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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Oriental Payment Group Holdings Limited (the "Company"), you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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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)

(1) MAJOR TRANSACTION  
IN RELATION TO THE ACQUISITION OF ASSETS  
INVOLVING THE ISSUE OF  
CONSIDERATION SHARES UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser



Diligent Capital Limited

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 6 to 33 of this circular.

A notice convening the extraordinary general meeting ("EGM") of the Company to be held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Monday, 13 March 2023 at 11:00 a.m. or any adjournment thereof (as the case may be) is set out on pages 55 to 58 of this circular. A form of proxy for use in connection with the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk).

Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.

This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of seven days from the date of its publication. This circular will also be published on the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk).

#### PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to protect attending Shareholders and other attendees from the risk of infection, the following precautionary measures will be implemented at the EGM:

- Compulsory body temperature check or screening will be conducted for every Shareholder, proxy or other attendees at the entrance of the EGM venue.
- Every Shareholder, proxy or other attendees is required to wear medical face mask (no mask will be provided at the EGM venue) and to maintain a safe distance between seats throughout the EGM.
- No provision of corporate gift and refreshment or drinks.

Any person who (a) does not comply with the above precautionary measures; (b) is subject to any prescribed quarantine measures by the Hong Kong government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell may be denied entry into, or be required to leave the EGM venue, at the absolute discretion of the Company to such extent permitted under laws, to ensure the safety of the attendees at the EGM.

**The Company wishes to remind all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the resolution at the EGM as an alternative to attending the EGM in person and return their forms of proxy by the time specified above.**

23 February 2023

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## PRECAUTIONARY MEASURES FOR THE EGM

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In light of the recent developments of the on-going Coronavirus Disease 2019 (COVID-19) pandemic and the recent requirements for prevention and control of its spread, the following precautionary measures will be implemented at the EGM to safeguard the health and safety of the Shareholders and to protect attending Shareholders and other attendees from the risk of infection:

- Compulsory body temperature check or screening will be conducted for every Shareholder, proxy or other attendees at the entrance of the EGM venue.
- Every Shareholder, proxy or other attendees is required to wear medical face mask (no face mask will be provided at the EGM venue) and to maintain a safe distance between seats throughout the EGM.
- No provision of corporate gift and refreshment or drinks.

Any person who (a) does not comply with the above precautionary measures; (b) is subject to any prescribed quarantine measures by the Hong Kong government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell may be denied entry into, or be required to leave the EGM venue, at the absolute discretion of the Company to such extent permitted under laws, to ensure the safety of the attendees at the EGM.

**The Company wishes to remind all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the resolution at the EGM as an alternative to attending the EGM in person and return their forms of proxy by the time specified below.**

The forms of proxy (together with this circular) were despatched to the Shareholders and may also be downloaded from the Company's website at *www.ocg.com.hk* or the website of the Stock Exchange at *www.hkexnews.hk*. To be valid, the form of proxy must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).

If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, licensed securities dealers or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

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## **PRECAUTIONARY MEASURES FOR THE EGM**

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**Shareholders are requested (a) to consider carefully the risk of physically attending the EGM in person, which will be held in an enclosed environment; (b) to follow any prevailing requirements or guidelines of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the EGM in person; and (c) not to attend the EGM in person if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.**

The Company will closely monitor the development of the COVID-19 pandemic and ensure that the EGM will be conducted in compliance with the applicable laws, regulations and measures introduced by the Hong Kong government from time to time. The Company may implement further changes and precautionary measures where necessary and may issue further announcement(s) on such measures as and when appropriate.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:–*

“Acquisition”	the acquisition by the Company of such right, title, interest, benefit and claim as the Vendor Group may have in the Assets in accordance with the terms of the Agreement
“Agreement”	the conditional asset acquisition agreement dated 27 September 2022 entered into between the Company and the Vendor in relation to the Acquisition
“Assets”	all rights, title, interest and benefits to or in the Scanners and any firmware designed for use thereon to decode bCode and other barcode formats and support the use of the bCode System
“bCode Licence”	the granting by the Vendor to the Company of a global, exclusive, irrevocable and royalty-free licence of the Intellectual Property Rights in the bCode System owned by the Vendor Group, including but not limited to all Intellectual Property Rights in the firmware, point-of-sales agent software, the “Mesh Node” coordination layer and the network installation software supporting the use of the bCode System
“bCode Licence Term”	a term of 20 years which shall commence on the Completion Date and remain in force therefrom and, subject to compliance with applicable GEM Listing Rules requirements, is automatically renewable annually on the same terms and conditions
“bCode System”	the bCode optical scanning system, which is a routing and execution infrastructure designed to simplify customer identification, token validation and redemption in retail merchant environments
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or a public holiday) on which banks located in Hong Kong are open for business
“CAGR”	compound annual growth rate
“Company”	Oriental Payment Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8613)

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## DEFINITIONS

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“Completion”	completion of the Acquisition in accordance with the terms of the Agreement
“Completion Date”	the date on which the Completion occurs in accordance with the terms of the Agreement
“Condition(s) Precedent”	condition(s) precedent to Completion as set out in the Agreement
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the aggregate consideration for the Acquisition
“Consideration Shares”	a total of 476,666,667 new Shares to be issued to the Vendor or its nominees as part of the Consideration pursuant to the terms and conditions of the Agreement
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$11,850,000 issued by the Company on 26 June 2020
“Deposit”	the deposit in the amount of US\$550,000 which had already been paid by the Company to the Vendor on 25 February 2022 pursuant to the terms and conditions of the MOU
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for its Shareholders to consider, and if thought fit, approve the terms of the Agreement and the transactions contemplated hereunder, and the granting of the Specific Mandate for the allotment and issue of the Consideration Shares
“Former Licence Agreement”	the intellectual property licence agreement dated 12 November 2021 entered into between the Vendor and Transit Limited in relation to the licensing of the Intellectual Property Rights developed and owned by the Vendor, which shall be terminated by the Completion Date
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Intellectual Property Rights”	patents (and its reissues, divisions, continuations, renewals, extensions and continuations-in-part), inventions, technology, utility models, supplementary protection certificates, rights in inventions, registered and unregistered design rights, copyrights, software, hardware, integrated circuit topography rights, mask works, database rights, trademarks, service marks, rights in trade names, business names, corporate names, goodwill, rights in domain names and URLs, trade dress, logos, get-up and other source identifiers, disclosures, improvements, discoveries, trade secrets, confidential information, knowhow, methods, processes, technical data, schematics, formulae, customer lists and other proprietary and non-public business information, rights to sue for passing off and in unfair competition, rights in opposition proceedings and all other similar proprietary rights which may subsist in any part of the world including, where such rights are obtained or enhanced by registration, any registration of such rights and applications and rights to apply for such registrations, legally or beneficially owned by the Vendor Group, which include but are not limited to the registered patents, trademarks and designs, copyright in the Software and any other intellectual property rights in the bCode System
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of and not connected with the Company and its connected persons
“Issue Price”	HK\$0.09 per Consideration Share
“Latest Practicable Date”	20 February 2023
“Legal Compliance Period”	the period required for fulfilling all requirements relating to the allotment and issue of new Shares under the GEM Listing Rules and any other requirements set by the Stock Exchange from time to time which are applicable to the Acquisition



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## DEFINITIONS

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“Licensed Products”	any products falling within the scope of any of the claims of any of the Intellectual Property Rights in relation to the bCode System (including the Software)
“MOU”	the memorandum of understanding dated 28 January 2022 entered into between the Company and the Vendor setting out preliminary understanding in relation to the possible acquisition by the Company of the 100% equity interest in Transit Limited from the Vendor
“Pesos”	the Philippine Peso(s), the lawful currency of the Philippines
“Placees”	independent institutional, corporate or individual investor(s) which SBI will procure on a best effort basis to purchase the placing shares pursuant to the 2022 Second Placing Agreement
“SBI”	SBI China Capital Financial Services Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Scanners”	13,235 live-network optical scanners with model number bCode 435U and 1,161 live-network optical scanners with model number bCode 435E, all of which are directly owned by the Vendor as at the date of the Agreement and immediately prior to Completion and are used to decode bCode and other barcode formats and support the use of the bCode System
“Second Addendum”	the addendum dated 18 October 2022 executed by the Company and expressed to be supplemental to the terms and conditions of the Convertible Bonds (as amended and supplemented from time to time), particulars of which are set out in the Company’s announcement dated 18 October 2022
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

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## DEFINITIONS

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“Software”	the software, including but not limited to all Intellectual Property Rights in the firmware, point-of-sales agent software, the “Mesh Node” coordination layer and the network installation software supporting the use of the bCode System
“Specific Mandate”	the specific mandate proposed to be obtained from the Shareholders at the EGM to allow the Board to allot and issue the Consideration Shares at the Issue Price
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Mobile Technology Holdings Limited, a company incorporated in the Isle of Man with limited liability
“Vendor Group”	the Vendor and its subsidiaries
“Vendor Group Member”	the Vendor or any of the Vendor’s subsidiaries which owns or has any interest in any of the Assets
“2022 Second Placing”	placing of a maximum of 35,000,000 new Shares by SBI as placing agent in accordance with the terms of the 2022 Second Placing Agreement (as amended by the side letters entered into between the Company and SBI dated 22 December 2022 and 9 January 2023), details of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 9 January 2023
“2022 Second Placing Agreement”	the placing agreement dated 21 December 2022 entered into between the Company and SBI in respect of the 2022 Second Placing
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Tsang Chi Kit

Mr. Yu Chun Fai

*Non-executive Director:*

Mr. Shiu Shu Ming

*Independent non-executive Directors:*

Mr. Chung, Wai Chuen Alfred

Mr. Ng Ka Po

Ir Dr. Ng Yu Ki

*Registered Office:*

Cricket Square,

Hutchins Drive,

PO Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

*Principal place of business in*

*Hong Kong:*

Room 5, 17/F

80 Gloucester Road

Wanchai

Hong Kong

23 February 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION  
IN RELATION TO THE ACQUISITION OF ASSETS  
INVOLVING THE ISSUE OF  
CONSIDERATION SHARES UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EGM**

**INTRODUCTION**

References are made to (i) the announcement of the Company dated 28 January 2022 in relation to the entering into of the MOU; and (ii) the announcement of the Company dated 27 September 2022 in relation to, among others, the Acquisition.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you (i) further details of the Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; (iii) the valuation of the fair value of the Assets; (iv) a notice convening the EGM; and (v) other information as required under the GEM Listing Rules.

On 27 September 2022, the Company and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, transfer and/or assign, and procure any other Vendor Group Member to sell, transfer and/or assign, to the Company, and the Company has conditionally agreed to acquire, such right, title, interest, benefit and claim as the Vendor Group may have in the Assets.

### THE AGREEMENT

Principal terms of the Agreement are set out below.

Date : 27 September 2022

Parties : (i) the Company; and  
(ii) the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

### Assets to be acquired

Subject to the terms and conditions set forth in the Agreement, the Company has conditionally agreed to acquire, or procure a nominee to acquire, from the Vendor, and the Vendor has conditionally agreed to transfer, and procure any other Vendor Group Member to transfer (as the case may be), to the Company such right, title, interest, benefit and claim as the Vendor Group may have in the Assets on the Completion Date. Particulars of the Assets are set out in the section headed "INFORMATION ABOUT THE ASSETS" in this circular.

In relation to the Scanners, the Vendor has conditionally agreed to provide the Company with tailor-made top-up enhancement and after-sale services (including but not limited to an extended warranty of two (2) years commencing on the Completion Date and programming services).

In consideration of the Company acquiring the Assets from the Vendor, the Vendor irrevocably grants the royalty-free bCode Licence to the Company for the use by the Group to manufacture, use, promote, sell, distribute or otherwise supply, the Licensed Products globally, and including the right to use the Software in relation to the Licensed Products (including in the object code form) and to develop, modify and maintain the Software.

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## LETTER FROM THE BOARD

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To the best knowledge, information and belief of the Directors having made all reasonable enquiries, immediately prior to the Acquisition, the Vendor had neither leased the Assets nor entered into any agreement, contract or arrangement attached to the Assets that could distinguish revenue and related incidental costs attributable to the Assets. Also, the Assets, in substance, are equipment or facilities that the Company would need to further modify, install and upgrade for deployment to merchants. Therefore, the Assets on their own are not revenue-generating assets with an identifiable income stream, and accordingly, the requirements under Rule 19.64(4)(b) of the GEM Listing Rules are not applicable.

The term of the bCode Licence shall commence on the Completion Date and remain in force for 20 years therefrom and, subject to compliance with applicable GEM Listing Rules requirements, is automatically renewable annually on the same terms and conditions (the “**bCode Licence Term**”), unless terminated earlier upon the effective assignment and transfer of all (but not some) of the Intellectual Property Rights from the Vendor and/or other members of the Vendor Group to the Company, whether through the exercise of the Call Option (as defined below) or otherwise. Save as disclosed, the Vendor does not have the rights either to terminate or vary any terms of the bCode Licence pursuant to the Agreement.

### **Consideration**

The Consideration is US\$6,050,000 (equivalent to approximately HK\$47,190,000), which shall be payable by the Company to the Vendor in the following manner:

- (a) cash consideration of US\$550,000 (equivalent to approximately HK\$4,290,000) on the Completion Date, to be offset in full by the Deposit;
- (b) the remaining US\$5,500,000 (equivalent to approximately HK\$42,900,000), shall be satisfied by the issue and allotment of 476,666,667 Consideration Shares at the Issue Price by the Company to the Vendor or its nominee(s) on the Completion Date and within seven (7) Business Days after completion of the Legal Compliance Period for the issue of the Consideration Shares.

The Company and the Vendor agreed that the Deposit, which was agreed by each of them to be refundable in the MOU, shall cover the Company’s earnest money and reimbursement of the Vendor’s bona fide reasonable due diligence expenses, and hence shall become non-refundable upon execution of the Agreement, subject to the Vendor providing all relevant information and documents and any other assistance as required by the Company and to the Company’s satisfaction during its due diligence review until Completion.

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## LETTER FROM THE BOARD

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### **Basis for determination of the Consideration**

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms after taking into account, without limitation, (i) the preliminary valuation of the fair value of the Scanners of approximately US\$4,333,000 (equivalent to approximately HK\$33,797,400) as at 31 August 2022, which was prepared by an independent professional valuer (the "Valuer") based on the market approach; and (ii) the aggregate value of US\$2,225,000 (equivalent to approximately HK\$17,355,000) of an extended warranty with two years of after-sales services and a tailor-made top-up enhancement services provided by the Vendor for the Scanners, which was fair and reasonable in the opinion of the Valuer after considering quotations of the same services with similar standards. The assets valuation report of the Valuer has been included in Appendix II to this circular.

When assessing the fairness and reasonableness of the fair value of the Scanners, the Directors have reviewed the relevant valuation report, which was prepared by the Valuer, and discussed with the Valuer regarding the methodologies adopted for and the basis and assumptions used in arriving at the fair value of the Scanners. During the discussions, the Directors understood that the direct comparison approach has been adopted, which consists of comparisons based on prices realised or current asking prices of the comparable assets.

The Directors have further discussed with the Valuer on the valuation methodology applied and reviewed the comparables provided by the Valuer. The Directors noted that during the valuation process, the Valuer has reviewed the market prices of a number of electronic payment related scanners in the Philippines. Based on the technical specification of the Assets, two high-end models with similar functions and features have been identified by the Valuer as suitable market comparables (the "Comparables"). The Directors also noted that the Comparables selected by the Valuer are applicable to other payment technology system, such as the QR code payment system, but not the bCode System, which is currently supported exclusively by the Scanners, and the Directors understood from the Valuer that comparables with such function have not been identified in the market from other third party vendors. According to the valuation report, the unit price of the Comparables ranged from Pesos 16,000 to Pesos 18,000. After considering certain adjustments, which include but are not limited to the exchange rates, the difference in specification and other characteristics between the Comparables and the Assets, the market value of the Assets has been arrived at an average unit price of approximately US\$300. As part of the due diligence process, the Vendor has provided a sample of the Scanners for each of the Company and the Valuer for physical inspection and trial testing purpose. After considering (i) the application of payment technology system on each of the Assets and the Comparables; (ii) the similarities of the technical specifications (including (a) the interfaces, (b) compute platform, (c) light source, (d) image sensor, (e) decode capabilities, (f) decode performance and functions) between the Comparables and the Assets; and (iii) the same location for deploying the Scanners and the Comparables, the Valuer concluded that the Comparables are fair and representative samples. The Valuer also confirmed that the Comparables selected represent an exhaustive list, after considering the aforesaid similar technical specification, functions and features as compared to the Assets, based on its best knowledge and information available.

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## LETTER FROM THE BOARD

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Furthermore, the Company has appointed the Valuer to give an independent opinion on the fair value of the after-sales and tailor-made top-up enhancement services. As part of the due diligence process, the Directors have consulted about the factors which the Valuer has considered before arriving at the opinion. The Directors noted that the Valuer has reviewed three quotations (the “**Quotations**”) obtained by the Group from external independent service providers for the same services. Such Quotations cover a wider range of services with the same service period (i.e. two years) when compared to same provided by the Vendor. The service fees of the Quotations ranged from US\$2.2 million to US\$2.4 million. As advised by the Valuer, the Quotations were obtained from service providers which have over 10 years of experience in providing information technology consulting services with proven track record in developing various electronic payment and POS systems such as online ordering and payment functions platform and electronic voucher platform for numerous multinational enterprises. Considering that the years of experience and proven project record of the service providers demonstrate their capability in performing the top-up enhancement services and upon review of the service providers’ background, project record and scope of operations and the enhancement services offered, the Valuer considers, and the Directors concur, that the Quotations obtained to be suitable for reference. In view of the aggregate value of services provided by the Vendor which falls within the range of the Quotations, the Directors concur with the Valuer that the value of the after-sales and tailor-made top-up enhancement services, which has been embedded in the consideration under the Agreement, is considered to be fair and reasonable.

After considering the above, together with the consideration on competency of the Valuer, the Directors concluded that no material factors have been identified which cause the Board to doubt the fairness and reasonableness of the principal bases and assumptions adopted for or information used in the valuation of fair value of each of the Assets and the after-sales and tailor-made top-up enhancement services.

Taking into account the above, the Directors consider that the Consideration is fair and reasonable.

### **Consideration Shares**

Assuming that there will be no other change in the total issued share capital of the Company (including but not limited to any conversion of the Convertible Bonds to Shares in accordance with their terms) between the Latest Practicable Date and the Completion Date, the Consideration Shares represent (i) approximately 34.47% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 25.63% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate. An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

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## LETTER FROM THE BOARD

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Pursuant to the Agreement, the Consideration Shares shall be Shares credited as fully paid, properly and validly allotted and issued, and rank pari passu in all respects with the existing Shares of the same class of the Company, free of encumbrances and with the right to receive all dividends and distributions which may be declared, made and paid.

### Issue Price

The Issue Price of HK\$0.09 per Consideration Share represents:

- (i) a discount of approximately 18.18% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a discount of approximately 18.18% to the average closing price of approximately HK\$0.11 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement;
- (iii) a discount of 50% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 3,990.91% to the consolidated unaudited net asset value of the Company attributable to the Shareholders as at 30 September 2022 of approximately HK\$0.0022 per Share (based on the unaudited consolidated total equity as at 30 September 2022, being approximately HK\$3,041,000, and 1,382,900,000 Shares in issue as at the Latest Practicable Date).

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among others, the prevailing market prices of the Shares and the recent trading volume of the Shares. The Directors consider that the Issue Price is fair and reasonable.

When determining the Issue Price, the Directors have considered, among other things, the closing prices of the Shares traded on the Stock Exchange and the trading volume of the Shares in the past three months prior to and including the date of the Agreement (the "**Review Period**") as a benchmark to reflect the prevailing market conditions and recent market sentiment.



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## LETTER FROM THE BOARD

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During the Review Period, the Shares were traded on the Stock Exchange with closing prices ranging from HK\$0.109 per Share to HK\$0.295 per Share, with an average closing price of the Shares during the Review Period of approximately HK\$0.167 per Share. The Directors have considered (i) that despite the Issue Price of HK\$0.09 per Consideration Share represents a discount of approximately 46.11% to the average closing price of the Shares during the Review Period and approximately 17.43% to the lowest closing price of the Shares during the Review Period, there was a general downward trend of the closing prices of the Shares as traded on the Stock Exchange from late June 2022 up to and including the date of the Agreement; and (ii) a premium of approximately 3,990.91% to the consolidated unaudited net asset value of the Company attributable to the Shareholders as at 30 September 2022.

Furthermore, the Directors have also reviewed the trading volume of the Shares during the Review Period when determining the Issue Price. The following table sets out, inter alia, (a) the average daily trading volume of the Shares during the Review Period; and (b) the percentage of the average daily trading volume of the Shares in proportion to the total number of Shares in issue as at the end of the month/period:

Month/Period	<b>Trading volume of the Shares during the Review Period</b>			
	<b>Total trading Volume</b> <i>(Number of Shares)</i>	<b>Number of trading days</b>	<b>Average daily trading volume of the Shares</b> <i>(Approximately)</i> <i>(Number of Shares)</i>	<b>Average daily trading volume as a percentage of the total number of Shares in issue as at the end of the month/ period</b> <i>(Approximately)</i>
From 28 June 2022 to 30 June 2022	1,770,000	3	590,000	0.0492%
July 2022	10,930,000	20	546,500	0.0455%
August 2022	12,890,000	23	560,434	0.0467%
From 1 September 2022 to 27 September 2022	3,590,000	18	199,444	0.0166%

*Source: The website of the Stock Exchange (www.hkex.com.hk)*

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## LETTER FROM THE BOARD

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As illustrated in the above table, the trading volume of the Shares was relatively thin during the Review Period, with an average daily trading volume of the Shares for the respective month/period ranging from 199,444 Shares to 12,890,000 Shares, representing approximately 0.0166% and approximately 0.0467% of the Company's total number of Shares in issue as at the end of the relevant month/period, respectively.

Having considered the prevailing market price and the recent trading volume of the Shares as illustrated above as well as the impact from the outbreak of the COVID-19 (and other related and mutated form) pandemic to the business operation and financial position of the Group and the reasons as disclosed in the section headed "REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENT", the Directors were of the view that it is commercially reasonable to offer a discount on the Issue Price to the prevailing market price of the Shares as an incentive to attract the Vendor to participate in and become one of the substantial shareholders of the Company. Therefore, the Directors considered that the Issue Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

### **Lock-up Period**

The Vendor irrevocably agrees and undertakes to the Company that, during a period of 24 months commencing from the date on which the Consideration Shares are allotted to the Vendor or its nominee(s) (the "**Lock-up Period**"), except with the prior written consent from the Company, it will not, and shall procure that its nominees shall not, directly or indirectly:

- (a) offer for sale, transfer, contract to sell or otherwise dispose of (including without limited by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Consideration Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which it will be the beneficial owner (directly or indirectly); or
- (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of economic consequences of the acquisition or ownership of any such Consideration Shares (or any interests therein or any of the voting or other rights attaching thereto) or such securities.

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## LETTER FROM THE BOARD

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### Conditions Precedent

The Completion shall be conditional upon fulfilment or waiver of the following conditions precedent:

- (a) the directors and shareholders of the Vendor having passed resolutions for approving, inter alia, (i) the Acquisition, (ii) the execution of the Agreement and any other agreements in connection herewith, and (iii) the transactions contemplated hereunder and all matters incidental hereto;
- (b) the Board having passed resolutions for approving, inter alia, (i) the Acquisition, (ii) the execution of the Agreement and any other agreements in connection herewith, (iii) the allotment and issue of the Consideration Shares at the Issue Price, and (iv) the transactions contemplated hereunder and all matters incidental hereto;
- (c) the Shareholders having passed resolutions at the EGM for approving, inter alia, (i) the entering into of the Agreement and the transactions contemplated hereunder, and (ii) the granting of the Specific Mandate;
- (d) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Consideration Shares and such listing and permission not subsequently revoked or withdrawn prior to Completion;
- (e) the Vendor having obtained all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver(s)), and completed all necessary applications, notifications, registrations and filings (if applicable) in connection with the entering into and performance of the terms of the Agreement and the transactions contemplated hereunder;
- (f) the Vendor and the Company having entered into any other agreements and/or documents reasonably required by the Company in relation to the bCode Licence to enable the Group to legally and/or effectively use the bCode Licence and exercise the Call Option;
- (g) the Former Licence Agreement having been duly terminated by the Vendor and Transit Limited and there shall have been delivered to the Company a copy of the deed of termination signed by the Vendor and Transit Limited;
- (h) there being no material adverse change nor any other changes that may materially impair the value of any of the Assets;

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## LETTER FROM THE BOARD

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- (i) the Vendor Group having not disposed of nor created or permitted to create any rights nor encumbrances over any Assets;
- (j) there being no proceedings or investigations commenced or threatened to be commenced which challenges the title and rights of the Vendor Group in the Assets or which, in the reasonable opinion of the Company, may otherwise have the effect of prohibiting or interfering with the Acquisition;
- (k) the Company having completed, and to its satisfaction with the results of, the due diligence review conducted on the Assets;
- (l) the Company having obtained, and to its satisfaction with, the final valuation report in relation to the Assets prepared by an independent valuer appointed by the Company, showing that the Scanners are valued at no less than US\$4,333,000;
- (m) the Company having obtained, and to its satisfaction with, legal advice issued by its designated law firm(s) on, inter alia, the title to the Assets and the registered Intellectual Property Rights, and the validity of the Intellectual Property Rights and the legal force of the transfer of the Assets;
- (n) the representations, warranties, undertakings and guarantees from the Vendor on all information in whatever medium provided to the Company and its authorised representatives as set out in the Agreement are true, accurate and complete in all respects, and not misleading in any respect;
- (o) the Vendor having entered into all relevant legal documents to effect the Acquisition and matters incidental thereto in accordance with the relevant legal advice and the results of due diligence review conducted by the Company;
- (p) there having been no material breach by the Vendor of its obligations under the Agreement and/or any documents incidental to the Acquisition, to which it is a party; and
- (q) the Company having obtained a written compliance confirmation issued by the Vendor confirming the satisfaction of all of the above Conditions Precedent (except (b) to (d) and (j) to (l)).

The acquisition of each of the Assets is interdependent and the Completion shall only occur when the Vendor transfers all of the Assets to the Company simultaneously.

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## LETTER FROM THE BOARD

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The Company may waive in whole or in part any of the above Conditions Precedent (except (c), (d), (g) and (i)) by written notice to the Vendor. If any of the Conditions Precedent are not fulfilled (or waived by the Company, as the case may be) on the first Business Day after six months from the date of the Agreement (or such other date as may be agreed between the parties to the Agreement in writing), the Agreement (other than those clauses and provisions as set out in the Agreement and without prejudice to any other rights and remedies which any party to the Agreement may have in respect of any breach of the Agreement by any other party to the Agreement) shall automatically lapse and be of no further effect and none of the parties to the Agreement shall have any claim against the other under the Agreement, save for any claim arising from any antecedent breach of any obligation before the termination of the Agreement.

Pursuant to the terms of the Agreement, none of the Conditions Precedent are waivable by the Vendor. As at the Latest Practicable Date, the Company did not have any intention to waive any of the Conditions Precedent.

As at the Latest Practicable Date, save for conditions precedent (a), (b) and (e) above which had been satisfied, none of the Conditions Precedent had been satisfied or waived, as the case may be.

### **Completion**

The Completion shall take place on or before the seventh (7th) day after all of the Conditions Precedent have been fulfilled or waived (as the case may be), or such other date as the Company and the Vendor may mutually agree in writing.

Upon Completion, the Vendor shall place the Company in effective possession and control of the Assets.

### **The Call Option**

According to the terms of the Agreement, the Vendor irrevocably grants the Company an option to require the Vendor to assign and transfer all the Intellectual Property Rights in the bCode System at a consideration of US\$1 (the “**Call Option**”) (no premium is required to be paid by the Company for the grant of the Call Option), to be paid by the Company to the Vendor at the time of exercise of the Call Option. Subject to the applicable GEM Listing Rules, the Company shall have an unconditional right to exercise the Call Option during the bCode Licence Term at its sole and absolute discretion, and if the Company elects to exercise the Call Option, the Vendor shall have no right to refuse such assignment and transfer and shall execute a deed of assignment with the Company to effect such assignment and transfer as soon as practicable.

Therefore, the exercise period of the Call Option shall be a period of 20 years commencing from the Completion Date, which is the same as that of the bCode Licence Term.

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## LETTER FROM THE BOARD

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The exercise price of the Call Option was determined after arm's length negotiation between the Company and the Vendor having considered, among others, (i) the fair value of the Assets and the after-sales and tailor-made top-up enhancement services provided by the Vendor; and (ii) the Consideration. As the Call Option provides the Group with a right to acquire complete control of the Intellectual Property Rights and the value of the Intellectual Property Rights has been considered when determining the Consideration, the exercise price of the Call Option was agreed at a minimal value of US\$1.

The Directors understand that the registration of the transfer of ownership of the registered Intellectual Property Rights in the bCode System in different jurisdictions from the Vendor to the Group requires a lengthy process. Further, the Group intends to commence implementation of its business plan shortly after the Completion, therefore the Directors are of the view that significant time and effort would be incurred for successful registration of the transfer of ownership which may cause significant delay on the process of the Group's business development. As such, the grant of the bCode Licence allows the Group to deploy the Assets with rights to use the Software in relation to the Licenced Products which the Company would be able to immediately capitalise on.

It is planned that the Company may exercise the Call Option any time after Completion.

The Company will comply with the applicable GEM Listing Rules requirements when the Call Option is exercised and as and when necessary.

### INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company which, together with its subsidiaries, is principally engaged in providing comprehensive payment processing services to merchants in Thailand.

### INFORMATION ON THE VENDOR AND THE VENDOR GROUP

The Vendor is a company incorporated under the laws of the Isle of Man with limited liability. As at the Latest Practicable Date and based on the information provided by the Vendor to the Company, the share capital of the Vendor consists of three classes of securities: Class A, Class 1B and Class 2B. Holders of Class A shares ("**Class A Shares**") of the Vendor are entitled to two votes for each share held, while holders of each of Class 1B share ("**Class 1B Share**") and Class 2B share ("**Class 2B Shares**") of the Vendor are entitled to one vote for each share held, on all matters to be voted on by the Vendor's shareholders. As at the date of the Latest Practicable Date, there are 177,360,000 Class A Shares in issue, 199,999,999 Class 2B Shares in issue and 1 Class 1B Share in issue.

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## LETTER FROM THE BOARD

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As regards the distribution of the Class A Shares, approximately 67.66% (i.e., 120,000,000 Class A Shares) of the total issued Class A Shares are ultimately and beneficially held by Mr. David Kenneth Ehrlich; and the remaining approximately 32.34% of the total issued Class A Shares are held by nine shareholders with each of them holding less than 10%. As regards the distribution of the Class 2B Shares, approximately 29.50% (i.e., 59,000,000 Class 2B Shares) of the total issued Class 2B Shares are owned by Mr. Hamad Abdulla S H Al-Mana; approximately 8.35% (i.e., 16,699,999 Class 2B Shares) of the total issued Class 2B Shares are owned by Mr. David Kenneth Ehrlich; and the remaining approximately 62.15% of the total Class 2B Shares are held by six shareholders with each of them hold less than 20%.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, the Vendor Group Member and each of their ultimate beneficial owners are Independent Third Parties.

Based on the information provided by the Vendor, the Vendor is an investment holding company and the Vendor Group is engaged in the development, utilisation, and application of, among others, mobile or wireless payment technology, including but not limited to bCode optical scanning system, which is a routing and execution infrastructure designed to simplify customer identification, token validation and redemption in retail merchant environments.

### INFORMATION ABOUT THE ASSETS

The Assets comprise the Scanners and any firmware designed for use thereon used to support the bCode System and other payment technology system (such as the QR code payment system) which is applicable in the settlement of financial transaction through the transfer of monetary value. In other words, the Assets, with the support of such payment technology system or the bCode System, are able to effect electronic payments by decoding bCode and other barcode formats. Normally, the codes are presented as a barcode-looking image that contains information of both the merchant and the payment provider. This type of payment functions like a normal POS terminal. Customers use their phones to scan the code and complete the payment on the spot.

The bCode System is a mobile scanning technology featuring the bCode as an identifier that can be sent to a mobile phone/device and used as a ticket/voucher/identification or other type of token. The bCode is also a simple SMS text message that can be read electronically from the screen of a mobile device and can be sent by text message. The application of the bCode has been initiated in the Philippines by the Vendor Group since early 2022.

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## LETTER FROM THE BOARD

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### **The aggregate book value of the Assets**

Based on the information provided by the Vendor, the aggregate book value of the Assets as at 31 August 2022 is approximately US\$3,929,000 and no profit (both before and after taxation) has been generated by or attributable to the Assets for the two financial years ended 31 March 2021 and 2022.

### **The valuation results of the fair value of the Assets**

As disclosed in the section headed “Basis for determination of the Consideration” in this circular, the aggregate fair value of the Assets of approximately US\$6,558,000, which had been taken into consideration by the Company when determining the Consideration, comprises (i) the preliminary valuation of the fair value of the Scanners of approximately US\$4,333,000 as at 31 August 2022; and (ii) the aggregate value of US\$2,225,000 of an extended warranty with two years after-sales services and a tailor-made top-up enhancement services provided by the Vendor for the Scanners.

### **Assessment on the differences between the valuation results and the book value of the Assets**

As mentioned above, the Directors noted that the difference between the valuation results and the book value of the Assets was approximately US\$2,629,000. Based on the information provided by the Vendor and the assessment conducted by the Directors, the Directors concluded that such difference largely represents the difference between:

- (i) the original assembly cost of the Scanners which had been recorded at historical cost in the accounting books of the Vendor, being the basis of the book value of the Assets; and
- (ii) valuation results of the Assets as conducted by the Valuer after adopting the valuation methodology and approach as explained in the section headed “Basis for determination of the Consideration” in this circular from which the Valuer derived a reference market price that could be obtained by selling the Assets on a competitive, open market.

Having considered the factors taken into account by the Valuer, including but not limited to (a) the selection of valuation methodology; (b) the assumptions adopted; (c) the features and demand of the Assets; (d) the valuation comparables; and (e) the qualification and experience of the Valuer, the Directors considered that the fair value of the Assets could reflect the current prevailing price for the Assets in the market place, especially the Assets are in demand with few substitutes. Therefore, although the fair value of the Assets is higher than that of their book value, the Directors considered that the Consideration, which had taken into account the fair value of the Assets, is in the interests of the Company and the Shareholders.

As at the Latest Practicable Date, the Assets are owned by the Vendor Group.



## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, none of the conversion rights attaching to the Convertible Bonds have been exercised by the holders of the Convertible Bonds and therefore none of the Convertible Bonds have been converted into Shares.

The table below sets out, for the purpose of illustration only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Completion (assuming that there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and the Completion Date and none of the Convertible Bonds have been converted into the Shares in accordance with its terms thereof) (“**Scenario 1**”); and (iii) immediately after the Completion and full conversion of the Convertible Bonds (assuming that the Second Proposed Amendments becoming effective and there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and the Completion Date and upon the full conversion of the Convertible Bonds) (“**Scenario 2**”):

	As at the Latest Practicable Date		Scenario 1		Scenario 2	
	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage
<b>Shareholders</b>						
Metagate Investment SPC (“ <b>Metagate</b> ”) ( <i>Note 1</i> )	226,460,000	16.38%	226,460,000	12.18%	303,585,316	15.16%
Mr. Choy Hok Man (“ <b>Mr. Choy</b> ”) ( <i>Note 1</i> )	–	–	–	–	66,124,684	3.30%
Sub-total	226,460,000	16.38%	226,460,000	12.18%	369,710,000	18.46%
Gold Track Ventures Limited (“ <b>Gold Track</b> ”) ( <i>Note 2</i> )	200,000,000	14.46%	200,000,000	10.76%	200,000,000	9.99%
Straum Investments Limited (“ <b>Straum Investments</b> ”) ( <i>Note 3</i> )	138,000,000	9.98%	138,000,000	7.42%	138,000,000	6.89%
Rainbow Elite International Limited (“ <b>Rainbow Elite</b> ”) ( <i>Note 4</i> )	91,000,000	6.58%	91,000,000	4.89%	91,000,000	4.54%
Original Fortune Group Limited (“ <b>Original Fortune</b> ”) ( <i>Note 5</i> )	67,500,000	4.88%	67,500,000	3.63%	67,500,000	3.37%
Best Practice Limited (“ <b>Best Practice</b> ”) ( <i>Note 6</i> )	41,000,000	2.96%	41,000,000	2.20%	41,000,000	2.05%
Mr. Tsang Chi Kit (“ <b>Mr. Tsang</b> ”) ( <i>Note 2</i> )	50,000	0.00%	50,000	0.00%	50,000	0.00%
The Vendor	–	–	476,666,667	25.63%	476,666,667	23.80%
Other public Shareholders	618,890,000	44.75%	618,890,000	33.28%	618,890,000	30.90%
<b>Total</b>	<b>1,382,900,000</b>	<b>100.00%</b>	<b>1,859,566,667</b>	<b>100.00%</b>	<b>2,002,816,667</b>	<b>100.00%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Metagate on 28 November 2022, these 226,460,000 Shares were held by Metagate, which is in turn wholly-owned by Rainbow Capital Limited (“**Rainbow Capital**”). As at the Latest Practicable Date, Rainbow Capital is ultimately and beneficially wholly-owned by Mr. Choy. Accordingly, each of Rainbow Capital and Mr. Choy is deemed to be interested in such 226,460,000 Shares held by Metagate pursuant to Part XV of the SFO.
2. As at the Latest Practicable Date, 50,000 Shares were directly held by Mr. Tsang, an executive Director and the managing director of the Group and 200,000,000 Shares were held by Gold Track, which was in turn wholly-owned by Mr. Tsang. Accordingly, Mr. Tsang was deemed to be interested in such 200,000,000 Shares held by Gold Track pursuant to Part XV of the SFO.
3. As at the Latest Practicable Date, these 138,000,000 Shares were held by Straum Investments which is in turn wholly-owned by Mr. Yu Chun Fai (“**Mr. Yu**”), an executive Director. Accordingly, Mr. Yu is deemed to be interested in such 138,000,000 Shares held by Straum Investments pursuant to Part XV of the SFO. On the other hand, Ms. Choi Hiu Wa is the wife of Mr. Yu and hence Ms. Choi Hiu Wa is deemed to be interested in such 138,000,000 Shares due to the interest of her spouse (i.e. Mr. Yu) pursuant to Part XV of the SFO.
4. As at the Latest Practicable Date, these 91,000,000 Shares were held by Rainbow Elite which is in turn wholly-owned by Mr. Lam Hak Ha, Jasper (“**Mr. Lam**”). Accordingly, Mr. Lam is deemed to be interested in such 91,000,000 Shares held by Rainbow Elite pursuant to Part XV of the SFO.
5. As at the Latest Practicable Date, these 67,500,000 Shares were held by Original Fortune which is in turn wholly-owned by Mr. Sung Hak Keung, Andy (“**Mr. Sung**”). Accordingly, Mr. Sung is deemed to be interested in such 67,500,000 Shares held by Original Fortune pursuant to Part XV of the SFO.
6. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Best Practice on 16 March 2022, these 41,000,000 Shares have been pledged to Best Practice pursuant to the loan agreement dated 14 March 2022 entered into between an Independent Third Party as chargor and Best Practice as lender. As at the Latest Practicable Date, Best Practice is wholly-owned by Mr. Shiu Shu Ming (“**Mr. Shiu**”) who is a non-executive Director. Accordingly, Mr. Shiu is deemed to be interested in such 41,000,000 Shares due to the security interest in those Shares acquired from such Independent Third Party pursuant to Part XV of the SFO.

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## LETTER FROM THE BOARD

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### **NO CHANGE OF CONTROL**

Immediately after the Completion, the Vendor will become the largest substantial shareholder of the Company holding 476,666,667 Shares, representing approximately 25.63% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion (assuming that there will be no other change in the total issued share capital of the Company (including but not limited to any conversion of the Convertible Bonds to Shares in accordance with their terms) between the Latest Practicable Date and the Completion Date). Accordingly, the Acquisition will not result in a change of control of the Company.

### **REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENT**

As set out in the Company's annual report for the year ended 31 March 2022, the ongoing COVID-19 epidemic had a significant adverse impact on the Group's overall financial performance. It is anticipated that such impact will continue to exert tremendous pressure on the Group's merchant acquiring business in Thailand. Therefore, 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, the Directors have formulated strategies to (i) expand and diversify business offering; (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.

In assessing the merits of the Acquisition, the Directors have taken into account the Group's existing business model and available internal resources, and the prospect of the electronic payment industry in a new target geographical location and the following sets out the Directors' views as to the benefits of the Acquisition and the Group's business plan and strategy relating to the Assets after its detailed assessment.

#### **The existing business model of the Group's merchant acquiring business**

The Group is an established payment processor that distributes POS terminals and enables merchants to accept various payment methods adopted by their shoppers, including but not limited to credit card, debit card and QR codes. Since the commencement of its business in 2004, the Group has been deploying financial technology into its business model. During the years, the Group has been positioning itself as a bridge to link and collaborate among its partner payment network associations, merchants and shoppers.

Under the Group's existing business model, the Group provides a suite of comprehensive payment processing services to merchants of all sizes in Thailand frequently visited by Chinese tourists to accept China UnionPay payment methods via the POS terminals distributed.

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## LETTER FROM THE BOARD

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The Group offers services that provide the merchants with rapid merchant acceptance, reliable and secure payment processing services and other support services. For each transaction, the Group is responsible to provide both front-end and back-end processing services to the merchants, whereby the Group routes the transactions originated from its POS terminals at a merchant location for authorisation and ensures that each successful transaction is appropriately cleared and settled into the merchant's bank account accordingly. The Group charges its merchants based on a percentage of the value of each successful transaction, also known as the merchant discount rate ("MDR"), which contains an interchange fee from its partner payment network association and the Group's service charges.

The Group will first receive the transaction value net of interchange fee from the corresponding partner payment network association and proceed to settle with the merchants after deducting its service charges. The Group has three sources of revenue derived from its merchant acquiring business, including (i) MDR income; (ii) foreign exchange rate discount income; and (iii) marketing service income.

### **The business plan and objectives after acquiring the Assets**

It is the key objective of the Group to be a leading payment-based technology platform providing payment and business services to merchants and consumers. In order to achieve this objective, after acquiring the Assets, the Group plans to leverage its existing business model to diversify its service offerings and extend its geographical coverage from Thailand to other Asian developing countries, such as the Philippines. The extended business scope of the Group shall include (i) deploying suitable terminals and peripheral devices to less advanced and mature payment service market or locations; (ii) accumulating transaction and behavioral data for the purpose of delivering more customised services and better user experience; and (iii) diversifying its services to offering marketing and promotion services which include but not limited to:

- (a) customer loyalty program – the Group targets to help different merchants build loyalty program e-tools (through transaction records) to better understand consumer behaviors and to use the insights for business decision making. The Group also offers promotional tools such as spending credit and rewards program to increase consumer engagement;
- (b) coupon promotion – the Group will continue to promote marketing strategy in collaboration with coupon promotion platform developer to drive consumers to retail shopping. In this area, the Group will be responsible for (i) converting merchant's offers into QR Code, bCode or any other payment technologies; and (ii) ensuring the Scanners at its participating merchants are able to process the shopping discounts and benefits; and
- (c) tailor-made precision marketing – leveraging on the functions of the Scanners, especially the data analytics ability, the Group will analyse behaviors of consumers using its payment services and explore consumption habits and preferences. The Group will also design tailor-made marketing solutions for merchants.

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## LETTER FROM THE BOARD

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Apart from the above, the Company also intends to extend its service scope by integrating functionalities into payment services supporting software and therefore can extend a wide range of business services to merchants to support various business functions, such as building a dynamic customer relationship management system and enhancing employee management for merchants.

At present, the Group is a pioneer among electronic payment service providers in offering value-added services to customers. Starting from payment, the Group accumulated three key resources to support its new business plan. First, the Group's industry knowledge and years of operating experience accumulated through payment services, create scenarios which the Group could extend its services scope beyond payment. Second, the critical assets the Group capture through payment services, consisting of massive data assets accumulated and customers' adoption of its payment devices, create opportunities for synergies. Third, the continuously enhanced technology capabilities the Group accumulated from utilising the existing POS terminals foster the development of its innovative service offerings by using the Assets.

The Directors believe that by leveraging the resources above, together with the technical know-how as mentioned in the section headed "Experienced senior management team and external resources" below and the strategies mentioned in the section headed "Customers" below, the Group is able to offer an extended scope of services to more and more diverse customers in newly developing countries with growing demand for electronic payment terminals and software solution services. Better still, the Directors see an opportunity to merge the business opportunities of the new business with the existing business where significant synergies can be realised through improving bargaining position with existing suppliers, enhancing product portfolio to increase overall customer satisfaction and creating a tax-efficient corporate structure. By providing the necessary economic resources through efficient deployment of the Group's internal resources, the new business will have the necessary resources to grow further.

### **The Assets and technology involved**

Based on the information provided by the Vendor, the Assets are optical scanners that enable fast, reliable scanning of coded text-based short message services ("SMS") and support any phone capable of receiving an SMS. Also, small size and simple integration make the Assets effective in mobile ticketing, coupons, payments and loyalty programs. The technical features of the Assets can be summarised as below:

- |       |                             |  |
|-------|-----------------------------|--|
| (i)   | Self-scan operation:        | The simple design and strong visual recognition makes the Assets ideal for self-scan operation.  |
| (ii)  | Supporting all phone types: | The Assets are able to scan 'bCODE' codes from all types of mobile phones available. Patented bCODE scanning engine scans more phones more reliably than any other technology. |
| (iii) | Simple integration:         | Standard USB, Bluetooth or Ethernet outputs make integration with a wide variety of platforms quick and easy.  |

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## LETTER FROM THE BOARD

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By deploying the Assets, the Group will be capable to extend its service offerings by providing advanced app-based payment services and other services (including but not limited to electronic ticketing, coupons, payment and loyalty programs) to merchants, allowing the merchants to easily and conveniently accept payments from e-wallets.

### **Customers**

Currently, the Group has strategically developed an established merchant network with both domestic and international renowned merchants in Thailand. Over the years, the Group has developed and maintained a strategically developed merchant network with leading travel retail group, jewelry retailers, and fertility clinics. Under the existing business plan, the Group's services and solutions in relation to the deployment of the Assets are mainly targeted at merchants with operations in the Philippines. As such, at the initial stage to implement the business plan in the Philippines, the Company currently does not expect that the target customers of the new business would overlap with the existing customer base of the Company.

At the first stage of the business plan, the Group's strategy is to capture market opportunities arising from food and beverages and/or other retail service industry, which include but not limited to franchise restaurants, supermarkets and grocery outlets. As the majority of payment terminals at the retail service providers are desktop terminals placed next to the cashier, which require staff to bring the payment card to the terminal to process card payment, if the service providers which currently do not accept credit cards or debit cards choose to use electronic payment terminals, or the service providers which are currently using electronic payment terminals choose to use wireless terminals devices, the market size of the electronic payment services industry will be increased accordingly.

As at the Latest Practicable Date, the Group has been approaching certain sizeable food and beverages service providers (such as KFC) and supermarket store chains (such as Robinsons) in the Philippines as their first batch of clients and all of which is currently under the specification testing stage. To the best of the Directors' knowledge, no agreement has been entered into or arranged between the Group and any potential clients relating to the deployment of Assets as at the Latest Practicable Date.

### **Target geographical location**

It is the plan of the Group to position itself as an electronic payment solution services provider to benefit from the growth in Asian developing countries and the first market for its business plan implementation would be the Philippines.

In order to assess the potential risk and return of the Acquisition, the Group engaged CHFT Advisory and Appraisal Limited, an independent consulting company (the "**Independent Consultant**"), to conduct a detailed research which is tailored for the mobile payment industry and mobile scanning technology industry relating to the application of the Assets in the Philippines, which shall be the initial target location where the business launched.

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## LETTER FROM THE BOARD

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**(a) Overview of the economy in the Philippines**

According to the industry overview report (the “**Report**”) prepared by the Independent Consultant, the Directors noted that the economy in the Philippines has started to recover from the COVID-19 pandemic with a 8.13% year on year expansion in 2021, buoyed by public investment and a recovery in the external environment. With continued recovery and reform efforts, the economy in the Philippines is expected to further rebound, drawing strength from the improving domestic environment with declining COVID-19 cases and wider economic reopening. CAGR of gross domestic product (“**GDP**”) in the Philippines between 2016 and 2021 is 6.15%, and is expected to increase to 10.24% during the period from 2022 to 2026.

**(b) Retail sales in the Philippines**

According to the Report, the amount of retail sales in the Philippines grew steadily through the past six years, which increased from Pesos 2,076,615 million to Pesos 2,797,404 million in 2021, indicating a CAGR of 6.15%. Nonetheless, as COVID-19 is being controlled and the impact of COVID-19 will be eliminated eventually, it is expected that the retail trade volume will resume its strong growth from 2022 onwards, and would reach Pesos 4,554,158 million by the end of 2026, representing a CAGR of 10.44% from 2021 to 2026.

Along with the growth of GDP in the Philippines from Pesos 15,132,381 million in 2016 to Pesos 19,410,568 million in 2021, the portion of retail sales in GDP showed continuous increase, reflecting the growing significance of retail in the national capital structure of the Philippines.

**(c) Electronic payment services in the Philippines**

According to the Report, Bangko Sentral ng Pilipinas, the central bank of the Philippines, is projected to convert 50% of the total volume of retail payments into digital form, considering that payment services are the gateway of most Filipinos to the formal financial system. It is also projected to strengthen customer preference for digital payments by expanding the financially included population to 70% of the Filipino adults, by onboarding them to the formal financial system through the use of payment or transaction accounts with which they can build financial profiles with payment service providers.

According to the latest statistics, the share of mobile payments to total retail payments volume in the Philippines rose from approximately 20.1% in 2020 to 30.3% in 2021. Meanwhile, the value of mobile payments in the country to total retail payment increased from approximately 26.8% in 2021 to 44.1% in 2021. At present, over 30% of retail payment transactions are in digital form. The rapid growth of mobile payments shows a great potential for continuous increase in retail e-payment market.

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## LETTER FROM THE BOARD

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***(d) Electronic payment market concentration in the Philippines***

According to the Report, Chinese and Japanese optical scanner brands such as Urovo, Sunlux and Keyence have taken a first-move advantage and occupy over 50% of the Philippines market, but the competitive advantages of the market for leading enterprises are not obvious. The Philippines market is characterized by many small companies and low market concentration. The statistics also indicates that global leading companies have not established absolute dominance in the Philippines and that great opportunities still exist for domestic mobile scanners suppliers to accelerate their expansion.

***(e) Factors considered by the Group on geographical locations***

After taking into consideration the findings above as set out in the Report, the Directors further highlighted the following qualitative and quantitative factors:

- (i) the penetration rate of the use of mobile phone and electronic payment has been increasing steadily in the Philippines. The number of electronic payment terminals in use in the Philippines has been fluctuating as it is responsive to the performance of the retail sales in the Philippines. The number of establishments of retails stores after recovery from COVID-19 is likely to increase, and thus more terminals will be deployed at the new stores given the increasing popularity of accepting electronic payments. At present, the share of mobile payments to total retail payments volume in the Philippines rose from approximately 20.1% in 2020 to approximately 30.3% in 2021. Meanwhile, the value of mobile payments in the Philippines to total retail payment increased from approximately 26.8% in 2020 to approximately 44.1% in 2021;
- (ii) the market size of mobile scanning technology in the Philippines has been increasing from approximately Pesos 1,754 million to approximately Pesos 3,186 million in the period of 2016 to 2021 with a CAGR of approximately 12.55%. It is expected that the market size of mobile scanning technology in the Philippines will resume strong growth from 2022 onwards, and would reach Pesos 6,618 million by the end of 2026, representing a CAGR of approximately 15.88% from 2021 to 2026;



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## LETTER FROM THE BOARD

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- (iii) the government authorities in the Philippines have launched several initiatives to push forward the progress of the use of mobile payments in recent years. Total mobile transaction value in the Philippines has increased dramatically from approximately US\$10 billion to approximately US\$25 billion from 2017 to 2021, with a CAGR of approximately 26.6%;
- (iv) during the COVID-19, the Filipinos who had mobile money accounts were able to safely and conveniently conduct transactions using mobile devices. Together with the continuous promotion for the adoption of mobile payment, mobile transaction value is expected to continue rising from 2022 to 2027 with a CAGR of approximately 14.3%; and
- (v) the market of electronic payment solution provided in the Philippines is not concentrated, and hence the market share could gradually be taken up by new players which have abundant industry know-how and strong technical capability so as to provide quality system support service or other after sales services to merchants.

In view of the rapid growth of mobile payments and great potential for continuous increase in retail e-payment market in the Philippines, the Company expects that the Group could take advantage of the structural development of the payment market in the Philippines and approach merchants for wider application of the bCode System as the new payment technology in the Philippines.

Apart from the above, the Company has also considered to conduct the new business and deploy the Assets in Thailand. However, while both merchants' and consumers' behaviours on using the existing POS terminals have been formed, the distribution of POS terminals possessed by the Group in Thailand is relatively concentrated. Recognition and trust by both merchants and consumers requires significant time and resources when deploying new payment terminals in the retail markets. Such high level of competitions in Thailand and high transition cost of shifting from existing POS terminals to another new electronic payment terminals cause significant entry barriers and challenges to new entrants of Thailand's payment system market, therefore the Company currently has no plan to deploy the Assets in Thailand.

### **Experienced senior management team and external resources**

The Group has an experienced senior management team with a diverse range of backgrounds and substantial expertise in the electronic payment industry. The Group's executive Director, Mr. Yu Chun Fai, has over 20 years of experience in electronic payment industry experience.

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## LETTER FROM THE BOARD

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The Group's senior management team in Thailand also possess strong local knowledge and experience in providing accounting, merchant and technical support services. Their in-depth knowledge and experience in the merchant acquiring business, together with in-depth understanding of Asian cultures, working environment and international business experiences, have enabled them to lead the Group to capture and pursue market opportunities, enhance relationship with key customers, formulate and implement development strategies effectively.

As regards the application of bCode system in the Philippines, the Group has dedicated a team of personnel responsible for the integration of the Assets into the Group and such integration will not be a significant drain on management resources which would otherwise be deployed for the development of its existing business. Such operation team comprises five members of whom there are commercial, strategic and technology background which possess abundant experience in electronic payment equipment specification testing as well as developing software solutions for customers. The team is headed by Mr. Avi Sarma ("**Avi**") and Mr. Alexis Vincent ("**Alexis**"). Avi, who has over 10 years of experience in the information technology sector. Avi serves as the commercial lead for the Group, where he focuses on applying technologies to bring the physical merchant payment space into the digital age. Alexis is the strategic and technology lead for the Group, where he is responsible for guiding the technical vision, product and business expansion strategy. In view of the above, the Group is therefore able to develop, modify and maintain the software under the bCode Licence and technology involved in the Assets and also carry on the business in the Philippines.

The Group shall also promote the business in the Philippines through (i) external distribution channels and (ii) sales partners, and (iii) direct marketing. Currently, the said operation team is responsible for coordinating such direct marketing efforts. The market strategies shall include placing online advertisements with selected high-traffic social media platforms, high-traffic search engines and launch referral programs. In view of the above, the Group shall be able to procure customers in the long run and implement the business plan as intended.

Apart from the Group's existing management team, the Group also plans to further strengthen its information technology workforces (both internal or outsources) so as to expand its specification testing, electronic payment solutions and software development capability to cater for the potential market opportunities.

Further, in order to ensure that the business plan could be implemented smoothly, the Vendor shall assist the Group to provide the system support services to the retail merchants. Pursuant to the terms and conditions of the Agreement, the Vendor shall provide tailor made top-up enhancement and two years after-sale services. Such services involve installation, maintenance, collection, repair and other related services of the Assets deployed by the Group at merchants. As part of the support services, the Vendor also provides training on the use of the Assets to the Group and merchants. There are no conditions precedent set out in the Agreement that the provision of the aforesaid services is subject to.

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## LETTER FROM THE BOARD

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The Directors believe that the in-depth knowledge and experience of its executive Director and senior management in electronic payment solutions, together with the assistance of the Vendor for the system support services, have been enabling them to lead the Group to capture market opportunities, enhance its relationship with key customers and formulate and implement development strategies effectively.

### **Overall investment evaluation**

The Company has considered the following factors when considering investing in the new business through acquiring the Assets when compared to other similar electronic payment technology or that used under its existing business:

- (i) as a whole, the acquired bCode system is differentiated to the existing payment terminals of Company and those in the market in that it is designed to enable issuing, distribution and settlement of bCode-based transactions. bCode is a proprietary alphanumeric barcode format that is deliverable to any device without requiring a smartphone or data, which mainly focus on speed, security and unique advantage of bridging online payment to offline sales, particularly the bCode and/or QR code payment, therefore allowing the Group to replicate and roll out its existing business model in developing markets with less advanced and mature payment service technology or network;
- (ii) with the exclusive sources of supply of the Assets from the Vendor, the Group is able to secure stable supply of Scanners unlike the situations of limited bargaining power over the price and supply of products from its suppliers under the existing business model;
- (iii) the Group is able to conduct its own data mining by using data assets accumulated from payment services and its understanding of merchants and consumers, payment service providers which helps to streamline their customers' access to a range of financial products, such as facilitating the credit and pricing process; and
- (iv) with an exclusive licence granted by the Vendor to the Group, the Group is able to integrate tailor-made functionalities into payment services supporting software and therefore can extend a wide range of business services to merchants to support various business functions, such as building a dynamic customer relationship management system and enhancing employee management for merchants.

After considering the above, the Directors believe that the Acquisition enables the Group to adapt to new or emerging technologies and changes to meet customer requirements more quickly, adopt more aggressive pricing policies, and devote greater resources to the marketing of its services and products, therefore protecting the Group from the adverse financial effects of a refusal or a restriction to supply its products due to circumstances beyond its control. Therefore, the Company is of the view that investing in bCode through acquiring the Assets is in the interest of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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After assessing the overall market potential in the Philippines, together with the evaluation of the potential risk and return, the Directors considered that there is a substantial market potential to expand and diversify the Group's business offering by bringing new electronic payment solutions (i.e. the bCode System) in the Philippines, which shall bring a positive financial return to the Group in long run. Also, the Company has generated an immediate achievable pipeline of deployments, where components of the bCode system have already been installed. These include but not limited to a pre-order of Robinsons supermarket for approximately 3,000 units, Prince Retail group for approximately 1,000 units and KFC for approximately 300 units, which shall subject to the result of the trial testing. As at the Latest Practicable Date, the management of Group, with the assistance provided by the Vendor, has been approaching for not less than 1,000 retail stores in the Philippines under the local famous retail group for trial use of the Assets. In order to match with the market demand, the Directors are of the view that the Group requires adequate resources in terms of technological assets and expertise in order to capture such market opportunities. Therefore, in view of the potential market size and market share which the Group intends to capture in the Philippines under its business plan, the number of Assets to be acquired by the Group is considered to be fair and reasonable.

In all, the Directors consider that through the Acquisition and leveraging on its existing key resources, which include (i) stable business relationships; (ii) strong customer base; and (iii) enhanced technology capabilities, the Group is able to tap into broader markets with wider geographical coverage.

Particularly, the Directors believe that electronic payment in Asian developing countries is ready for wider application, and the Group perceives the various market opportunities. The Directors are therefore of the view that the Acquisition, which the Board has a clear understanding of the underlying prospect, risk and return, shall give the Group's confidence in its return. The Board also expects that the diversification of business offerings could further enhance the Group's financial performance and return to the Shareholders in the long run and shall have better utilisation of its financial resources.

The Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to reporting, announcement and shareholder's approval requirements under Chapter 19 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### EGM

The EGM will be convened and held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Monday, 13 March 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of Consideration Shares). A notice of the EGM is set out on pages 55 to 58 of this circular.

At the EGM, any Shareholder with a material interest in the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of Consideration Shares) as set out in the ordinary resolution is required to abstain from voting on the relevant resolution at the EGM. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholders have a material interest in the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of Consideration Shares) and therefore no Shareholders (and his/her/its associates) are required to abstain from voting at the EGM in relation to the resolution to be proposed for approving the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of Consideration Shares) and other related matters at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk).

Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.

### VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of such general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the EGM shall be taken by poll.

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## LETTER FROM THE BOARD

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The Company will appoint scrutineers to handle vote-taking procedures at the EGM. The results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules will be published by the Company on the website of the Stock Exchange at *www.hkexnews.hk* and the Company's website at *www.ocg.com.hk* as soon as possible after the conclusion of the EGM.

### RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

### RECOMMENDATIONS

Having considered the above, the Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of Consideration Shares) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution set out in the notice of the EGM to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Oriental Payment Group Holdings Limited**  
**Mr. Tsang Chi Kit**  
*Executive Director*

**1. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial information of the Group for each of the financial years ended 31 March 2020, 2021 and 2022 and the unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2022, the six months ended 30 September 2022 and the nine months ended 31 December 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange at *www.hkexnews.hk* and the Company's website at *www.ocg.com.hk* respectively:

- The audited consolidated financial statements of the Group for the year ended 31 March 2020 has been set out in pages 48 to 109 of the annual report of the Company for the year ended 31 March 2020 (available on:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0629/2020062901423.pdf>)

- The audited consolidated financial statements of the Group for the year ended 31 March 2021 has been set out in pages 48 to 109 of the annual report of the Company for the year ended 31 March 2021 (available on:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062901273.pdf>)

- The audited consolidated financial statements of the Group for the year ended 31 March 2022 has been set out in pages 39 to 103 of the annual report of the Company for the year ended 31 March 2022 (available on:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0630/2022063003381.pdf>)

- The unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2022 has been set out in pages 2 to 14 of the first quarterly report of the Company for the three months ended 30 June 2022 (available on:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0809/2022080901142.pdf>)

- The unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2022 has been set out in pages 2 to 27 of the interim report of the Company for the six months ended 30 September 2022 (available on:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1109/2022110900884.pdf>)

- The unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2022 has been set out in pages 2 to 17 of the third quarterly report of the Company for the nine months ended 31 December 2022 (available on:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0209/2023020900576.pdf>)

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 December 2022, being the latest practicable date for ascertaining certain information relating to the indebtedness statement prior to the printing of this circular, the indebtedness of the Group was as follows:

**Lease liabilities**

The Group had unsecured and unguaranteed lease liabilities of approximately HK\$201,000 in relation to payment obligation of the tenancy agreements in respect of office premises in Hong Kong and Thailand and machinery in Thailand. The lease liabilities are initially measured at the present value of the lease payments that are not paid at the relevant commencement dates, discounted by using the Group's incremental borrowing rate. The effective interest rate for the lease liabilities of the Group is 2.65% per annum.

**Other payables and borrowings**

As at 31 December 2022, the Group had:

- (i) other payable to a third party with carrying amount of HK\$1,500,000, which is unsecured, guaranteed by a former director of the Company, interest-bearing at 12% per annum and repayable on 5 September 2022 where the Company and the lender are negotiating the settlement as at the latest practicable date;
- (ii) other borrowing from a third party with carrying amount of approximately HK\$2,325,000, which is unsecured, unguaranteed, interest bearing at 12% per annum and repayable on 31 March 2023;
- (iii) interest payables of other payable with carrying amount of approximately HK\$26,000, which is unsecured, guaranteed by a former director of the Company, interest-free and repayable on 5 September 2022 where the Company and the lender are negotiating the settlement as at the latest practicable date; and
- (iv) interest payables of other borrowing with carrying amount of approximately HK\$225,000, which is unsecured, unguaranteed, interest-free and repayable on 31 March 2023; and
- (v) interest payables of convertible bonds with carrying amount of approximately HK\$3,666,000, which are unsecured, unguaranteed, interest-free and repayable on 23 December 2022.



**Bond payable**

As at 31 December 2022, the Group had an unsecured and unguaranteed bond with principal amount of approximately HK\$12,029,000 and accrued bond interest of approximately HK\$679,000, with coupon interest rate of 10% per annum and repayable on 31 July 2022. As at the Latest Practicable Date, the Company and the bondholder are negotiating the settlement.

**Convertible bonds issued**

On 26 June 2020 (the “**Bond Issue Date**”), the Company issued convertible bonds (the “**CBs**”) 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. Other than their conversion nature, the CBs were unsecured and unguaranteed.

Under the original terms, the CBs would 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).

On 24 June 2022, the Company executed an addendum (the “**Addendum**”) to amend and/or alter the terms and conditions of the CBs with a view to giving effect to the extension of the maturity date of the CBs for a period of six months to 23 December 2022 (the “**Extended Maturity Date**”) and all other terms and conditions of the CBs remain unchanged. As at 20 September 2022, the Addendum has taken effect, with the maturity date of the CBs being extended to the Extended Maturity Date.

Further on 18 October 2022, the Company executed the second addendum (the “**Second Addendum**”) to amend and/or alter the terms and conditions of the CBs with a view to giving effect to (i) the further extension of the maturity date of the CBs 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 CBs 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 CBs during the conversion period; (iii) the adjustment of the conversion price of the CBs 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 CBs into conversion shares during the conversion period, and all other terms and conditions of the CBs remain unchanged.

The Second Addendum and the terms and conditions of the CBs (as amended by the Second Addendum) shall take effect subject to the fulfilment of all the conditions precedent as set out in the Second Addendum. If any of the conditions precedent is not fulfilled on or before 17 April 2023 (or such later date as may be mutually agreed by the Company and the bondholders), the Second Addendum shall lapse and terminate. None of the conditions precedent is waivable by the Company and bondholders.

As at 31 December 2022, the Second Addendum has not taken effect, and the CBs were separated into a liability component of approximately HK\$13,014,000 and an equity component of approximately HK\$876,000 representing the conversion options of the bondholders.

#### **Other long-term liabilities**

The Group had a total outstanding amount of Baht 25,500,000 (equivalent to approximately HK\$5,608,000) due to Mrs. Nongluck Anantachote in respect of the issue and paid-up preference share capital of Oriental City Group (Thailand) Co., Ltd. (“**OCG Thailand**”), a wholly-owned subsidiary of the Group, with cumulative dividend at 9.5% per annum, with an accrued dividend payable of approximately Baht 6,670,000 (equivalent to approximately HK\$1,467,000) at 31 December 2022. The amount was unsecured and unguaranteed.

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in accordance with applicable accounting standards because they are not redeemable and 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.

#### **Forward contract position**

As at 31 December 2022, the Group had outstanding foreign currency contracts for the exchange of United States Dollars with Baht of US\$250,000 (equivalent to approximately HK\$1,950,000).

#### **Capital Commitment**

As at 31 December 2022, the Group had capital expenditure commitments contracted but not provided, net of deposit paid, for construction of property, plant and equipment and intangible assets of approximately HK\$227,000.

**Contingent liabilities**

As at 31 December 2022, the Group had no other material contingent liability.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 December 2022, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance (other than under normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or other material contingent liabilities.

Save as disclosed above, the Directors have confirmed that there had been no material changes in the indebtedness and contingent liabilities of the Group since 31 December 2022, up to and including the Latest Practicable Date.

**3. SUFFICIENCY OF WORKING CAPITAL**

As at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately HK\$2,095,000, the Group's total trade and other payables, bond payable, lease liabilities, other liabilities and liability component of convertible bonds amounted to approximately HK\$52,222,000, of which approximately HK\$46,575,000 were due for repayment within the next twelve months after 31 December 2022, and also the Group had only bank balances and cash of approximately HK\$17,621,000.

In view of these circumstances and in addition to the Acquisition, the Group has implemented, or is in the process of implementing, the following plans and measures to improve its working capital position:

- (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) the Company is expected to contemplate other fund-raising activities, including both equity and debt financing, and apply the net proceeds from such fund-raising exercise for general working capital of the Group; 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.

As at the Latest Practicable Date, the Group has not entered into any agreement, arrangement, understanding or undertaking in respect of the potential fund-raising exercise as mentioned in point (ii) above. While the Directors believe that the abovementioned debt restructuring and fund-raising plan would allow the Group to continue refinance its debts on normal commercial terms, and enables the Company to retain the funds for general working capital and to finance any potential investments as and when opportunities arise, the Company's net current liabilities position will be improved taking into consideration the above stated plans and measures.

As at the Latest Practicable Date, the Directors were of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's financial resources, including internally generated funds, presently available credit facilities and the above-mentioned plans and measures, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

Shareholders should note that the validity of the statement of the working capital sufficiency of the Group as mentioned above depends on the outcome of the above-mentioned plans and measures undertaken/being undertaken by the Group, which are subject to uncertainties. Should the Group fail to achieve the above-mentioned plans and measures, the Group may not have sufficient working capital for its requirements within the next 12 months from the date of this circular.

#### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### **5. FINANCIAL PROSPECTS OF THE GROUP**

The Group is principally engaged in merchant acquiring business in Thailand. During the years, the Group offers a wide range of value-added payment services to its customers. It has always been the Group's intention to provide its users a one-stop solution combining payment, benefits and credit services. As at the Latest Practicable Date, the Company had no intention to dispose of or scale down any of its existing principal businesses after the Completion and it was expected that the merchant acquiring business would remain as one of the principal business segments of the Group.

The Group's merchant acquiring business is facing the risks of uncertainties in the impact of Sino-US trade war and the outbreak of the COVID-19 pandemic, which have affected Chinese tourists' spending in Thailand. In particular, the outbreak of COVID-19 pandemic which led to the suspension of a majority of international flights to Thailand has resulted in a material adverse effect to the Group's income from its merchant acquiring business. It is uncertain as to when the international flights to Thailand would be completely resumed, and hence the Group has been proactive in exploring other business opportunities, especially payment related business.

As disclosed in the section headed "REASONS AND BENEFITS OF ENTERING INTO OF THE AGREEMENT" in the Letter from the Board in this circular, the Directors consider that the Acquisition is in line with the business strategy of the Group to focus on areas with rapid growth potential and to strive to establish partnership with various parties to provide secure and convenient payment services. It is expected that the Acquisition will enable the Group to strengthen its presence in providing secure and convenient payment services in different geographical areas. Looking forward, the Group will continue to develop its merchant acquiring business and to proactively seek business opportunities to expand its presence in different fields with rapid growth potential in order to contribute and sustain the Group's future development and to generate better return to its Shareholders.

#### **6. EFFECT ON EARNINGS, ASSETS AND LIABILITIES OF THE COMPANY**

Upon Completion, the Vendor shall place the Company in effective possession and control of the Assets and the Assets acquired will be consolidated in the financial statements of the Group.

Having considered that the Assets are not revenue-generating assets, there is no direct effect on the Group's earning upon Completion but the Group's total assets would increase by approximately HK\$42,900,000. The Directors are of the view that the Acquisition will lead to an increase in the Group's asset base with the potential to extend its service offerings, which in turn will increase the Group's earnings as well as profitability as the Group could realise the benefits from the synergies created from such addition of assets in the long run.

**The Directors**  
**Oriental Payment Group Holdings Limited**  
Room 5, 17/F  
80 Gloucester Road  
Wanchai  
Hong Kong

**EIDEA****Eidea Professional Services  
Company Limited**Suite 1001, 10th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

Tel: (852) 2528 3808

Fax: (852) 25293808

Date: 23 February 2023

Dear Sir/Madam,

**Re: Valuation of Machineries and Equipment (the “Assets”)**

## **1. INSTRUCTIONS**

In accordance with the instructions by Oriental Payment Group Holdings Limited (the “**Company**”) for us to value the Assets to be acquired from the Mobile Technology Holdings Limited (the “**Vendor**”), we confirm that we have carried out investigations, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Fair Value of the Assets as part of the representation of their value as at 31 August 2022 (the “**Valuation Date**”) for the purpose of incorporation in the circular of the Company.

This letter forms part of the valuation report which comprise of the follows, which identifies the Assets appraised, valuation methodology, scope of our investigation assumptions, considerations and limiting conditions.

- Brief description, which identifies the Assets, the scope and character of our investigation, also the valuation process employed and the opinion of values; and
- Valuation Assumptions and Limiting conditions.

**2. BASIS OF VALUATION**

We have valued the Assets on the basis of fair value, which is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

We have valued the Assets based upon the continuation of their existing use, assuming they could be sold in the open market for their existing use, and otherwise in keeping with the fair value definition regardless of whether or not the existing use represents the highest and best use of the Assets.

The fair value presented within this report does not represent the amount that might be realised in the event of piecemeal disposition of the Assets in the open market or from any alternative use to which they may be put.

**3. BACKGROUND AND DESCRIPTION OF ASSETS**

The Assets under review within this report mainly consists of 13,235 optical scanners with model number bCode 435U and 1,161 optical scanners with model number bCode 435E which are both capable of decoding various barcode formats, including QR codes and the proprietary bCode format – a lightweight, alphanumeric code, designed for high consumer engagement in virtually any environment.

Wherever possible and available, we have undertaken the inspection of the Assets. We have assumed in our valuation that the Assets are generally kept in good condition, in working order and apparently properly maintained.

**4. VALUATION METHODOLOGIES**

There are generally three accepted approaches for our valuation, namely:

**The Market Approach**

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised machinery and equipment relative to the market comparative.

**The Income Approach**

The income approach is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of all assets of a business enterprise including working capital and tangible and intangible assets.

**The Cost Approach**

The Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transport, installation, commissioning and consultants' fees. Adjustment is then made for accrued depreciation, which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.

**5. ANALYSIS**

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. For this appraisal, since the income generated by the Assets could hardly be identified, therefore, the income approach and the cost approach were not applied. Among the three approaches, we consider that the market approach is more appropriate in this valuation considering the market approach is best applied when duplicate or similar assets exist and have been sold or available for sale in a measurable comparative market. An upward or downward adjustment is made to the indicated market prices to reflect the condition and utility of the appraised assets relative to the market comparatives.

**6. SCOPE OF INVESTIGATION, ASSUMPTIONS AND CONSIDERATIONS**

In forming our opinion of the fair value of the Assets, we have assumed that they will continue to be used in its present existing state for which they were designed, built and erected, without specific reference to income.

The opinion of fair value of the Assets as installed for intended utilisation is not necessarily intended to represent the amount that might be realised from piecemeal disposition of the Assets in the open market or from alternative uses of the Assets.

We have assumed that the Assets will be used in their present existing state with the benefit of continuity during the foreseeable future.



We have made no investigation of and assumed no responsibility for titles to the Assets. We have also assumed in our valuation that the Assets are free from any encumbrance.

Our investigation was restricted to an ocular inspection and valuation of the Assets did not attempt to arrive at any conclusion of values of the Group as a total business entity.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Assets were used.

We had not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the Assets. Also, no investigation was conducted as to whether the operation of specific pieces of the Assets complied with the relevant environmental standards and ordinances; we had assumed that the Assets continued and would continue to comply with the current environmental standards and ordinances. We made no allowance in our valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

We have assumed that the information provided by the Company is true and complete in material respects in relying on the same in our valuation of the Assets.

## **7. LIMITING CONDITIONS**

All the inventories, machineries and/or equipment were listed as complete units, i.e., machineries and/or equipment as listed are meant to include all parts and accessories normally comprising the unit.

We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

We are not prepared to give testimony or attendance in court or to any government agency with reference to the Assets.

Neither the whole nor any part of this report and valuation, nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Unless otherwise stated, the Assets have been valued in United States Dollar (US\$).

**8. OPINION OF VALUE**

We are of the opinion that, as at the Valuation Date, the fair value of the Assets for their existing use can be fairly represented in the amount of US\$4,333,000 (UNITED STATES DOLLAR FOUR MILLION THREE HUNDRED AND THIRTY-THREE THOUSAND).

Yours faithfully,

For and on behalf of

**Eidea Professional Services Company Limited**

**Sr Tony Y. F. Lau**

*MRICS, MHKIS, BSc (Hons)*

**Managing Director**

**Shirin X. Chen**

*MSc (ME)*

**Associate Director**

*Sr Tony Y. F. Lau is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors with over 17 years' experience in valuation of properties, machineries and equipment and financial instruments in Hong Kong, Macau, China, the Asia Pacific Region, America and Europe.*

*Ms. Shirin X. Chen holds a Master of Science in Mechanical Engineering with over 10 years' experience in valuation of machineries and equipment in Hong Kong, Macau, China and the Asia Pacific Region.*

**1. RESPONSIBILITY STATEMENT**

This circular, 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 circular 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 circular misleading.

**2. SHARE CAPITAL OF THE COMPANY**

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<b>Authorised:</b>	<i>HK\$</i>
<u>10,000,000,000</u> Shares of HK\$0.01 each	<u>100,000,000.00</u>
<b>Issued and fully paid or credited as fully paid:</b>	<i>HK\$</i>
<u>1,382,900,000</u> Shares of HK\$0.01 each	<u>13,829,000</u>

Immediately after allotment and issue of all of the Consideration Shares (assuming that there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and the Completion Date and none of the Convertible Bonds have been converted into the Shares in accordance with its terms thereof), the authorised and issued share capital of the Company will be as follows:

<b>Authorised:</b>	<i>HK\$</i>
<u>10,000,000,000</u> Shares of HK\$0.01 each	<u>100,000,000</u>
<b>Issued and fully paid or credited as fully paid:</b>	<i>HK\$</i>
<u>1,382,900,000</u> Shares of HK\$0.01 each	<u>13,829,000</u>
<u>476,666,667</u> Consideration Shares to be allotted and issued	<u>4,766,667</u>
<u>1,859,566,667</u> Shares of HK\$0.01 each	<u>18,595,667</u>

All Shares currently in issue and the Consideration Shares rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

## 3. DISCLOSURE OF INTERESTS

**Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures**

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its 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 or short positions which they were 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 relating to the securities transactions by directors, to be notified to the Company and the Stock Exchange were as follows:

*Long positions in Shares and underlying Shares*

Name of Directors	Capacity	Number of Shares held	Approximate percentage of shareholding (%) (Note 1)
Mr. Tsang (Note 2)	Beneficial owner (Note 2)	50,000	0.00
	Interest in a controlled corporation (Note 2)	200,000,000	14.46
Mr. Yu (Note 3)	Interest in a controlled corporation (Note 3)	138,000,000	9.98
Mr. Shiu (Note 4)	Interest in a controlled corporation (Note 4)	41,000,000	2.96

*Note:*

1. The calculation is based on the total number of 1,382,900,000 shares of the Company in issue as at the Latest Practicable Date.
2. As at the Latest Practicable Date, 50,000 Shares were directly held by Mr. Tsang, an executive Director and the managing director of the Group and 200,000,000 Shares were held by Gold Track, which was in turn wholly owned by Mr. Tsang. Accordingly, Mr. Tsang was deemed to be interested in such 200,000,000 Shares held by Gold Track pursuant to Part XV of the SFO.
3. As at the Latest Practicable Date, these 138,000,000 Shares are held by Straum Investments which is in turn wholly-owned by Mr. Yu, an executive Director. Accordingly, Mr. Yu is deemed to be interested in such 138,000,000 Shares held by Straum Investments pursuant to Part XV of the SFO. On the other hand, Ms. Choi Hiu Wa is the wife of Mr. Yu and hence Ms. Choi Hiu Wa is deemed to be interested in such 138,000,000 Shares due to the interest of her spouse (i.e. Mr. Yu) pursuant to Part XV of the SFO.
4. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Best Practice on 16 March 2022, these 41,000,000 Shares have been pledged to Best Practice pursuant to the loan agreement dated 14 March 2022 entered into between an Independent Third Party as chargor and Best Practice as lender. As at the Latest Practicable Date, Best Practice is wholly-owned by Mr. Shiu, who is a non-executive Director. Accordingly, Mr. Shiu is deemed to be interested in such 41,000,000 Shares due to the security interest in those Shares acquired from such Independent Third Party pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executives of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporation (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 or short positions which they were 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 relating to the securities transactions by directors, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Director is a director or employee of any substantial shareholder of the Company.

**Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares discloseable under the SFO**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

***Long positions in Shares***

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding (%)</b> <i>(Note 1)</i>
Rainbow Capital <i>(Note 2)</i>	Interest in a controlled corporation	226,460,000	16.38
Metagate <i>(Note 2)</i>	Beneficial Owner	226,460,000	16.38
Straum Investments <i>(Note 3)</i>	Beneficial Owner	138,000,000	9.98
Ms. Choi Hiu Wa <i>(Note 3)</i>	Interests of spouse	138,000,000	9.98
Rainbow Elite <i>(Note 4)</i>	Beneficial Owner	91,000,000	6.58
Mr. Lam <i>(Note 4)</i>	Interest in a controlled corporation	91,000,000	6.58
Original Fortune <i>(Note 5)</i>	Beneficial Owner	67,500,000	4.88
Mr. Sung <i>(Note 5)</i>	Interest in a controlled corporation	67,500,000	4.88

*Notes:*

1. The calculation is based on the total number of 1,382,900,000 shares of the Company in issue as at the Latest Practicable Date.
2. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Metagate on 28 November 2022, these 226,460,000 Shares were held by Metagate, which is in turn wholly-owned by Rainbow Capital. As at the Latest Practicable Date, Rainbow Capital is ultimately and beneficially wholly-owned by Mr. Choy. Accordingly, each of Rainbow Capital and Mr. Choy is deemed to be interested in such 226,460,000 Shares held by Metagate pursuant to Part XV of the SFO.

3. As at the Latest Practicable Date, these 138,000,000 Shares were held by Straum Investments which is in turn wholly-owned by Mr. Yu. Accordingly, Mr. Yu is deemed to be interested in such 138,000,000 Shares held by Straum Investments pursuant to Part XV of the SFO. On the other hand, Ms. Choi Hiu Wa is the wife of Mr. Yu and hence Ms. Choi Hiu Wa is deemed to be interested in such 138,000,000 Shares due to the interest of her spouse (i.e. Mr. Yu) pursuant to Part XV of the SFO.
4. As at the Latest Practicable Date, these 91,000,000 Shares were held by Rainbow Elite which is in turn wholly-owned by Mr. Lam. Accordingly, Mr. Lam is deemed to be interested in such 91,000,000 Shares held by Rainbow Elite pursuant to Part XV of the SFO.
5. As at the Latest Practicable Date, these 67,500,000 Shares were held by Original Fortune which is in turn wholly-owned by Mr. Sung. Accordingly, Mr. Sung is deemed to be interested in such 67,500,000 Shares held by Original Fortune pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there was no other person (other than the Directors or the chief executives of the Company) who had or were deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### **4. INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 March 2022, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **5. INTERESTS IN CONTRACT OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting which is significant in relation to the business of the Group.

#### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and controlling shareholders (as defined in the GEM Listing Rules) of the Company and their respective close associates had any business or interest which competes or may compete, either directly or indirectly, with the business of the Group, or had or may have any other conflict of interest with the Group.

## 7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 8. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

## 9. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Group) were entered into by members of the Group within two years immediately preceding the date of this circular and are or may be material:

- (a) a placing agreement dated 9 July 2021 (“**2021 Placing Agreement**”) entered into between the Company and SBI China Capital Financial Services Limited (“**SBI**”) in respect of a placing of a maximum of 100,000,000 Shares by SBI;
- (b) a side letter dated 23 July 2021 entered into between the Company and SBI in relation to an extension of placing period and a revision of placing price under the 2021 Placing Agreement;
- (c) a second side letter dated 6 August 2021 entered into between the Company and SBI in relation to a further extension of placing period under the 2021 Placing Agreement;
- (d) a memorandum of understanding dated 28 January 2022 entered into between the Company and the Vendor setting out preliminary understanding in relation to the possible acquisition of the 100% equity interest in Transit Limited;
- (e) a memorandum of understanding dated 28 January 2022 entered into among the Company, Ms. Jiang Zhengyan and Mr. Tham Kar Wai Derrick (Tan Jiawei Derrick) setting out preliminary understanding in relation to the possible acquisition of the 67% equity interest in Alldebit Pte. Ltd.;
- (f) a subscription agreement dated 31 January 2022 entered into between the Company and Mr. Tsang in respect of a subscription of 200,000,000 Shares by Mr. Tsang;



- (g) a placing agreement dated 17 May 2022 entered into among the Company, SBI, Global Mastermind Securities Limited (“**Global Mastermind**”) and Glam Capital Limited in relation to a placing of a maximum of 150,000,000 Shares by SBI, Global Mastermind and Glam Capital Limited;
- (h) an addendum dated 24 June 2022 (the “**First Addendum**”) executed by the Company to amend and/or supplement the terms and conditions of the Convertible Bonds (as amended and supplemented from time to time);
- (i) a placing agreement dated 7 October 2022 (“**2022 First Placing Agreement**”) entered into among the Company, SBI and Global Mastermind in relation to a placing of a maximum of 240,000,000 Shares by SBI and Global Mastermind;
- (j) an addendum dated 18 October 2022 executed by the Company and expressed to be supplemental to the terms and conditions of the Convertible Bonds (as amended by the First Addendum);
- (k) a side letter dated 21 October 2022 entered into among the Company, SBI and Global Mastermind in relation to an extension of the long stop date of the 2022 First Placing Agreement;
- (l) a conditional share sale agreements dated 18 November 2022 entered into between the Company and each of Ms. Jiang Zhengyan and Mr. Tham Kar Wai Derrick (Tan Jiawei Derrick) in relation to the disposal of a total of 33% of the total issued share capital of Alldebit Pte. Ltd;
- (m) the subscription agreements dated 21 December 2022 (the “**Subscription Agreements**”) entered into between the Company and each of Richard Severin Fuld, Jr. and Kailash Peak Trust (the “**Subscribers**”) in relation to a subscription of an aggregate of 35,400,000 Shares by the Subscribers;
- (n) the 2022 Second Placing Agreement;
- (o) a side letter dated 22 December 2022 entered into between the Company and SBI in relation to a revision of the placing price under the 2022 Second Placing Agreement;
- (p) two side letters dated 22 December 2022 entered into between the Company and each of the Subscribers in relation to a revision of subscription price and number of subscription shares under the Subscription Agreements;
- (q) a side letter dated 9 January 2023 entered into between the Company and SBI in relation to an extension of long stop date under the 2022 Second Placing Agreement; and
- (r) the Agreement.

**10. EXPERT AND CONSENT**

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Eidea Professional Services Company Limited	Independent professional valuer

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert had no interest, either direct or indirect, in any assets which have been, since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ocg.com.hk>) from the date of this circular up to and including the date of EGM (both days inclusive):

- (a) the valuation report in relation to the fair value of the Scanners issued by Eidea Professional Services Company Limited, the text of which is set out in Appendix II to this circular;
- (b) the consent letter referred to in the paragraph under the heading “Expert and Consent” in this appendix; and
- (c) the Agreement.

**12. GENERAL**

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Room 5, 17/F, 80 Gloucester Road, Wanchai, Hong Kong.

- (c) The Hong Kong share registrar and transfer office of the Company is Union Registrars Limited at Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road North Point Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Yu Wan Hei (“**Mr. Yu**”) and Mr. Huen Felix Ting Cheung (“**Mr. Huen**”). Mr. Yu is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Huen is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a licensed person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity.
- (e) The compliance officer of the Company is Mr. Tsang, who is also an executive Director, an authorised representative and a process agent of the Company. Mr. Tsang is a fellow member of The Association of Chartered Certified Accountants.
- (f) The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the code provision C.3 (now rearranged as D.3) of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chung, Wai Chuen Alfred (“**Mr. Chung**”), Mr. Ng Ka Po (“**Mr. Ng**”) and Ir Dr. Ng Yu Ki (“**Dr. Ng**”). Mr. Chung, Wai Chuen Alfred is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Mr. Chung graduated with a bachelor's degree in business administration from Lingnan College, now known as Lingnan University, in Hong Kong in 1998. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

Mr. Ng graduated from the Chinese University of Hong Kong with a Bachelor of Business Administration degree in 1998. He obtained a Master of Business Administration degree from the Columbia University in the United States of America in 2010. He is a CPA-Inactive certificate holder in the Washington State of the United States of America. He is also a chartered financial analyst of the CFA Institute.

Dr. Ng graduated from The Chinese University of Hong Kong with a Bachelor of Engineering degree. He also obtained a Master's degree from The Hong Kong Polytechnic University and a Doctoral degree from City University of Hong Kong. He is also a Chartered Engineer.

- (g) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in the case of inconsistency.

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Oriental Payment Group Holdings Limited (the “**Company**”) will be held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Monday, 13 March 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing and approving (with or without amendments) the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the conditional asset acquisition agreement (the “**Agreement**”) dated 27 September 2022 entered into between the Company and Mobile Technology Holdings Limited (the “**Vendor**”) in relation to the acquisition by the Company of such right, title, interest, benefit and claim as the Vendor and its subsidiaries may have in the 13,235 live-network optical scanners with model number bCode 435U and 1,161 live-network optical scanners with model number bCode 435E, all of which are directly owned by the Vendor as at the date of the Agreement, (the “**Scanners**”) and any firmware designed for use thereon to decode bCode and other barcode formats and support the use of the bCode System at a consideration of US\$6,050,000 (equivalent to approximately HK\$47,190,000) which shall be satisfied by the allotment and issue of 476,666,667 consideration shares (the “**Consideration Shares**”) by the Company to the Vendor upon and subject to the terms and conditions as set out therein (a copy of which has been produced to the EGM marked “**A**” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and/or ratified (as the case may be);

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## NOTICE OF EGM

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- (b) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) having approved the Acquisition and conditional upon GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the ordinary share(s) of HK\$0.01 each in the share capital of the Company which shall fall to be allotted and issued by the Company upon and subject to the terms and conditions of the Agreement (the “**Consideration Shares**”), the directors (“**Director(s)**”) of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Consideration Shares, with such Specific Mandate being in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (c) any one Director (if execution under the common seal of the Company is required, any two Directors) be and is (are) hereby authorised for and on behalf of the Company to sign and execute, and when required, to affix the common seal of the Company, to deliver any documents, instruments or agreements and to do all such acts and things and to take all such steps which, in the opinion of such Director, may be necessary, desirable or expedient to implement and/or give effect to the Agreement and the transactions contemplated thereunder and to agree to such variations, amendments, additions or waivers of matters relating thereto as such Director deems appropriate.”

By order of the Board  
**Oriental Payment Group Holdings Limited**  
**Mr. Tsang Chi Kit**  
*Executive Director*

Hong Kong, 23 February 2023

*Registered Office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Principal Place of Business in*

*Hong Kong:*  
Room 5, 17/F  
80 Gloucester Road  
Wanchai  
Hong Kong

*Notes:*

1. The resolution set out in this notice of EGM will be taken by poll (except where the chairman decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of the Stock Exchange. The results of the poll will be published on the GEM website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.ocg.com.hk](http://www.ocg.com.hk) in accordance with the GEM Listing Rules.

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2. Any shareholder (“**Shareholder(s)**”) of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it and a proxy so appointed shall have the same right as the Shareholder to speak at the meeting. A proxy need not be a Shareholder. A Shareholder who is the holder of two or more Shares may appoint more than one proxies to represent him/her/it and vote on his/her/its behalf at the EGM. If more than one proxies is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. On a poll, votes may be given either personally (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy.
3. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 23 February 2023. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any Shares, any one of such joint holder may vote, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled to vote, but if more than one of such joint holders are present at the EGM personally or by proxy, the most senior holder shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the register of members of the Company in respect of the joint holding.
6. For determining the entitlement to attend and vote at the EGM, the record date will be Tuesday, 7 March 2023. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares of the Company will ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 7 March 2023.
7. If typhoon signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons is hoisted or remains hoisted in Hong Kong after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.ocg.com.hk](http://www.ocg.com.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting as and when appropriate.

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

*This notice, 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 notice 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 notice misleading.*

*This notice will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://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](http://www.ocg.com.hk).*