 2021 (the “**Corresponding Period**” or “**2021**”), as follows:

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

For the six months ended 30 September 2022

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>1,054</b>	697	<b>3,517</b>	2,125
Cost of services rendered		<b>(1,148)</b>	(397)	<b>(2,922)</b>	(1,316)
<b>Gross (loss) profit</b>		<b>(94)</b>	300	<b>595</b>	809
Other income	4	<b>413</b>	522	<b>777</b>	1,176
General administrative expenses		<b>(4,951)</b>	(6,737)	<b>(12,876)</b>	(11,561)
Selling and distribution costs		<b>(1,348)</b>	(1,846)	<b>(4,695)</b>	(4,162)
Loss on modification of convertible bonds		<b>(1,100)</b>	–	<b>(1,100)</b>	–
Finance costs	5	<b>(766)</b>	(1,590)	<b>(2,243)</b>	(2,985)
Share of results of an associate		<b>(355)</b>	(295)	<b>(355)</b>	(624)
<b>Loss before tax</b>	5	<b>(8,201)</b>	(9,646)	<b>(19,897)</b>	(17,347)
Income tax expenses	6	–	–	–	(73)
<b>Loss for the period</b>		<b>(8,201)</b>	(9,646)	<b>(19,897)</b>	(17,420)
<b>Attributable to:</b>					
Equity holders of the Company		<b>(8,201)</b>	(9,646)	<b>(19,897)</b>	(17,420)
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Loss per share attributable to equity holders of the Company</b>					
Basic	7	<b>(0.68)</b>	(0.96)	<b>(1.66)</b>	(1.74)
Diluted	7	<b>(0.68)</b>	(0.96)	<b>(1.66)</b>	(1.74)

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

For the six months ended 30 September 2022

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Loss for the period</b>	<b>(8,201)</b>	<b>(9,646)</b>	<b>(19,897)</b>	<b>(17,420)</b>
<b>Other comprehensive 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	-	(3)	-	-
Exchange difference on translation of foreign subsidiaries	(254)	(801)	(606)	(1,153)
Other comprehensive loss for the period, net of tax	(254)	(804)	(606)	(1,153)
<b>Total comprehensive loss for the period</b>	<b>(8,455)</b>	<b>(10,450)</b>	<b>(20,503)</b>	<b>(18,573)</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(8,455)	(10,450)	(20,503)	(18,573)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Notes	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
<b>Non-current assets</b>			
Interest in an associate		–	355
Financial asset at FVPL		300	300
Property, plant and equipment	9	3,919	4,981
Right-of-use assets		859	1,626
Intangible assets	10	3,296	4,153
Prepayment for software development expenditure		12,000	12,000
Deferred tax assets	15	530	530
		<b>20,904</b>	<b>23,945</b>
<b>Current assets</b>			
Trade receivables	11	471	519
Other receivables	11	19,277	23,611
Income tax recoverable		2,209	2,440
Restricted funds	12	59	75
Bank balances and cash		13,822	31,410
		<b>35,838</b>	<b>58,055</b>
<b>Current liabilities</b>			
Trade payables	13	1,482	1,852
Other payables	13	20,471	18,986
Bond payable	14	12,526	16,274
Lease liabilities		815	1,356
Liability component of convertible bonds	17	13,014	13,669
		<b>48,308</b>	<b>52,137</b>
<b>Net current (liabilities) assets</b>		<b>(12,470)</b>	<b>5,918</b>

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

At 30 September 2022

	Notes	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
<b>Total assets less current liabilities</b>		<b>8,434</b>	29,863
<b>Non-current liabilities</b>			
Lease liabilities		55	279
Deferred tax liabilities	15	40	40
Other long-term liabilities	16	5,298	6,000
		<b>5,393</b>	6,319
<b>NET ASSETS</b>		<b>3,041</b>	23,544
<b>Capital and reserves</b>			
Share capital	18	12,000	12,000
Reserves	19	(8,959)	11,544
<b>TOTAL EQUITY</b>		<b>3,041</b>	23,544

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000 (Note 18)	Share premium HK\$'000 (Note 19(a))	Capital reserve HK\$'000 (Note 19(b))	Convertible bonds reserve HK\$'000 (Note 17)	Exchange reserve HK\$'000 (Note 19(c))	Statutory reserve HK\$'000 (Note 19(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	-	-	-	-	-	-	(17,420)	(17,420)
<b>Other comprehensive loss</b> <i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(1,153)	-	-	(1,153)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(1,153)	-	(17,420)	(18,573)
<b>At 30 September 2021 (unaudited)</b>	10,000	31,510	37,529	876	320	1,199	(52,559)	28,875

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000 (Note 18)	Share premium HK\$'000 (Note 19(a))	Capital reserve HK\$'000 (Note 19(b))	Convertible bonds reserve HK\$'000 (Note 17)	Exchange reserve HK\$'000 (Note 19(c))	Statutory reserve HK\$'000 (Note 19(d))	Accumulated losses HK\$'000	
<b>At 1 April 2022 (audited)</b>	12,000	44,963	37,529	876	622	1,199	(73,645)	23,544
Loss for the period	-	-	-	-	-	-	(19,897)	(19,897)
<b>Other comprehensive loss</b> <i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(606)	-	-	(606)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(606)	-	(19,897)	(20,503)
<b>At 30 September 2022 (unaudited)</b>	12,000	44,963	37,529	876	16	1,199	(93,542)	3,041

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

		For the six months ended 30 September	
	Note	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Cash (used in) generated from operations	21	(10,964)	7,903
Interest paid		(358)	(706)
Interest received		509	1,106
<b>Net cash (used in) from operating activities</b>		<b>(10,813)</b>	<b>8,303</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(954)	(688)
Prepayment for software development expenditure		–	(12,000)
<b>Net cash used in investing activities</b>		<b>(954)</b>	<b>(12,688)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of leases liabilities		(744)	(563)
Repayment of bond		(4,500)	–
<b>Net cash used in financing activities</b>		<b>(5,244)</b>	<b>(563)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,011)</b>	<b>(4,948)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>31,410</b>	<b>29,237</b>
Effect on exchange rate changes		(577)	(941)
<b>Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash</b>		<b>13,822</b>	<b>23,348</b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 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 were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 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 (collectively referred to as the “**Group**”) is principally engaged in merchant acquiring business in Thailand. The Group has also engaged in payment processing services to merchants in Singapore through an associate.

The unaudited condensed consolidated financial statements (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.

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 2022, 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 2022 (the “**2022 Audited 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 2022 Audited 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.

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

For the six months ended 30 September 2022

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

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for both periods.

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

### Going Concern

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$12,470,000 at 30 September 2022. In addition, the Group incurred a loss of approximately HK\$19,897,000 for the period ended 30 September 2022. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the Interim Financial Statements, after taking into consideration of the followings:

- (i) the Group is actively negotiating and discussing with major creditors and convertible bondholders to consider future settlement/schedule plan and actively identifying any other possible financing options and debt restructuring exercises as and when appropriate;
- (ii) subsequent to the end of the reporting period, the Company entered into a placing agreement on 7 October 2022 with placing agents to place up to a maximum of 240,000,000 placing shares to not less than six placees at the placing price of HK\$0.1 per placing share. On 2 November 2022, 148,000,000 placing shares were successfully placed, the net proceeds from the said placing were estimated to be approximately HK\$14,380,000 after deducting the estimated expenses for the said placing; and
- (iii) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future.

The Directors are of the opinion that, in light of the measures taken to date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The Directors believe that the aforementioned measures will be effective, with the continuous efforts of the management of the Group. Accordingly, the Directors consider that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

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

For the six months ended 30 September 2022

### 2. SEGMENT INFORMATION

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

#### Geographical information

The Group's operation is mainly located in Thailand.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets and intangible assets ("**Specified Non-current Assets**"). The geographical location of revenue is based on the location of the merchants. The geographical location of Specified Non-current Assets is based on the physical location of the assets (in the case of intangible assets, the location of operations).

#### (a) Revenue from external customers

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Thailand	904	697	3,099	2,125
Unallocated <Note>	150	–	418	–
	<b>1,054</b>	697	<b>3,517</b>	2,125

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

For the six months ended 30 September 2022

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

#### Geographical information *(Continued)*

(b) *Specified non-current assets*

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Hong Kong	771	1,491
Thailand	7,267	9,241
Unallocated <Note>	36	28
	8,074	10,760

<Note>

Preparation of the Environmental, Social and Governance (“ESG”) Reports (“ESG Reporting Services”) and consultancy services on ESG (“ESG Consultancy Services”) are not considered as a reporting operating segment.

#### Information about major customers

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

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Customer A and its affiliates	<Note>	446
Customer B and its affiliates	633	395
Customer C and its affiliates	<Note>	274
Customer D and its affiliates	398	<Note>

<Note>

The customer contributed less than 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 2022

### 3. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Merchant discount rate income ("MDR income")	701	546	2,441	1,717
Marketing and distribution service income	15	5	25	13
ESG Consultancy Services income	150	–	300	–
ESG Reporting Services income	–	–	118	–
	<b>866</b>	<b>551</b>	<b>2,884</b>	<b>1,730</b>
<b>Revenue from other sources</b>				
Foreign exchange rate discount income	188	146	633	395
	<b>1,054</b>	<b>697</b>	<b>3,517</b>	<b>2,125</b>

### 4. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Bank interest income	8	3	14	13
HKSAR Government subsidies	166	–	302	–
Other interest income	178	461	365	1,105
Sundry income	61	58	96	58
	<b>413</b>	<b>522</b>	<b>777</b>	<b>1,176</b>

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

For the six months ended 30 September 2022

### 5. LOSS BEFORE TAX

This is stated after charging:

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Finance costs</b>				
Effective interest expenses				
on convertible bonds	64	672	816	1,307
Finance charges on lease liabilities	7	5	16	10
Interest expenses for financial liabilities at amortised cost	317	913	659	1,668
Interest expenses on bond payable	378	–	752	–
	<b>766</b>	<b>1,590</b>	<b>2,243</b>	<b>2,985</b>
<b>Staff costs, including key management's remuneration</b>				
Salaries, allowances and other short-term employee benefits	3,964	3,419	7,754	7,054
Contributions to defined contribution plans	71	61	134	127
	<b>4,035</b>	<b>3,480</b>	<b>7,888</b>	<b>7,181</b>
<b>Other items</b>				
Amortisation of intangible assets (included in "Selling and distribution costs")	391	451	792	906
Depreciation of property, plant and equipment	759	741	1,535	1,920
Depreciation of right-of-use assets	373	300	747	565

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

For the six months ended 30 September 2022

### 6. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Deferred tax</b>				
Reversal of over provision of deferred tax assets in prior year	–	–	–	73
<b>Income tax expenses for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>73</b>

#### (a) Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% (2021: 16.5%) has not been provided as the Group incurred a loss for taxation purpose for the periods.

#### (b) Income taxes outside Hong Kong

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

Thailand Enterprise Income Tax at the rate of 20% (2021: 20%) has not been provided as the Group's operation in Thailand incurred a loss for taxation purposes for the periods.

Cambodia Corporate Income Tax at the rate of 20% (2021: 20%) has not been provided as the Group's operation in Cambodia has not yet commenced its business for the periods.

Dividends payable by a foreign invested enterprise in Thailand to its foreign investors are subject to a 10% (2021: 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% (2021: 14%) withholding tax.

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

For the six months ended 30 September 2022

### 7. LOSS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the period attributable to equity holders of the Company	(8,201)	(9,646)	(19,897)	(17,420)

	For the three months ended 30 September		For the six months ended 30 September	
	2022 Number of Shares	2021 Number of Shares	2022 Number of Shares	2021 Number of Shares
Weighted average number of ordinary shares	1,200,000,000	1,000,000,000	1,200,000,000	1,000,000,000

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

### 8. DIVIDENDS

The Directors did not recommend a payment of dividend for the six months ended 30 September 2022 (2021: Nil).

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group incurred expenditures on property, plant and equipment with a total cost of approximately HK\$954,000 (2021: approximately HK\$688,000) and no property, plant and equipment has been disposed of or impaired by the Group for both periods.



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

For the six months ended 30 September 2022

### 10. INTANGIBLE ASSETS

During the six months ended 30 September 2022, the Group did not incur any expenditures on intangible assets (2021: Nil) and no intangible assets has been disposed of or impaired by the Group for both periods.

### 11. TRADE AND OTHER RECEIVABLES

	Note	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
<b>Trade receivables</b>			
Trade receivables from third parties	11(a)	471	519
<b>Other receivables</b>			
Deposits		3,779	4,173
Deposits for acquisition of assets <Note>		4,560	4,528
Prepayments		3,076	3,451
Other debtors	11(b)	7,862	11,459
		<b>19,277</b>	<b>23,611</b>

<Note>

The amount represented the deposits paid for acquisition of tangible and intangible assets.

#### (a) Trade receivables

The Group normally allows a credit period of 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 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Less than 1 month	471	519

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

For the six months ended 30 September 2022

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

#### (b) Other debtors

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

- (i) advance to an investee of HK\$4,700,000 (31 March 2022: HK\$4,700,000) which is unsecured, interest-bearing at 8% per annum, repayable on 31 December 2022 and subject to a “repayable on demand” clause;
- (ii) loans to independent third parties of a total of approximately HK\$2,385,000 (31 March 2022: approximately HK\$3,874,000) which are unsecured, interest-bearing at 12% per annum and repayable on 3 September 2022, where the Company and the independent third parties are negotiating the settlement as at the date of this report (31 March 2022: unsecured, interest-bearing at 12% per annum and repayable within one year);
- (iii) interest receivables of a total of approximately HK\$78,000 which are unsecured, interest-free and repayable on 3 September 2022, where the Company and the independent third parties are negotiating the settlement as at the date of this report, and approximately HK\$597,000 (31 March 2022: approximately HK\$805,000) which are unsecured, interest-free and repayable within one year; and
- (iv) the remaining items of other debtors are unsecured, interest-free and have no fixed repayment term.

At the date of authorisation for issue of the Interim Financial Statements, loan to a third party and corresponding interest receivables with a total of approximately HK\$140,000 at 30 September 2022 have been settled.

### 12. RESTRICTED FUNDS

The amounts represent bank balances in Thailand maintained solely for the purpose of settlement of outstanding trade payables for the merchant acquiring business pursuant to the agreements signed with a merchant acquiring business partner and the balances are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in Thai Baht (“**Baht**”).

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

For the six months ended 30 September 2022

### 13. TRADE AND OTHER PAYABLES

	Note	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
<b>Trade payables</b>			
Trade payables to third parties	13(a)	1,482	1,852
<b>Other payables</b>			
Accruals and other payables	13(b)	20,471	18,986

#### (a) Trade payables

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

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Less than 1 month	488	637
1 month to 3 months	–	–
Over 3 months	994	1,215
	1,482	1,852

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

For the six months ended 30 September 2022

### 13. TRADE AND OTHER PAYABLES *(Continued)*

#### (b) Accruals and other payables

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

- (i) other payable to a third party guaranteed by a former director of the Company of approximately HK\$4,000,000 which bears interest at 12% per annum and repayable on 5 September 2022, where the Company and the lender are negotiating the settlement as at the date of this report (31 March 2022: approximately HK\$6,000,000 which bears interest at 12% per annum and repayable on 1 April 2022);
- (ii) other borrowings from a third party of approximately HK\$2,325,000 which is unsecured, interest bearing at 12% per annum and repayable on 31 July 2022, where the Company and the lender are negotiating the settlement as at the date of this report (31 March 2022: approximately HK\$2,325,000 which is unsecured, interest bearing at 12% per annum and repayable on demand);
- (iii) interest payables of approximately HK\$155,000 which is unsecured, interest-free and repayable on 31 July 2022 and approximately HK\$33,000 which is guaranteed by a former director of the Company, interest-free and repayable on 5 September 2022, respectively (31 March 2022: approximately HK\$2,254,000 which are unsecured, interest-free and repayable within one year); and
- (iv) the remaining items of accruals and other payables are unsecured, interest-free and have no fixed repayment term.

At the date of authorisation for issue of the Interim Financial Statements, other payable to a third party and corresponding interest payables with a total of approximately HK\$2,533,000 at 30 September 2022 have been settled.

### 14. BOND PAYABLE

The amounts represent the bond issued to a third party with a coupon rate of 10% per annum in the principal amount of HK\$10,500,000 and accrued bond interest of approximately HK\$2,026,000 (31 March 2022: HK\$15,000,000 and accrued bond interest of approximately HK\$1,274,000) which is repayable on 31 July 2022. As at the date of this report, the Company and the bondholder are negotiating the settlement.

### 15. DEFERRED TAXATION

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
<b>Assets</b>		
Tax losses	(530)	(530)
<b>Liabilities</b>		
Withholding tax on undistributed earnings of a foreign subsidiary	40	40

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

For the six months ended 30 September 2022

### 15. DEFERRED TAXATION *(Continued)*

Deferred tax assets are recognised in respect of the tax losses carried forward to the extent that it is probable that future taxable profit will be available to utilise such tax losses. At 30 September 2022, deferred tax assets of approximately HK\$530,000 (31 March 2022: approximately HK\$530,000) were recognised.

At 30 September 2022, deferred tax liabilities of approximately HK\$40,000 (31 March 2022: approximately HK\$40,000) were 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.

### 16. 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 holder of such preference shares, who is a Thai citizen, has the following rights:

- one vote for every ten shares held on any resolution of OCG Thailand;
- the right to receive cumulative dividend declared by OCG Thailand at the rate of 9.5% per annum on paid up value of the shares issued, prior to the ordinary shares; and
- the right to receive the distribution of the share capital, in the case of the winding up of OCG Thailand, prior to the ordinary shares, but limited to the paid up amount of the preference shares.

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

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

For the six months ended 30 September 2022

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

As at 30 September 2022, the Group had an outstanding amount due to a non-controlling shareholder of OCG Thailand amounted to Baht 25,500,000 (equivalent to approximately HK\$5,298,000) (31 March 2022: Baht 25,500,000 (equivalent to approximately HK\$6,000,000)) 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 2022: 9.5% per annum), with accrued dividend payable of approximately Baht 6,060,000 (equivalent to approximately HK\$1,259,000) as included in "Trade and other payables" (31 March 2022: approximately Baht 4,845,000 (equivalent to approximately HK\$1,140,000)).

### 17. 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 shall be initially 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 (which is 24 June 2022). Details of the placing of the Convertible Bonds are set out in the joint announcements of the Company and China Smartpay Group Holdings Limited ("**China Smartpay**"), the former ultimate holding company, dated 10 June 2020 and 26 June 2020 respectively.

On 24 June 2022, the Company executed the addendum (the "**Addendum**") to amend and/or alter the terms and conditions of the Convertible Bonds with view to giving effect to the extension of the maturity date of the Convertible Bonds for a period of six months to 23 December 2022 (the "**Extended Maturity Date**") and all other terms and conditions of the Convertible Bonds remain unchanged. During the period, the Addendum has taken effect, with the maturity date of the Convertible Bonds being extended to the Extended Maturity Date. Details of the Addendum are set out in the announcements of the Company respectively dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022.

The loss recognised as a result of a non-substantial modification is equal to the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate. The Company recognised a loss of approximately HK\$1,100,000 at the date of modification.

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

For the six months ended 30 September 2022

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

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 Extended 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 Extended Maturity Date chargeable on the principal amount of the Convertible Bonds, which will be payable by the Company on the Extended 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.

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

	HK\$'000
<b>Liability component</b>	
At 31 March 2021 (audited)	11,859
Effective interest expenses	2,637
Interest accrued	(827)
	<hr/>
At 31 March 2022 (audited)	13,669
	<hr/>
Effective interest expenses (Note 5)	816
Loss on modification of convertible bonds	1,100
Interest accrued	(2,571)
	<hr/>
<b>At 30 September 2022 (unaudited)</b>	<b>13,014</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 31 March 2021 (audited), at 31 March 2022 (audited) and at 30 September 2022 (unaudited)</b>	<b>876</b>
	<hr/>

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

For the six months ended 30 September 2022

### 18. SHARE CAPITAL

	Number of shares	Nominal Value HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 30 September 2022 and 31 March 2022	<b>10,000,000,000</b>	100,000
<b>Issued and fully paid:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 30 September 2022 and 31 March 2022	<b>1,200,000,000</b>	12,000

### 19. 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 six months ended 30 September 2022

### 19. RESERVES *(Continued)*

#### (b) Capital reserve

The capital reserve represents:

- (i) 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); and
- (ii) listing expenses and other listing expenses borne by China Smartpay as a capital contribution from China Smartpay, which 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 2022

### 20. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2022 and 2021, 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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Key management personnel</b>				
Salaries and allowances	1,920	1,411	3,763	2,824
Contributions to defined contribution retirement schemes	18	18	36	37
	<b>1,938</b>	<b>1,429</b>	<b>3,799</b>	<b>2,861</b>
<b>Close family member of key management personnel</b>				
Salaries and allowances	91	75	166	150
Contributions to defined contribution retirement schemes	4	4	8	8
	<b>95</b>	<b>79</b>	<b>174</b>	<b>158</b>
	<b>2,033</b>	<b>1,508</b>	<b>3,973</b>	<b>3,019</b>

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

For the six months ended 30 September 2022

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

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss before tax	(19,897)	(17,347)
Amortisation	792	906
Depreciation of property, plant and equipment	1,535	1,920
Depreciation of right-of-use assets	747	565
Foreign exchange differences	140	152
Loss on modification of convertible bonds	1,100	–
Bank interest income	(14)	(13)
Other interest income	(365)	(1,105)
Share of results of an associate	355	624
Finance costs	2,243	2,985
Changes in working capital		
Trade and other receivables	3,733	2,505
Restricted funds	7	37
Trade and other payables	(1,340)	16,674
Cash (used in) generated from operations	(10,964)	7,903

### 22. CAPITAL EXPENDITURE COMMITMENTS

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Contracted but not provided for, net of deposits paid – acquisition of tangible and intangible assets	209	338

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

For the six months ended 30 September 2022

### 23. EVENTS AFTER THE REPORTING PERIOD

- (i) On 7 October 2022, the Company entered into a placing agreement with placing agents, pursuant to which the Company agreed to place through the placing agents up to a maximum of 240,000,000 placing shares to not less than six placees at the placing price of HK\$0.1 per placing share on a best effort basis (the “**Placing**”). On 21 October 2022, the Company entered into a side letter with the aforesaid placing agents to extend the long stop date of the Placing from 21 October 2022 to 28 October 2022. On 2 November 2022, the Placing was completed and 148,000,000 placing shares were allotted and issued to not less than six placees. The net proceeds from the Placing were approximately HK\$14,380,000. Details of the Placing and its completion are set out in the announcements of the Company dated 7 October 2022, 21 October 2022 and 2 November 2022, respectively.
- (ii) On 18 October 2022, the Company executed the second addendum (the “**Second Addendum**”) to amend and/or alter the terms and conditions of the Convertible Bonds with view to giving effect to (i) the further extension of the maturity date of the Convertible Bonds for a period of twelve months to 23 December 2023; (ii) the deletion of the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds in any event if the bondholder has not exercised any of its conversion rights to convert the whole or any part of the principal amount of the Convertible Bonds during the conversion period; (iii) the adjustment of the conversion price of the Convertible Bonds to HK\$0.1 per conversion share and (iv) the extension of the scope of the conversion rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into conversion shares during the conversion period, and all other terms and conditions of the Convertible Bonds remain unchanged. Further details of the Second Addendum are set out in the announcements of the Company dated 18 October 2022 and 21 October 2022, respectively.

### 24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 9 November 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.

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 for 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 impact of the coronavirus disease 2019 (and other related or mutated form) (the "**COVID-19**") pandemic, which significantly affected Chinese tourists' spending in Thailand and thus resulted in a material adverse effect to the income of the Group. However, with the lifting of the COVID-19 quarantine measures and restrictions imposed by the Thai government and the reopening of Thailand's borders to international tourists, the Group believed that the Chinese tourists' spending in Thailand is steadily recovering.

In order to diversify the business risk faced by the Group, the Directors have been continuously looking for and identifying business opportunities with an objective to strengthen the Group's position in the electronic payment industry and to further expand its market presence. To achieve this objective, the Directors have formulated strategies to (i) expand and diversify business offerings; (ii) pursue market opportunities through sourcing point of sale ("**POS**") payment terminals and peripheral devices and provision of system support services; and (iii) expand information technology workforce.

The Directors believe that electronic payment in Asian developing countries is ready for wider application which the Group perceives various market opportunities arising from such variety of applications. The Board expects that the diversification of business offerings could further enhance the Group's financial performance and would bring better return to the shareholders in the long run, with better utilisation of its financial resources.

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

## FINANCIAL REVIEW

### Revenue

For the Reporting Period, the Group recorded a total revenue of approximately HK\$3,517,000 (2021: approximately HK\$2,125,000) derived from the merchant acquiring business and the ESG consultancy and reporting business, which included (i) the MDR income of approximately HK\$2,441,000 (2021: approximately HK\$1,717,000); (ii) the foreign exchange rate discount income of approximately HK\$633,000 (2021: approximately HK\$395,000); (iii) the ESG Consultancy Services income of approximately HK\$300,000 (2021: Nil); (iv) the ESG Reporting Services income of approximately HK\$118,000 (2021: Nil); and (v) the marketing and distribution service income of approximately HK\$25,000 (2021: approximately HK\$13,000). There were increases in the MDR income and foreign exchange rate discount income by approximately HK\$724,000 and HK\$238,000, respectively when comparing with those in the Corresponding Period. The increases in these two income streams were primarily due to the facts that the Chinese tourists' spending in Thailand is steadily recovering, and hence an increase in the transaction volume via UnionPay processed by the Group for the Reporting Period was recorded as compared with that of the Corresponding Period. The ESG consultancy and reporting services income and the marketing and distribution service income are considered as not significant 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 as well as staff costs for the ESG consultancy and reporting businesses. The total cost of services rendered for the Reporting Period amounted to approximately HK\$2,922,000 (2021: approximately HK\$1,316,000). The increase in cost of services rendered of approximately 122.0% was mainly resulted from the increase in the transaction volume via UnionPay processed by the Group for the Reporting Period as compared with that of the Corresponding Period and no staff costs were incurred for the ESG consultancy and reporting businesses for the Corresponding Period.

## **Gross profit and gross profit margin**

The gross profit for the Reporting Period amounted to approximately HK\$595,000, representing a decrease of approximately HK\$214,000 or approximately 26.5% as compared with that of approximately HK\$809,000 for the Corresponding Period. The gross profit margin decreased from approximately 38.1% for the Corresponding Period to approximately 16.9% for the Reporting Period which was mainly due to gross loss on the ESG consultancy and reporting businesses.

## **General administrative expenses**

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$12,876,000 (2021: approximately HK\$11,561,000). The increase in general administrative expenses was mainly due to the increment in the research and development expenses.

## **Selling and distribution costs**

The Group recorded selling and distribution costs of approximately HK\$4,695,000 for the Reporting Period (2021: approximately HK\$4,162,000). The increase in selling and distribution costs was mainly due to the increment in the business development expenses.

## **Finance costs**

The finance costs amounted to approximately HK\$2,243,000 for the Reporting Period (2021: approximately HK\$2,985,000). The amount represented (i) the effective interest expenses on the convertible bonds, (ii) the finance costs on lease liabilities, (iii) the finance costs on financial liabilities at amortised cost, and (iv) the finance costs of bond issued. Details of the finance costs are set out in Note 5 to the condensed consolidated financial statements.

## **Loss for the period**

The Group recorded a net loss attributable to owners of the Company of approximately HK\$19,897,000 for the Reporting Period (2021: approximately HK\$17,420,000). The increase in net loss was mainly attributable to the increment in the research and development expenses and business development expenses for the Reporting Period.

## Liquidity and financial resources

As at 30 September 2022, the Group had current assets of approximately HK\$35.8 million (31 March 2022: approximately HK\$58.1 million) including bank balances and cash of approximately HK\$13.8 million (31 March 2022: approximately HK\$31.4 million). Total assets and total liabilities were approximately HK\$56.7 million (31 March 2022: approximately HK\$82.0 million) and HK\$53.7 million (31 March 2022: approximately HK\$58.5 million), respectively as at 30 September 2022.

The gearing ratio, which was calculated by dividing other long-term liabilities and convertible bonds by total equity, was approximately 602.2% as at 30 September 2022 (31 March 2022: approximately 83.5%). The increase in the gearing ratio was due to the Group continuously faced the impact of the COVID-19 pandemic. The Group's operations are financed principally by revenue generated from its business operation, public fund raising and other borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash to ensure that the Group is well positioned to achieve its business objectives and strategies.

## Capital Structure

As at 30 September 2022, total equity attributable to equity holders of the Company amounted to approximately HK\$3.0 million (31 March 2022: approximately HK\$23.5 million). The decrease in total equity attributable to equity holders of the Company was due to the Group continuously faced the impact of the COVID-19 pandemic.

## Dividend policy

The Group currently does not have a pre-determined dividend payout ratio. Dividends may be paid out by cash or other means that the Group considers appropriate. The declaration and payment of any interim dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to the shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including the operation performance, financial condition, the payment by the subsidiaries of cash dividends to the Group, and other factors the Board may deem relevant. There is no assurance that the Group will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

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



## **Treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the Reporting Period. To manage liquidity risks, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

## **Foreign exchange exposure**

The Group mainly operates in Thailand with transactions denominated in Baht. The Group exposes to foreign exchange risks as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign exchange risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Board, the Group will enter into foreign currency forward contracts should the needs arise. As at 30 September 2022, the Group has no outstanding foreign currency forward contracts for the exchange of US\$ with Baht (31 March 2022: the Group had no outstanding foreign currency forward contracts for the exchange of US\$ with Baht). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. The Group did not have other derivatives for hedging against the foreign exchange rate risk as at 30 September 2022.

## **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 (2021: 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 2022 (2021: Nil).

## **Contingent liabilities**

As at 30 September 2022, the Group did not have any material contingent liabilities (2021: Nil).

## **Employee and Remuneration Policies**

As at 30 September 2022, the Group had a total of 32 employees (31 March 2022: 32 employees) among whom 15 (31 March 2022: 15) were based in Hong Kong, 15 were based in Thailand (31 March 2022: 15) and 2 were based in the PRC (31 March 2022: 2). For the Reporting Period, the total staff costs, including key management's remuneration, amounted to approximately HK\$7.9 million (2021: approximately HK\$7.2 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 30 June 2022.

## USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on GEM of the Stock Exchange on 16 October 2018 (the “**Listing**”). The Directors intended to apply the net proceeds from the Listing in accordance with the proposed applications as set out in the prospectus of the Company dated 27 September 2018 (the “**Prospectus**”), the supplemental announcement (the “**Supplemental Announcement**”) of the Company dated 29 September 2021 in relation to the annual results announcement and the annual report of the Company for the year ended 31 March 2020 and the announcement (the “**Change in Use of Proceeds Announcement**”) of the Company dated 29 September 2022 in relation to change in use of proceeds. 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 2022, the net proceeds from the Listing had been applied as follows:

	Amount unutilised as at 31 March 2022 HK\$ million <i>(Approximately)</i>	Revised allocation of the unutilised net proceeds HK\$ million <i>(Approximately)</i>	Amount utilised during the six months ended 30 September 2022 HK\$ million <i>(Approximately)</i>	Unutilised net proceeds up to 30 September 2022 HK\$ million <i>(Approximately)</i>	
Continuously improving the availability and enhancing functions of the Group's stock of smart POS terminals	12.8	9.8	4.8	–	4.8
Developing the Group's acquiring host system	8.1	0.5	0.5	0.5	–
Strengthening and broadening the Group's marketing initiatives	1.2	–	–	–	–
Recruiting new talents	2.2	–	–	–	–
Extending the Group's payment processing services to cover other payment network associations	15.1	7.1	2.1	0.5	1.6
Expanding to Cambodia	6.6	0.4	0.4	0.4	–
Working Capital	5.1	–	10.0	10.0	–
	51.1	17.8	17.8	11.4	6.4

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

During the Reporting Period, notwithstanding that the international flights to Thailand had resumed gradually, the Chinese tourists' spending in Thailand as reflected by the transaction volume via UnionPay processed by the Group for the Reporting Period had 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 considered that it was 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 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 operation needs and safeguarding the financial position of the Group against any economic uncertainty in the future. Details of the change in use of proceeds from the Listing are set out in the Change in Use of Proceeds Announcement.

As at the date of this report, the unutilised net proceeds from the Listing amounting to a total of approximately HK\$6.4 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 2022, the Company intends to use them for the same intended purposes as previously disclosed in the Prospectus, the Supplemental Announcement and the Change in Use of Proceeds Announcement, respectively. The Board estimated that the time for utilising the remaining unutilised net proceeds from the Listing will be by 30 June 2023.

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

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

The net proceeds from the placing of the Convertible Bonds under general mandate (the “**CB Placing**”) at the time of its completion on 26 June 2020 (the “**Completion Date**”) were approximately HK\$11,543,000. As at 30 September 2022, the net proceeds from the CB Placing had been applied as follows:

Intended use of net proceeds	Amount unutilised as at 31 March 2022	Amount during the six months ended 30 September 2022	Unutilised net proceeds up to 30 September 2022	
			HK\$'000	HK\$'000
Exploring investment opportunities in online and offline payment related business in Asia Pacific	9,000	6,000	-	6,000
Working capital	2,543	-	-	-
	11,543	6,000	-	6,000

(Approximately) (Approximately) (Approximately) (Approximately)  
(Note)

Note:

The continuous outbreak of the COVID-19 pandemic has a significant impact on the tourism industry in Asia Pacific, the Company has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. For the unutilised net proceeds from the CB Placing up to 30 September 2022, the Company intends to use them for the same intended purposes as previously planned. The Board estimated that the time for utilising the remaining unutilised net proceeds from the CB Placing will be by 30 June 2023. 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.

## USE OF PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 31 January 2022 and 22 February 2022, respectively in relation to the allotment and issue of 200,000,000 new shares of the Company to Mr. Tsang Chi Kit (“**Mr. Tsang**”) who subsequently became the executive Director and the managing director of the Company (the “**Subscription**”).

The net proceeds from the Subscription were approximately HK\$15,453,000. As at 30 September 2022, the net proceeds from the Subscription had been applied as follows:

			Amount utilised during the six months ended 30 September 2022	Unutilised net proceeds up to 30 September 2022
Intended use of net proceeds	Amount unutilised as at 31 March 2022	Amount unutilised as at 31 March 2022	Amount unutilised as at 30 September 2022	Amount unutilised as at 30 September 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
Any investment as identified by the Group				
from time to time	4,636	335	145	190
Working capital	10,817	6,905	6,374	531
	15,453	7,240	6,519	721

(Note)

Note:

For the unutilised net proceeds from the Subscription up to 30 September 2022, the Company intends to use them for the same intended purposes as previously planned.

The continuous outbreak for the COVID-19 pandemic has lead the Company to stay prudent in applying the net proceeds, the Company has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. The Board estimated that the time for utilising the remaining unutilised net proceeds from the Subscription will be by 31 December 2022.

## ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises when advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 30 September 2022, the Company's unaudited total assets amounted to approximately HK\$56,742,000. Pursuant to Rule 17.22 of the GEM Listing Rules, details of the advance which remained outstanding as at 30 September 2022 are set out below.

On 2 August 2019, the Company as lender entered into the loan agreement (the "**Loan Agreement**") with O2O Solutions Limited ("**O2O**") as borrower, pursuant to which the Company agreed to provide a revolving loan facility in an aggregate principal amount of up to HK\$4,700,000 to O2O. As at the date of this report, the outstanding principal amount of the loan (the "**Loan**") under the Loan Agreement amounted to HK\$4,700,000.

Principal terms of the Loan Agreement are summarised below:

<b>Date:</b>	2 August 2019
<b>Parties:</b>	(1) the Company; and (2) O2O
<b>Aggregate principal amount:</b>	Up to HK\$4,700,000
<b>Interest:</b>	Interest shall be chargeable semi-annually at the rate of 8% per annum.
<b>Term:</b>	3.4 years from the date on which relevant Loan proceeds were transferred to the designated account of O2O to 31 December 2022
<b>Drawdown:</b>	One-off or multiple drawdown(s)

**Prepayment:** O2O may borrow and repay the Loan at any time during its term (where any principal amount of the Loan can be withdrawn again upon restoration of the credit limit after repayment), provided that the outstanding balance of the Loan at any time during its term shall not exceed HK\$4,700,000.

Upon service of not less than 3 business days' prior written notice to O2O, the Company shall be entitled to request O2O for early repayment of all or any outstanding amount of principal and interest of the Loan prior to the expiry of the term of the Loan.

**Repayment:** O2O shall repay all the outstanding principal amount of the Loan, together with its interest accrued thereon, to the Company on the next day following the expiry of the term of the Loan.

**Default Interest:** In the event that any outstanding amount of the Loan (together with its interest accrued thereon) is overdue, O2O shall pay to the Company a default interest at the rate of 24% per annum during such overdue period.

**Security:** The Loan is unsecured.

**Purpose:** The proceeds of the Loan shall be used by O2O mainly for exploring electronic payment business in Cambodia.

The Loan was financed by the net proceeds from the Listing.

O2O is a company incorporated in Hong Kong with limited liability and is principally engaged in electronic payment business. As at the date of this report, O2O was owned by two independent individual third parties as to a total of approximately 94.97% and the Company as to approximately 5.03%.

Details of the Loan Agreement and the Loan are set out in the supplemental announcement of the Company dated 13 October 2022.



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

As at 30 September 2022, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and/or 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 to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity/ Nature of interest	Number of shares (Note 1)	Appropriate percentage of interest in the Company (Note 2)
Mr. Tsang	Interest in a controlled corporation (Note 3)	200,000,000 (L)	16.67%
Mr. Shiu Shu Ming (“Mr. Shiu”)	Interest in a controlled corporation (Note 4)	41,000,000 (L)	3.42%

Notes:

- (1) “L” denotes long position and “S” denotes short position.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 30 September 2022.
- (3) Mr. Tsang held the entire issued share capital of Gold Track Ventures Limited (“Gold Track”). Gold Track, in turn, directly held 200,000,000 shares of the Company. Accordingly, Mr. Tsang was deemed to be interested in such number of shares of the Company in which Gold Track was interested for the purpose of the SFO.

- (4) Mr. Shiu held the entire issued share capital of Best Practice Limited ("**Best Practice**"). Pursuant to the disclosure of interest notice filed by Best Practice on 16 March 2022, 41,000,000 shares of the Company have been pledged to Best Practice pursuant to a loan agreement dated 14 March 2022 entered into between an independent third party as chargor and Best Practice as lender. Accordingly, Mr. Shiu was deemed to be interested in such number of shares of the Company in which Best Practice was interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company and/or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, 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**

Save as disclosed above, 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 shareholders' written resolutions passed on 18 September 2018, at no time during the Reporting Period was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares, underlying shares, or debentures of the Company and/or its associated corporations (within the meaning of the SFO).

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

As at 30 September 2022, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests and/or short positions in the shares or 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:

Name	Capacity/Nature of interest	Number of shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Rainbow Capital Limited ("Rainbow Capital") (Note 3)	Interest in a controlled corporation	156,880,000 (L)	13.07%
Metagate Investment SPC ("Metagate Investment") (Note 3)	Beneficial owner	156,880,000 (L)	13.07%
Straum Investments Limited ("Straum Investments") (Note 4)	Beneficial owner	138,000,000 (L)	11.50%
Mr. Yu Chun Fai ("Mr. Yu") (Note 4)	Interest in a controlled corporation	138,000,000 (L)	11.50%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 5)	Interests of spouse	138,000,000 (L)	11.50%
Rainbow Elite International Limited ("Rainbow Elite") (Note 6)	Beneficial owner	91,000,000 (L)	7.58%
Mr. Lam Hak Ha, Jasper ("Mr. Lam") (Note 6)	Interest in a controlled corporation	91,000,000 (L)	7.58%
Original Fortune Group Limited ("Original Fortune") (Note 7)	Beneficial owner	67,500,000 (L)	5.62%
Mr. Sung Hak Keung, Andy ("Mr. Sung") (Note 7)	Interest in a controlled corporation	67,500,000 (L)	5.62%
Ms. Sui Xiaochun ("Ms. Sui") (Note 8)	Beneficial owner	66,860,000 (L)	5.57%

Notes:

- (1) "L" denotes long position and "S" denotes short position.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 30 September 2022.
- (3) Pursuant to the disclosure of interest notices filed by Metagate Investment and Rainbow Capital on 17 May 2022 and 7 November 2022, these 156,880,000 shares of the Company were directly held by Metagate Investment, which was in turn wholly-owned by Rainbow Capital. Accordingly, Rainbow Capital was deemed to be interested in such number of shares of the Company in which Metagate Investment was interested for the purpose of the SFO.
- (4) Mr. Yu held the entire issued share capital of Straum Investments. Straum Investments, in turn, directly held 138,000,000 shares of the Company. Accordingly, Mr. Yu is deemed to be interested in such number of shares of the Company in which Straum Investments is interested for the purpose of the SFO.
- (5) Ms. Choi is the wife of Mr. Yu and Mr. Yu was deemed to be interested in the 138,000,000 shares of the Company as stated in Note (4) above. Accordingly, Ms. Choi was deemed to be interested in such number of shares of the Company in which Mr. Yu was deemed to be interested for the purpose of the SFO.
- (6) Mr. Lam held the entire issued share capital of Rainbow Elite. Rainbow Elite, in turn, directly held 91,000,000 shares of the Company. Accordingly, Mr. Lam was deemed to be interested in such number of shares of the Company in which Rainbow Elite was interested for the purpose of the SFO.
- (7) Mr. Sung held the entire issued share capital of Original Fortune. Original Fortune, in turn, directly held 67,500,000 shares of the Company. Accordingly, Mr. Sung was deemed to be interested in such number of shares of the Company in which Original Fortune was interested for the purpose of the SFO.
- (8) Pursuant to the disclosure of interest notice filed by Ms. Sui on 3 August 2022, these 66,860,000 shares of the Company were held by her.

Save as disclosed above, as at 30 September 2022, the Directors were not aware of any other persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or 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.

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

Mr. Shiu has been redesignated from a non-executive director to an executive director of Orient Securities International Holdings Limited (stock code: 8001), whose shares are listed on GEM of the Stock Exchange with effect from 5 July 2022. Dr. Ng Kit Chong has been appointed as a non-executive director and a co-chairman of the board of directors of Walnut Capital Limited (stock code: 905), whose shares are listed on the Stock Exchange with effect from 17 October 2022. Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules during the six months ended 30 September 2022.

## **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 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.

## NON-COMPLIANCE WITH THE GEM LISTING RULES

Following the resignation of Ms. Huang Ping as an independent non-executive Director with effect from 30 September 2022, (i) the Board only comprised two independent non-executive Directors; (ii) the audit committee, the nomination committee and the remuneration committee of the Company (the “**Board Committees**”) only comprised two members; and (iii) the nomination committee of the Company did not consist of a chairman. The Company was therefore not in compliance with Rules 5.05(1), 5.28 and 5.36A of the GEM Listing Rules and the terms of reference of the Board Committees. Following the appointment of Ir Dr. Ng Yu Ki as an independent non-executive Director and the chairman of the nomination committee of the Company and a member of each of the remuneration committee and audit committee of the Company with effect from 1 November 2022, the Company has re-complied with Rules 5.05(1), 5.28 and 5.36A of the GEM Listing Rules and the terms of reference of the Board Committees.

## DIRECTORS’ INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 September 2022 which competed or may compete, directly or indirectly, with the Group’s business.

## 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 has complied with the Standard of Dealings during the Reporting Period.

## SHARE OPTION SCHEME

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

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 18 September 2018. Since the date of adoption of the Share Option Scheme and up to 30 September 2022, no Option has been granted by the Company. As at the date of this report, the Company has 100,000,000 shares available for issue under the Share Option Scheme (representing approximately 7.42% 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 are 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. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chung, Wai Chuen Alfred, Mr. Ng Ka Po and Ir Dr. Ng Yu Ki. 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 was 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**  
**Mr. Tsang Chi Kit**  
*Executive Director*

Hong Kong, 9 November 2022

*As at the date of this report, the executive Directors are Dr. Ng Kit Chong, Mr. Tsang Chi Kit and Mr. Yu Chun Fai; the non-executive Director is Mr. Shiu Shu Ming; and the independent non-executive Directors are Mr. Chung, Wai Chuen Alfred, Mr. Ng Ka Po and Ir Dr. Ng Yu Ki.*