
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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



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)

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED SECOND AMENDMENTS
TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS
AND
NOTICE OF EGM**

Financial adviser to the Company



Diligent Capital Limited

Independent Financial Adviser



Silverbricks Securities Company Limited

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

A letter from the Board is set out on pages 7 to 35 of this circular. A letter from the Independent Board Committee is set out on pages 36 to 37 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 73 of this circular.

A notice convening the EGM to be held at Room 302, 3/F., Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Tuesday, 28 February 2023 at 11:00 a.m. or any adjournment thereof (as the case may be) is set out on pages 83 to 86 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 and the Company's website at 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 for a minimum period of seven days before the date of the EGM. This circular will also be published on the Company's website at www.ocg.com.hk.

10 February 2023

CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EGM	iii
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	36
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	38
APPENDIX – GENERAL INFORMATION	74
NOTICE OF EGM	83

PRECAUTIONARY MEASURES FOR THE EGM

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.

PRECAUTIONARY MEASURES FOR THE EGM

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

DEFINITIONS

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 and its subsidiaries may have in the Assets in accordance with the terms of the conditional asset acquisition agreement dated 27 September 2022 entered into between the Company and the Vendor, details of which are set out in the Company’s announcement dated 27 September 2022
“Agreement(s)”	the sale and purchase agreements dated 19 October 2022 entered into between the Bondholders and the Transferees in relation to the Transfer
“Assets”	all rights, title, interest and benefits to or 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 and any firmware designed for use thereon to decode bCode and other barcode formats and support the use of the bCode System
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Director(s)
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	a day (other than a Saturday, Sunday, public holiday, and days on which a tropical cyclone warning signal no. 8 or above or “black rainstorm warning signal” is hoisted or in effect in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“CB Terms and Conditions”	the terms and conditions of the Convertible Bonds (as amended and supplemented from time to time)
“Company”	Oriental Payment Group Holdings Limited (東方支付集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM with stock code: 8613

DEFINITIONS

“Condition(s) Precedent”	condition(s) precedent to the effectiveness of the Addendum as set out in the Addendum
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Date”	the date on which the Bondholder exercises its Conversion Rights by delivering to the principal place of business of the Company a written notice stating its intention to convert, together with the Convertible Bonds certificate
“Conversion Period”	the period commencing from any Business Day falling six months after the date of issue of the Convertible Bonds and up to and including the Extended Maturity Date
“Conversion Price”	HK\$0.1 per Conversion Share, subject to adjustments set out in the CB Terms and Conditions
“Conversion Rights”	rights attached to the Convertible Bonds to convert the whole or any part thereof into Conversion Shares in accordance with the CB Terms and Conditions
“Conversion Share(s)”	the maximum number of 143,250,000 new Share(s) to be allotted and issued by the Company upon exercise of the Conversion Rights in accordance with the CB Terms and Conditions
“Convertible Bond(s)”	the interest-bearing convertible bond(s) issued by the Company on 26 June 2020 in an aggregate principal amount of HK\$11,850,000, where a maximum of 79,000,000 Shares shall fall to be allotted and issued upon exercise of the Conversion Rights by the Bondholders in full
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 302, 3/F., Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong, on Tuesday, 28 February 2023 at 11:00 a.m. for the Independent Shareholders for the purpose of considering and, if thought fit, approving the Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders)

DEFINITIONS

“First Addendum”	the addendum dated 24 June 2022 executed by the Company and expressed to be supplemental to the CB Terms and Conditions
“First Placing”	placing of 148,000,000 Shares by Global Mastermind and SBI, together as the placing agents, in accordance with the terms of the First Placing Agreement, which had been completed on 2 November 2022 (details of which are set out in the announcements of the Company respectively dated 7 October 2022 and 2 November 2022)
“First Placing Agreement”	the placing agreement dated 7 October 2022 entered into among the Company, Global Mastermind and SBI in respect of the First Placing
“First Proposed Amendments”	the proposed amendments to the CB Terms and Conditions as provided under the First Addendum, details of which are set out in the announcements of the Company dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Global Mastermind”	Global Mastermind Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising Mr. Chung, Wai Chuen Alfred, Mr. Ng Ka Po and Ir Dr. Ng Yu Ki (all of whom are independent non-executive Directors) to advise the Independent Shareholders in relation to, among others, the Second Addendum and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser”	a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to, among others, the Second Addendum and the transactions contemplated thereunder
“Independent Shareholders”	Shareholder(s) other than Metagate and its associate
“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
“Latest Practicable Date”	7 February 2023, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Metagate”	Metagate Investment SPC, a private company limited by shares incorporated in Cayman Islands and a wholly-owned subsidiary of the Rainbow Capital Limited
“Placee(s)”	independent institutional, corporate or individual investor(s) which SBI will procure on a best effort basis to purchase the placing shares pursuant to the Second Placing Agreement
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“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
“Second Addendum”	the addendum dated 18 October 2022 executed by the Company and expressed to be supplemental to the CB Terms and Conditions
“Second Extended Maturity Date”	the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day (i.e. 22 December 2023)

DEFINITIONS

“Second Placing”	placing of a maximum of 35,000,000 new Shares by SBI as placing agent in accordance with the terms of the 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, 9 January 2023 and 30 January 2023)
“Second Placing Agreement”	the placing agreement dated 21 December 2022 entered into between the Company and SBI in respect of the Second Placing
“Second Proposed Amendments”	the second proposed amendments to the CB Terms and Conditions as provided under the First Addendum, details of which are set out in the announcements of the Company dated 18 October 2022, 19 October 2022 and 21 October 2022, details of which are set out in the paragraphs headed “Proposed Amendments” under the section headed “THE ADDENDUM” in the letter from the Board of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to authorise the Board to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders to be proposed for the Independent Shareholders’ approval as ordinary resolution at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively Richard Severin Fuld, Jr. and Kailash Peak Trust
“Subscription”	subscription of 34,900,000 new Shares by the Subscribers pursuant to the Subscription Agreements dated 21 December 2022 entered into between the Company and the Subscribers (as amended by the side letters entered into between the Company and the Subscribers dated 22 December 2022) (details of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023)

DEFINITIONS

“Subscription Agreements”	the subscription agreements dated 21 December 2022 entered into between the Company and the Subscribers in respect of the Subscription
“Takeovers Codes”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong as may be amended and supplemented from time to time
“Transfer”	the transfer of the Convertible Bonds in accordance with the terms of the Agreement(s)
“Transferee(s)”	collectively Metagate and Mr. Choy Hok Man
“Vendor”	Mobile Technology Holdings Limited, a company incorporated in the Isle of Man with limited liability
“%”	per cent

LETTER FROM THE BOARD



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 Directors:

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
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

10 February 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE SECOND PROPOSED AMENDMENTS
TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS
AND
NOTICE OF EGM**

INTRODUCTION

References are made to (i) the announcements of the Company dated 18 October 2022 and 21 October 2022 in relation to, among others, the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders); and (ii) the announcement of the Company dated 19 October 2022 in relation to the Transfer.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders); (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

BACKGROUND

References are made to (i) the joint announcements of the Company and China Smartpay Group Holdings Limited respectively dated 10 June 2020 and 26 June 2020 in relation to, among others, placing of the Convertible Bonds under the general mandate by the Company; and (ii) the announcements of the Company dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022 in relation to, among others, the First Proposed Amendments.

On 10 June 2020, the Company entered into a placing agreement (the “**CB Placing Agreement**”) with SBI as placing agent, pursuant to which the Company agreed to place through SBI the Convertible Bonds in an aggregate principal amount of up to HK\$11,850,000 to not less than six placees at the initial Conversion Price of HK\$0.15 per Share upon and subject to the provisions of the CB Placing Agreement. Completion of the placing of the Convertible Bonds in an aggregate principal amount of HK\$11,850,000 to six placees took place on 26 June 2020. The aggregate number of Shares which may fall to be allotted and issued by the Company upon conversion of the Convertible Bonds in full at the initial Conversion Price of HK\$0.15 per Share is 79,000,000 Shares.

On 24 June 2022, the Company executed the First Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to the extension of the maturity date of the Convertible Bonds for a period of six months. The First Addendum has taken effect on 20 September 2022 with the maturity date of the Convertible Bonds extended for a period of six months to 23 December 2022.

Pursuant to the existing CB Terms and Conditions (as amended by the First Addendum), the Convertible Bonds shall mature on 23 December 2022.

On or about 18 October 2022, the Company was notified of the Bondholders to the Second Proposed Amendments.

LETTER FROM THE BOARD

On 18 October 2022, by virtue of the written resolutions signed and passed by all the existing Bondholders holding 100% of the aggregate outstanding principal amount of the Convertible Bonds, the Bondholders have conditionally agreed to the Second Proposed Amendments.

On 19 October 2022, the Company was informed by the Bondholders that the Bondholders was entered into a sale and purchase agreement with Metagate in respect of the Transfer.

As at the Latest Practicable Date, an aggregate principal amount of the Convertible Bonds of HK\$11,850,000 (the “**Outstanding Principal Amount**”) and an aggregate accrued interest of the Convertible Bonds of approximately HK\$1,752,000 (the “**Latest Outstanding Accrued Interest**”) remain outstanding. The Latest Outstanding Accrued Interest is calculated based on the following formula:

$$\begin{array}{r} \text{Outstanding Principal Amount} \\ \text{(i.e. HK\$11,850,000)} \end{array} \times 7\% \times \frac{\text{Accrued period of 771 days covering the period} \\ \text{from 29 December 2020 to} \\ \text{the Latest Practicable Date}}{365 \text{ days}}$$

THE TRANSFER

On 19 October 2022, the Company was informed by the Bondholders that the Bondholders were entered into the Agreements with the Transferees in respect of the Transfer. Principal terms of the Agreements are set out below:

- Date: 19 October 2022
- Parties: (i) the Bondholder(s); and
(ii) the Transferee(s).
- Subject Matter: The Bondholder(s) shall, as beneficial owner, sell, and the Transferee(s) shall purchase, the relevant Convertible Bonds, where:
- (a) an aggregate principal amount of HK\$6,380,000 will be transferred to Metagate; and
 - (b) an aggregate principal amount of HK\$5,470,000 will be transferred to Mr. Choy Hok Man (“**Mr. Choy**”).

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Metagate is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands under the laws of the Cayman Islands. As at the Latest Practicable Date, Metagate is wholly owned by Rainbow Capital Limited, which is ultimately and beneficially wholly owned by Mr. Choy, who is also one of the directors of Metagate. The investment objective of Metagate is primarily to achieve long term capital appreciation by investing in, amongst others, financial equities listed on the Stock Exchange, investment funds with investment strategies of investing in the foregoing, interest bearing instruments and convertible bonds, high-yield, non-investment grade investments and unrated securities which might be unlisted with high yield and high risks.

Further, as at the Latest Practicable Date, Metagate is a substantial shareholder of the Company holding 226,460,000 Shares, representing approximately 16.38% of the total issued share capital of the Company.

In light of the above, Metagate is a connected person of the Company under the GEM Listing Rules. Further, Mr. Choy, who is the director and shareholder of Metagate as mentioned above, is an associate of Metagate under the GEM Listing Rules and hence also a connected person of the Company under the GEM Listing Rules.

Consideration: The aggregate consideration of the Transfer shall be HK\$12,506,328.

Conditions precedent: The completion of the Transfer shall be condition upon fulfilment or waiver (as the case maybe) of the following conditions precedent:

- (a) the directors and shareholders of the Transferee having passed resolutions for approving, inter alia, (i) the execution of the Agreement and any other agreements in connection herewith, and (ii) the transactions contemplated hereunder and all matters incidental hereto;

LETTER FROM THE BOARD

- (b) each of the Transferee and the Bondholder 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;
- (c) the Second Proposed Amendments becoming effective;
- (d) the representations, warranties, undertakings and guarantees of the Bondholder on all information in whatever medium provided to the Transferee and its authorised representatives as set out in the Agreement are true, accurate and complete in all respects, and not misleading in any respect; and
- (e) there having been no material breach by the Bondholder of its obligations under the Agreement and/or any documents incidental to the Transfer, to which it is a party.

Each of the Transferee or the Bondholder may waive in whole or in part any of the above conditions precedent by written notice to each other. If any of the above conditions precedent are not fulfilled (or waived by the Transferee or the Bondholder, 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 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.

Completion:

Completion of the Transfer shall take place on or before the five (5) Business Days after all of the conditions precedent as set out under the Agreement have been fulfilled or waived (as the case may be), or such other date as the parties to the Agreement may agree in writing at such place and time as the parties to the Agreement may agree.

LETTER FROM THE BOARD

THE SECOND ADDENDUM

On 18 October 2022, the Company executed the Second Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of twelve months; (ii) delete the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds in any event if the Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period; and (iii) adjust the conversion price of the Convertible Bonds to HK\$0.1 per Conversion Share and (iv) extend the scope of the Conversion Rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into Conversion Shares during the Conversion Period. The Second Addendum and the CB Terms and Conditions shall take effect subject to the fulfilment of the conditions precedent as set out in the section headed “Conditions precedent” below.

The Second Proposed Amendments

Pursuant to the provisions of the Second Addendum, subject to the fulfilment of the Conditions Precedent, it is agreed that:

- (i) the maturity date of the Convertible Bonds shall be further extended from “the date falling upon the expiry of two years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which is 23 December 2022) to “the date falling upon the expiry of 3 years and 6 months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which will become 22 December 2023 (i.e. the Second Extended Maturity Date));
- (ii) “the additional interest at the rate of 10% per annum from the date of issue up to and including the Second Extended Maturity Date chargeable on the principal amount of the Convertible Bonds in any event if a Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period” shall be deleted;
- (iii) the conversion price of the Convertible Bonds shall be adjusted from “HK\$0.15 per Share” to “HK\$0.1 per Share”; and
- (iv) the scope of the Conversion Rights shall be extended from “at any time during the Conversion Period, to convert the whole or part of the outstanding principal amount of the Convertible Bond into Conversion Shares” to “at any time during the Conversion Period, to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bond into Conversion Shares.”

LETTER FROM THE BOARD

Save for the Second Proposed Amendments as provided under the Second Addendum, all other terms and conditions of the Convertible Bonds shall remain unchanged.

Conditions Precedent

The Second Addendum and the CB Terms and Conditions shall take effect subject to the fulfilment of all of the following conditions precedent:

- (a) the Stock Exchange having granted the approval for the Second Proposed Amendments as contemplated under the Second Addendum pursuant to Rule 34.05 of the GEM Listing Rules;
- (b) the GEM Listing Committee granting or agreeing to grant the approval for the listing of, and permission to deal in, the Conversion Shares which shall fall to be allotted and issued by the Company upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Second Addendum;
- (c) the Shareholders having granted their approval for the allotment and issue of the Conversion Shares by the Company upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Second Addendum; and
- (d) all other necessary consent(s) and approval(s) in respect of the entering into of the Second Addendum and the transactions contemplated hereunder (including but not limited to the Second Proposed Amendments and the allotment and issue of the Conversion Shares by the Company upon conversion of the Convertible Bonds) having been obtained by the Company.

If any of the above 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 and the Second Proposed Amendments as provided under the Second Addendum will not take effect. None of the Conditions Precedent is waivable by the Company or the Bondholders. As at the Latest Practicable Date, none of the aforesaid conditions precedent have been fulfilled.

Effect of the Second Addendum

The Second Proposed Amendments as provided under the Second Addendum shall apply to the Convertible Bonds outstanding as at the date on which the CB Terms and Conditions becomes effective or unconditional (to the extent that the outstanding balance of the Convertible Bonds have not been converted, released or cancelled).

Save for the Second Proposed Amendments as provided under the Second Addendum, the outstanding Convertible Bonds shall remain in full force, validity and effect in accordance with the terms set out therein.

LETTER FROM THE BOARD

The Maximum Outstanding Accrued Interest and the Conversion Shares

Based on (i) the sum of the Outstanding Principal Amount (i.e. HK\$11,850,000) and the maximum aggregate outstanding accrued interest of the Convertible Bonds of approximately HK\$2,475,000 (the “**Maximum Outstanding Accrued Interest**”); and (ii) the Revised Conversion Price of HK\$0.1 per Share pursuant to the Second Addendum, a maximum number of 143,250,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights.

Assuming that there is no repayment of any accrued interest of the Convertible Bonds by the Company during the period from the Latest Practicable Date to the Second Extended Maturity Date, the Maximum Outstanding Accrued Interest (i.e. HK\$2,475,000) is calculated based on the following formula:

$$\begin{array}{r} \text{Outstanding Principal Amount} \\ \text{(i.e. HK\$11,850,000)} \end{array} \times 7\% \times \begin{array}{l} \text{Accrued period of 1,089 days covering the period} \\ \text{from 29 December 2020 to} \\ \text{the Second Extended Maturity Date} \\ \text{(i.e. 22 December 2023)} \end{array}$$

365 days

Up to the Latest Practicable Date, an aggregate interest of the Convertible Bonds of approximately HK\$420,000, which covered an interest period from the date on which the Convertible Bonds are issued (i.e. 26 June 2020) to 28 December 2020, had been repaid by the Company to the Bondholders.

As disclosed in the Company’s annual report for the years ended 31 March 2021 and 31 March 2022, the Group’s business operation has been continuously suffered by the prolonged effect of the COVID-19 (and other related or mutated form) pandemic as well as the ever-changing public health measures implemented by the local government of Thailand from time to time. Therefore, having considered (i) the Group incurred a continuous losses starting from the year ended 31 March 2018; (ii) a significant amount of debts were due for repayment during the years; and (iii) the cash resources have been retained by the Group in Thailand to accommodate operating cashflow needs during the period; the Group has been failed to discharge its liabilities on repayment of the outstanding accrued interest of the Convertible Bonds to the Bondholders according to the CB Terms and Conditions.

LETTER FROM THE BOARD

The Directors have considered the following factors when assessing the extension of the scope of the Conversion Rights to any outstanding interest payments of the Convertible Bonds:

- i) according to the CB Terms and Conditions, the Company has the discretion to redeem the Convertible Bonds upon the maturity date and repay the Convertible Bonds' outstanding interest during the Conversion Period, therefore, the Bondholders only have the rights to convert the unpaid interest portion (if any) during the terms of the Convertible Bonds;
- ii) to protect the Company and Shareholders' interest, the Directors shall scrutinize and prioritize the Group's payment obligation, and utilize its financial resources to strike the balance in debt repayment (including the interest obligations arising from the Convertible Bonds), business development and or Company's operation. Therefore, the Company shall exercise its discretion to repay the accrued interest of the Convertible Bonds by issuing the Conversion Shares only after considering the cost of money and the imminent cash flow needs of the Group's business operation and development and repayment of other outstanding debts; and
- iii) if the closing Share price is higher than HK\$0.125, representing a discount of 20% of the closing Share price to the Conversion Price (HK\$0.1), the Company shall use its best endeavors to capture fund-raising opportunities, including equity and/or debt, to repay the Convertible Bonds interest in a timely manner after balancing the cash flow needs of the Group. Conversely, if the closing Share price is equal to or lower than HK\$0.125 and there is another imminent cash flow needs for the internal resources of the Group as explained in point (ii) above, the Company may consider issuing the Conversion Shares for the relevant repayment.

Having said that 20% is represents a threshold of discount of the general mandate under the GEM Listing Rules and is commercially reasonable as an incentive to attract potential investor(s) after considering the average daily trading volume of the Shares and the Group's financial position and other factors as mentioned above, the Directors considered that the accrued interest payments (if any) of the Convertible Bonds including under the Conversion Rights of the Second Proposed Amendments shall enhance the Group's cash flow flexibility which in turns improve the financial position and is in the interest of the Company and the Independent Shareholders as a whole.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS IMMEDIATELY AFTER THE SECOND PROPOSED AMENDMENTS UNDER THE SECOND ADDENDUM

The CB Terms and Conditions (as amended by the Second Addendum) are summarised below:

Issuer: The Company

Principal amount: An aggregate principal amount of HK\$11,850,000

LETTER FROM THE BOARD

- Issue price:** 100% of the principal amount of the Convertible Bonds
- Maturity date:** The date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day
- Interest:** The Convertible Bonds will bear interest from the date of issue at the rate of 7% per annum accrued on a day to day basis on the principal amount of the Convertible Bonds outstanding, which subject as provided in the CB Placing Agreement, will be payable by the Company semi-annually in arrears on the dates falling six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the Second Extended Maturity Date, with the first payment to be made on the date falling six months after the date of its issue.
- The interest of the Convertible Bonds shall be calculated on the basis of a 365-day year and on the actual number of days elapsed.
- Conversion Price:** HK\$0.1 per Share, subject to adjustments, details of the adjustment mechanisms are set out in the CB Terms and Conditions
- Adjustment events:** Pursuant to the CB Terms and Conditions and the CB Placing Agreement, the Conversion Price shall from time to time be adjusted upon occurrence of the following events, among others:
- (i) consolidation or subdivision of the Shares;
 - (ii) issue of any Shares by way of capitalisation of profits or reserves (other than in lieu of a cash dividend);
 - (iii) capital distribution to the Shareholders or a grant to the Shareholders of any rights to acquire for cash assets of the Group;
 - (iv) offer of any new Shares to the Shareholders for subscription by way of rights, or a grant to the Shareholders of any options or warrants to subscribe for new Shares, at a price which is less than 80% of the relevant market price per Share;

LETTER FROM THE BOARD

- (v) issue of any securities convertible into or exchangeable for or carrying rights of subscription for new Shares wholly for cash, if in any case, the total effective consideration per Share receivable for such securities is less than 80% of the relevant market price per Share, or any rights of conversion, exchange or subscription attached to such securities are modified so that the said total effective consideration per Share receivable for such securities is less than 80% of the relevant market price per Share;
- (vi) issue of any Shares wholly for cash at a price per Share which is less than 80% of the relevant market price per Share; or
- (vii) issue of any Shares for acquisition of asset at a total effective consideration per Share which is less than 80% of the relevant market price per Share.

Conversion Shares: Based on (i) the sum of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest; and (ii) the Revised Conversion Price of HK\$0.1 per Share, a maximum number of 143,250,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represents:

- (i) approximately 10.63% of the existing issued Shares immediately prior to the exercise of any of the Conversion Rights; and
- (ii) approximately 9.39% of the issued Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

Conversion Period: The period commencing from any Business Day falling 6 months after the date of issue of the Convertible Bonds and up to and including the Second Extended Maturity Date.

LETTER FROM THE BOARD

Conversion Rights: The Bondholders will be entitled to, at any time during the Conversion Period, to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bond (in the minimum amount of HK\$1,000,000 or any whole multiple thereof on each conversion) into Conversion Shares.

The Conversion Shares shall be allotted and issued by the Company in board lots in the name of the Bondholder or as it may direct with effect from Conversion Date and shall be delivered to such Bondholder within fourteen Business Days of the Conversion Date. Any outstanding balance of the Convertible Bonds not converted shall be returned to such Bondholder in the manner set out in the CB Terms and Conditions.

No fraction of a Conversion Share will be issued but (except in cases where any such cash payment would amount to less than HK\$1.00) an equivalent cash payment in Hong Kong dollars will be made to a Bondholder which proposes to exercise all or any part of its Conversion Rights in respect of such fraction.

Conversion prerequisites: No Conversion Rights may be exercised by a Bondholder unless such Bondholder confirms and/or provides evidence that upon exercise of the Convertible Rights:

- (a) such Bondholder and its associates, together with any persons acting in concert (as defined in the Takeovers Codes) with it, will not on the Conversion Date become obliged to make a mandatory offer under Rule 26 of the Takeovers Codes;
- (b) the Company will be able to comply with the relevant public float requirements under the GEM Listing Rules; and
- (c) to the reasonable satisfaction of the Company, such Bondholder and any persons acting in concert (as defined in the Takeovers Codes) with it will not be beneficially interested in 30% or more of the then issued Shares and/or the voting rights of the Company.

LETTER FROM THE BOARD

Ranking:

The Convertible Bond constitutes a direct, general, unconditional and unsecured obligation of the Company and ranks pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

The Conversion Shares shall rank pari passu in all respects amongst themselves and with all other issued Shares outstanding at the Conversion Date and be entitled to all dividends and other distributions should the record date of which falls on a date on or after the Conversion Date.

Transferability:

The Convertible Bonds are assignable and transferable in the principal amount of at least HK\$1,000,000 or integral multiples of HK\$1,000,000 by the Bondholder, subject to the CB Terms and Conditions and any applicable laws, rules and regulations (including but not limited to the GEM Listing Rules) by giving prior written notification to the Company and obtaining prior approval of the Stock Exchange (if required).

In particular, if each of the proposed assignee or transferee and its/his/her respective ultimate beneficial owner(s) is an Independent Third Party, such proposed assignee or transferee shall also have given the Company a written confirmation that each of them is an Independent Third Party.

The Company was of the view that the Transfer, with the then entire outstanding principal amount of the Convertible Bond intended to be transferred being more than HK\$1,000,000, was made in accordance with the CB Terms and Conditions and, subject to the obtaining of the approval from the Independent Shareholders at the EGM on the connected transaction arising from the entering into of the Second Addendum and the Transfer, in accordance with the applicable laws, rules and regulations.

LETTER FROM THE BOARD

Events of Default: If any of the events specified below (“**Event(s) of Default**”) occurs and is continuing, the Bondholder with majority vote (such number of votes casted by the Bondholders representing more than 75% of the aggregate outstanding principal amount of the Convertible Bonds) may give a written notice (the “**Default Notice**”) in respect of the Convertible Bonds, to the Company declaring an Event of Default and electing that the Convertible Bonds be redeemed:

- (a) a default is made for more than fourteen Business Days in the payment of any amount due in respect of the Convertible Bonds when the same ought to be paid in accordance with the CB Terms and Conditions;
- (b) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the CB Terms and Conditions and on its part to be performed or observed (other than the covenant to pay the principal) and such default is incapable of remedy, or if capable of remedy is not remedied within fourteen Business Days of service by the Bondholder on the Company, of notice requiring such default to be remedied;
- (c) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved;
- (d) any governmental or other authority expropriates, or threatens to expropriate, all or any substantial part of the business or assets of the Company save as permitted in the CB Terms and Conditions;
- (e) an encumbrancer takes possession of or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company and such possession or appointment is not terminated within twenty-eight Business Days of a written request by the Bondholder;
- (f) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property of the Company and is not discharged within twenty-eight Business Days thereof;

LETTER FROM THE BOARD

- (g) the Company initiates or consents to proceedings relating to itself under any applicable reorganisation or insolvency law or makes an assignment for the benefit of, or enters into any composition with, its creditors generally;
- (h) proceedings are initiated against the Company under any applicable reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of thirty Business Days;
- (i) it is or will become unlawful for the Company to perform or comply with any one or more of their respective obligations under the CB Terms and Conditions or the Convertible Bonds;
- (j) the Convertible Bonds are not redeemed on the Second Extended Maturity Date pursuant to the CB Terms and Conditions;
- (k) any present or future indebtedness of the Company in excess of HK\$100,000,000 becomes due and payable prior to its stated maturity or any such indebtedness is not paid after three months of when it becomes due; or
- (l) any event occurs which has an analogous effect to any of the events referred in paragraphs (a) to (k) above.

Further issue: The Company may from time to time, without the consent of the Bondholders, create and issue further Convertible Bonds having the same terms and conditions as the Convertible Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Convertible Bonds.

Voting: The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Bondholder.

Application for listing: No application will be made by the Company for the listing of the Convertible Bonds on any stock or securities exchange.

LETTER FROM THE BOARD

Revised Conversion Price

The Revised Conversion Price of HK\$0.1 per Share represents:

- (i) a discount of approximately 59.92% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 20% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on 18 October 2022, being the date of the Second Addendum;
- (iii) a discount of approximately 25.71% to the average closing price of HK\$0.1346 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Second Addendum;
- (iv) a discount of approximately 17.08% to the average closing price of HK\$0.1206 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Second Addendum; and
- (v) a premium of approximately 4,445.45% 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); and
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 2.444%, represented by the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.1319 per Share, to the benchmarked price of HK\$0.1352 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of HK\$0.125 per Share on the date of the Second Addendum and (ii) the average closing price of HK\$0.1352 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Second Addendum).

When determining the Revised Conversion 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 Second Addendum (the “**Review Period**”) as a benchmark to reflect the prevailing market conditions and recent market sentiment.

LETTER FROM THE BOARD

During the Review Period, the Shares were traded on the Stock Exchange with closing prices ranging from HK\$0.1 per Share to HK\$0.147 per Share, with an average closing price of the Shares during the Review Period of approximately HK\$0.122 per Share. The Directors considered that despite the Revised Conversion Price of HK\$0.1 per Conversion Share represents a discount of approximately 17.82% to the average closing price of the Shares during the Review Period and equal to the lowest closing price of the Shares during the Review Period, (i) 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 Second Addendum; (ii) the Revised Conversion Price represents a significant premium over the consolidated unaudited net asset value of the Company attributable to the Shareholders as at 30 September 2022 of approximately HK\$0.0023 per Share; and (iii) and the theoretical dilution effect (as defined in Rule 10.44A of the GEM Listing Rules) of approximately 2.444% represented by the theoretical diluted price (as defined in Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.1319 per Share to the benchmarked price (as defined in Rule 10.44A of the GEM Listing Rules) of HK\$0.1352 per Share.

Furthermore, the Directors have also reviewed the trading volume of the Shares during the Review Period when determining the Revised Conversion 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:

Trading volume of the Shares during the Review Period

Month/Period	Total trading Volume <i>(Number of Shares)</i>	Number of trading days	Average daily trading volume of the Shares <i>(Approximately Number of Shares)</i>	Average daily trading volume as a percentage of the total number of Shares in issue as at the end of the month/ period <i>(Approximately)</i>
From 19 July 2022 to 31 July 2022	–	9	–	–
August 2022	12,890,000	23	560,435	0.047%
September 2022	3,820,000	21	181,905	0.015%
From 1 October 2022 to 18 October 2022	59,290,000	11	5,390,000	0.449%

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

LETTER FROM THE BOARD

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 no Shares to 5,390,000 Shares, representing no trading volume and approximately 0.449% 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 THE SECOND PROPOSED AMENDMENTS", the Directors were of the view that it is commercially reasonable to offer a discount on the Revised Conversion Price to the prevailing market price of the Shares as an incentive to attract the Bondholders to convert the Convertible Bonds into Shares and improve the financial position of the Group. Therefore, the Directors considered that the Revised Conversion Price is fair and reasonable and is in the interest of the Company and the Independent Shareholders as a whole.

SPECIFIC MANDATE TO ALLOT AND ISSUE THE CONVERSION SHARES

As at the Latest Practicable Date, none of the Convertible Bonds has been upon exercise of any Conversion Rights attaching thereto converted into Shares.

Upon the Second Proposed Amendments as provided under the Second Addendum becoming effective, assuming that no interest of the Convertible Bonds would be settled to the Bondholders between the Latest Practicable Date and the Second Extended Maturity Date, the aggregate maximum number of Shares which may fall to be allotted and issued upon conversion in full of the Convertible Bonds at the Revised Conversion Price is 143,250,000 Shares, representing approximately 10.63% of the Company's existing issued share capital and approximately 9.39% of its issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming that there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the EGM to be convened to authorise the Board to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders (as amended by the Second Addendum). The allotment and issue of the Conversion Shares is subject to the Independent Shareholders' approval at the EGM.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE SECOND PROPOSED AMENDMENTS

On 18 October 2022, the Company was notified of the Bondholders' intention to the Second Proposed Amendments. In this regard, while the Directors believe that the Second Proposed Amendments would allow the Group to continue refinance its debts under the Convertible Bonds on normal commercial terms, and enables the Company to retain the funds for general working capital and to finance any potential investments opportunities as and when opportunities arise.

In addition, having considered the continuous loss-making financial performance of the Group, the Directors found that the finance cost in raising additional fund to redeem the outstanding Convertible Bonds is high, while the interest rate under the Second Proposed Amendments could be reduced, it is believed that the Second Proposed Amendments would relieve the imminent pressure on the Company to seek urgent funding to redeem the Convertible Bonds.

In order to further assess on the Second Proposed Amendments, the Directors have considered the followings factors;

- i) the COVID-19 has continuously affected the Group's operations in Thailand and has some degree of impact on the financial position of the Group. Due to the uncertainties on the Group's operating performance, the Group's liquidity is under severe pressure and may not be able to fully redeem the Convertible Bonds without raising additional funds from borrowings or other fund-raising activities, therefore the extension of the maturity date allows the Group to postpone a substantial amount of cash outflow and allow it to have reasonable time to improve its financial performance and net current liabilities position in order to satisfy the redemption obligations under the terms of the Convertible Bonds;
- ii) as the additional interest payable will incur additional cost on the Group in case the Bondholder(s) does not exercise any of its Conversion Rights during the terms of the Convertible Bonds, the deletion of such clause will reduce the financial burden of the Group;
- iii) as mentioned in the sub-section headed "Revised Conversion Price", after 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, it is commercially reasonable to offer a discount on the Revised Conversion Price to the prevailing market price of the Shares as an incentive to attract the Bondholders to convert the Convertible Bonds into Shares and improve the financial position of the Group; and
- iv) the extension of the scope of the Conversion Rights could minimise the risk of default of the Convertible Bonds and allows the Company to recover its debt in full by means of issuing new Shares.

LETTER FROM THE BOARD

Further, having considered that the current liabilities of the Group, in particular, those current debts, liabilities or other payables of the Group which are expected to be due and payable in the near future and the adverse impact on the Group's business and operations brought by the prolonged effect of the COVID-19 (and other related or mutated form) pandemic as well as the ever-changing public health measures implemented by the local government of Thailand from time to time, the Directors are of the view that despite the existing cash resources held by the Group, it would be desirable for the Group to raise and reserve sufficient cash for repayment of part of the current debts of the Group in a timely manner, with view to strengthening the financial position of the Group. In view of the aforesaid, the Company has conducted the following fund-raising exercise during the fourth quarter of 2022:

- i) the Company has completed a placing of 148,000,000 Shares under general mandate on 2 November 2022 and details of which are set out in the Company's announcements dated 7 October 2022, 21 October 2022 and 2 November 2022; and
- ii) the Company has completed a subscription of 34,900,000 Shares under general mandate on 10 January 2023 and details of which are set out in the Company's announcements dated 21 December 2022, 22 December 2022 and 10 January 2023.

As set out in the relevant announcements issued by the Company, the use of proceeds of the above fund-raising exercise has been planned by the Directors for repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time.

The Company may consider carrying out further fund-raising activity(ies) for supporting its need in business operation and development and for repayment of part of the Group's current debt (including but not limited to the Convertible Bonds). As at the Latest Practicable Date, the Company has no intention to carry out any further fund-raising activity(ies) to cater for the extension of the maturity date of the Convertible Bonds and will, as and when appropriate, keep the Shareholders and potential investors informed of any development in compliance with the GEM Listing Rules.

LETTER FROM THE BOARD

While the Directors considered that the Second Proposed Amendments would help reserve cash resources of the Group and provide flexibility for the Group in utilising its cash resources, the Directors have, apart from the First Placing and the Subscription as mentioned above, also considered and explored possibility of conducting other fund-raising alternatives including (i) debt financing; and (ii) other equity fund raising methods such as rights issue and open offer for further fund raising. The Directors were, however, of the view that debt financing may (a) involve lengthy due diligence procedures with the debt application approval being usually subject to the Group's financial position and prevailing market conditions, which may be relatively costly and time-consuming; and (b) impose additional interest burden on the Group which will, in turn, worsen the Group's financial position. For other alternative equity fund-raising methods such as rights issue and open offer, the Directors considered that such methods usually require a relatively longer time period to complete due to relatively more stringent documentary requirements for preemptive issues such as preparation of listing document, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement. As at the Latest Practicable Date, save as disclosed above, the Company has not considered any other fundraising method.

The Directors further considered that:-

- (i) more professional parties would be involved in other equity fund raising methods such as rights issue and open offer, such as underwriters, legal advisers to the Company or other relevant parties, auditors, share registrar and financial printer, it is therefore expected that additional cost (including but not limited to underwriting commission of the proceeds raised as well as documentation, printing and professional fees) will be inevitably incurred, which may, in turn, cause an adverse impact on the financial condition of the Group;
- (ii) third party lenders would generally impose more stringent conditions (such as requiring charge of assets and/or other securities and guarantees to be provided by the Directors and/or controlling shareholders of the Company) on the loans, with higher interest rate (i.e. ranging from 10% to 12%) as well as administrative expenses and fees charged, which may increase the Group's existing cost of borrowings and affect the Group's flexibility in utilising its resources, and hence worsen the Group's liabilities position and its gearing ratio;
- (iii) no additional due diligence procedures nor debt application approval is required by the Proposed Amendments as the Proposed Amendments were initiated and have been agreed by all the Bondholders, which enables the Group to retain its cash resources in a relatively expedient manner; and
- (iv) the potential additional interest payable by the Company for the extension of the maturity date of the Convertible Bonds at an interest rate of 7% per annum is lower than those interest rates possibly charged by the third party lenders for any new debt financings as mentioned in paragraph (ii) above.

LETTER FROM THE BOARD

In view of the foregoing, the Directors considered that the Second Proposed Amendments is justifiable given that the Second Proposed Amendments are less costly and more efficient to retain cash resources of the Group as compared to other fundraising methods as mentioned above. Accordingly, the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,382,900,000 Shares in issue. 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 following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon completion of the Transfer and full conversion of the Outstanding Principal Amount into the Conversion Shares (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 1**”); (iii) upon completion of the Transfer and full conversion of the aggregate amount of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest into the Conversion Shares (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 2**”); (iv) upon completion of the Transfer and full conversion of the Outstanding Principal Amount into the Conversion Shares and completion of the Acquisition (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 3**”); (v) upon completion of the Transfer and full conversion of the aggregate amount of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest into the Conversion Shares and completion of the Acquisition (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 4**”):

LETTER FROM THE BOARD

As at the Latest Practicable Date	Scenario 1		Scenario 2		Scenario 3		Scenario 4			
	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage		
Shareholders										
Metagate Investment SPC ("Metagate") (Note 1)	226,460,000	16.38%	290,260,000	19.33%	303,585,316	19.89%	290,260,000	14.67%	303,585,316	15.16%
Mr. Choy (Note 1)	-	-	54,700,000	3.64%	66,124,684	4.33%	54,700,000	2.77%	66,124,684	3.30%
Sub-total	226,460,000	16.38%	344,960,000	22.98%	369,710,000	24.23%	344,960,000	17.44%	369,710,000	18.46%
Gold Track Ventures Limited ("Gold Track") (Note 2)	200,000,000	14.46%	200,000,000	13.32%	200,000,000	13.10%	200,000,000	10.11%	200,000,000	9.99%
Straum Investments Limited ("Straum Investments") (Note 3)	138,000,000	9.98%	138,000,000	9.19%	138,000,000	9.04%	138,000,000	6.98%	138,000,000	6.89%
Rainbow Elite International Limited ("Rainbow Elite") (Note 4)	91,000,000	6.58%	91,000,000	6.06%	91,000,000	5.96%	91,000,000	4.60%	91,000,000	4.54%
Original Fortune Group Limited ("Original Fortune") (Note 5)	67,500,000	4.88%	67,500,000	4.50%	67,500,000	4.42%	67,500,000	3.41%	67,500,000	3.37%
Best Practice Limited ("Best Practice") (Note 6)	41,000,000	2.96%	41,000,000	2.73%	41,000,000	2.69%	41,000,000	2.07%	41,000,000	2.05%
Mr. Tsang Chi Kit ("Mr. Tsang") (Note 2)	50,000	0.00%	50,000	0.00%	50,000	0.00%	50,000	0.00%	50,000	0.00%
The Vendor	-	-	-	-	-	-	476,666,667	24.10%	476,666,667	23.80%
Other public Shareholders	618,890,000	44.75%	618,890,000	41.22%	618,890,000	40.55%	618,890,000	31.29%	618,890,000	30.90%
Total	1,382,900,000	100.00%	1,501,400,000	100.00%	1,526,150,000	100.00%	1,978,066,667	100.00%	2,002,816,667	100.00%

LETTER FROM THE BOARD

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, these 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.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities in the past 12 months immediately preceding the Last Practicable Date:

Date of announcements	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds as at the Latest Practicable Date
31 January 2022 and 22 February 2022	Subscription of new Shares under general mandate	HK\$15.4 million	(i) 30% for any investment as identified by the Group from time to time; and (ii) 70% for general working capital	(i) applied as intended (ii) applied as intended
7 October 2022, 21 October 2022 and 2 November 2022	Placing of new Shares under general mandate	HK\$14.38 million	Repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time	(i) approximately HK\$2.54 million has been applied for repayment of current debt; (ii) approximately HK\$8.15 million has been applied for general working capital; (iii) approximately HK\$0.42 million has been applied for investment opportunities in payment related business; (iv) with the remaining to be used as intended.
21 December 2022, 22 December 2022 and 10 January 2023	Subscription of new Shares under general mandate	HK\$4.65 million	Repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time	To be used as intended.

The Directors plan to utilise 50% of the remaining proceeds from the First Placing of approximately HK\$7.73 million for repayment of debts, liabilities or other payables of the Group which are expected to be due and payable, and the rest of the remaining proceeds from the First Placing for the Group's general administration purposes. It is expected that the aforesaid proceeds would be fully utilise within 6 months after the Latest Practicable Date.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

As at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 226,460,000 Shares, representing approximately 16.38% of the total issued share capital of the Company and is therefore a connected person of the Company under the GEM Listing Rules. Also, Mr. Choy, who is the director and shareholder of Metagate, is an associate of Metagate under the GEM Listing Rules and hence a connected person of the Company under the GEM Listing Rule. Therefore, the entering into of the Second Addendum constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules, and is subject to reporting, announcement and the Independent Shareholders' approval requirements pursuant to the GEM Listing Rules.

Given that the Second Proposed Amendments are alterations to terms of the Convertible Bonds which do not take effect automatically thereunder, the Company will apply to the Stock Exchange for its approval of the Second Proposed Amendments pursuant to the requirements under the aforesaid GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, has been established to give recommendations to the Independent Shareholders on the Second Addendum and the transactions contemplated thereunder.

The Company has, with the approval of the Independent Board Committee, appointed Silverbricks Securities Company Limited as the Independent Financial Adviser in accordance with the GEM Listing Rules to advise and give recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Second Addendum and the transactions contemplated thereunder.

LETTER FROM THE BOARD

EGM

The EGM will be convened and held at Room 302, 3/F., Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on 28 February 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders). A notice of the EGM is set out on pages 83 to 86 of this circular.

At the EGM, any Shareholder with a material interest in the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) as set out in the ordinary resolution is required to abstain from voting on the relevant resolution at the EGM.

None of the Directors had material interests in the Second Addendum and the transactions contemplated thereunder and hence no Director is required to abstain from voting on the Board resolutions approving the Second Addendum and the transactions contemplated thereunder.

As at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 226,460,000 Shares, representing approximately 16.38% of the total issued share capital of the Company. Save as Metagate, none of the associates of Metagate hold any Shares as at the Latest Practicable Date, accordingly, only Metagate is required to abstain from voting on the relevant resolution at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholders has a material interest in the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) and therefore no Shareholders (and his/her/its associates) is required to abstain from voting at the EGM in relation to the resolution to be proposed for approving the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) 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 and the Company's website at www.ocg.com.hk.

LETTER FROM THE BOARD

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.

As the Second Addendum is conditional upon the fulfilment of the conditions precedent as described in the paragraph headed "Conditions precedent" under the section headed "THE SECOND ADDENDUM" in this announcement, the Second Proposed Amendments as provided under the Second Addendum may or may not take effect. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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.

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 Group. 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.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 36 to 37 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Second Addendum and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Second Addendum and the transactions contemplated thereunder together with the principal factors and reasons considered by it before arriving at its recommendation.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

10 February 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE SECOND PROPOSED AMENDMENTS
TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

We refer to the circular (the “**Circular**”) dated 10 February 2023 issued by the Company to the Shareholders, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to consider the Second Proposed Amendments pursuant to the terms and conditions of the Second Addendum, and to advise the Independent Shareholders as to whether, in our opinion, such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into of the Second Addendum is in the interest of the Company and the Independent Shareholders as a whole. Silverbricks Securities Company Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We would like to draw your attention to the letter from the Board on pages 7 to 35 of the Circular which contains, among other things, information on the Second Proposed Amendments and the letter from the Independent Financial Adviser set out on pages 38 to 73 of the Circular which contains its advice in respect of the Second Proposed Amendments.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account (i) the reasons as set out in the paragraph headed “REASONS AND BENEFITS OF THE SECOND PROPOSED AMENDMENTS” in the letter from the Board of this Circular; and (ii) the principal factors and reasons considered by the Independent Financial Adviser, and its conclusion and advice as set out in the letter from the Independent Financial Adviser of this Circular, we are of the view that the Second Addendum and the transaction contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) is in the interests of the Company and the Shareholders as a whole; and the terms of the Second Addendum are on normal commercial terms and acceptable and reasonable so far as the Independent Shareholders are concerned, but not in the ordinary and usual course of the business of the Group.

Accordingly, we recommend the Independent Shareholders to vote for the ordinary resolutions in respect of the Second Addendum and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Chung, Wai Chuen Alfred
*Independent non-executive
Director*

Mr. Ng Ka Po
*Independent non-executive
Director*

Ir Dr. Ng Yu Ki
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Advisor, Silverbricks Securities Company Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Units 1004-1006, 10/F,
China Merchants Tower
Shun Tak Centre,
168-200 Connaught Rd Central,
Sheung Wan

10 February 2023

*To the Independent Board Committee and
the Independent Shareholders of
Oriental Payment Group Holdings Limited*

Dear Sirs and Madams,

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED SECOND PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

INTRODUCTION

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to make recommendations to the Independent Board Committee and the Independent Shareholders of Oriental Payment Group Holdings Limited (the “**Company**”) in relation to the Second Addendum to amend and/or alter the terms and conditions of Convertible Bonds (the “**Transaction**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 10 February 2023 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

The Second Addendum

Reference is made to the Letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 18 October 2022, the Company executed the Second Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of twelve months; (ii) delete the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds in any event if the Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period; and (iii) adjust the conversion price of the Convertible Bonds to HK\$0.1 per Conversion Share and (iv) extend the scope of the Conversion Rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into Conversion Shares during the Conversion Period. The Second Addendum and the CB Terms and Conditions shall take effect subject to the fulfilment of the conditions precedent.

Implications under the GEM Listing Rules

Pursuant to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

As at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 226,460,000 Shares, representing approximately 16.38% of the total issued share capital of the Company and is therefore a connected person of the Company under the GEM Listing Rules. Therefore, the entering into of the Second Addendum constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules, and is subject to reporting, announcement and the Independent Shareholders' approval requirements pursuant to the GEM Listing Rules. Save as Metagate, none of the associates of Metagate hold any Shares as at the Latest Practicable Date, accordingly, only Metagate is required to abstain from voting on the relevant resolution at the EGM.

Given that the Second Proposed Amendments are alterations to terms of the Convertible Bonds which do not take effect automatically thereunder, the Company will apply to the Stock Exchange for its approval of the Second Proposed Amendments pursuant to the requirements under the aforesaid GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE

Pursuant to the GEM Listing Rules, the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chung, Wai Chuen Alfred, Mr. Ng Ka Po and Ir Dr. Ng Yu Ki has been established to advise the Independent Shareholders in respect of the Second Addendum and the transactions contemplated thereunder, and as to the voting action therefor.

In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to advise the Independent Board Committee, and the Independent Shareholders as to whether the terms of the Second Addendum and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in favour of the Transaction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We, Silverbricks Securities Company Limited (“**Silverbricks**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Silverbricks is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities.

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Silverbricks and the Company or any other parties that could be reasonably be regarded as hindrance to Silverbricks’s independence as set out under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

Accordingly, we consider that we have performed all reasonable steps as required under Rule 17.92 of the GEM Listing Rules and are eligible to give independent advice on the terms of the Second Addendum and the transactions contemplated thereunder.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders), we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular (other than those relating to the Subscriber and parties acting in concert with him) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. Therefore, we have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided in the Circular. We have, however, not conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the release of the Circular and will continue to be true up to the Latest Practicable Date, and that the Independent Shareholders will be informed as soon as reasonable possible if we are aware of any material change to such representations and/or any change to our view/opinion. We have also assumed that the information we have relied on as set out in this letter will be valid up to the time of the EGM and we are not aware of the information we have relied on as set out in this letter will change or become invalid in the foreseeable future.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transaction, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders), except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Transaction

References are made to (i) the joint announcements of the Company and China Smartpay Group Holdings Limited respectively dated 10 June 2020 and 26 June 2020 in relation to, among others, placing of the Convertible Bonds under the general mandate by the Company; and (ii) the announcements of the Company dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022 in relation to, among others, the First Proposed Amendments.

On 10 June 2020, the Company entered into a placing agreement (the “**CB Placing Agreement**”) with SBI as placing agent, pursuant to which the Company agreed to place through SBI the Convertible Bonds in an aggregate principal amount of up to HK\$11,850,000 to not less than six places at the initial Conversion Price of HK\$0.15 per Share upon and subject to the provisions of the CB Placing Agreement. Completion of the placing of the Convertible Bonds in an aggregate principal amount of HK\$11,850,000 to six places took place on 26 June 2020. The aggregate number of Shares which may fall to be allotted and issued by the Company upon conversion of the Convertible Bonds in full at the initial Conversion Price of HK\$0.15 per Share is 79,000,000 Shares.

On 24 June 2022, the Company executed the First Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to the extension of the maturity date of the Convertible Bonds for a period of six months. The First Addendum has taken effect on 20 September 2022 with the maturity date of the Convertible Bonds extended for a period of six months to 23 December 2022.

Pursuant to the existing CB Terms and Conditions (as amended by the First Addendum), the Convertible Bonds shall mature on 23 December 2022.

On or about 18 October 2022, the Company was notified of the Bondholders to the Second Proposed Amendments.

On 18 October 2022, by virtue of the written resolutions signed and passed by all the existing Bondholders holding 100% of the aggregate outstanding principal amount of the Convertible Bonds, the Bondholders have conditionally agreed to the Second Proposed Amendments.

On 19 October 2022, the Company was informed by the Bondholders that the Bondholders was entered into a sale and purchase agreement with Metagate in respect of the Transfer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, an aggregate principal amount of the Convertible Bonds of HK\$11,850,000 (the “**Outstanding Principal Amount**”) and an aggregate accrued interest of the Convertible Bonds of approximately HK\$1,752,000 (the “**Latest Outstanding Accrued Interest**”) remain outstanding. The Latest Outstanding Accrued Interest is calculated based on the following formula:

$$\begin{array}{r} \text{Outstanding Principal} \\ \text{Amount} \\ \text{(i.e. HK\$11,850,000)} \end{array} \times 7\% \times \frac{\begin{array}{l} \text{Accrued period of 771 days covering} \\ \text{the period from 29 December 2020 to} \\ \text{the Latest Practicable Date} \end{array}}{365 \text{ days}}$$

THE TRANSFER

On 19 October 2022, the Company was informed by the Bondholders that the Bondholders were entered into the Agreements with the Transferees in respect of the Transfer. Principal terms of the Agreements are set out below:

- Date: 19 October 2022
- Parties: (i) the Bondholder(s); and
(ii) the Transferee(s).
- Subject Matter: The Bondholder(s) shall, as beneficial owner, sell, and the Transferee(s) shall purchase, the relevant Convertible Bonds, where:
- (a) an aggregate principal amount of HK\$6,380,000 will be transferred to Metagate; and
 - (b) an aggregate principal amount of HK\$5,470,000 will be transferred to Mr. Choy Hok Man (“**Mr. Choy**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Metagate is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands under the laws of the Cayman Islands. As at the Latest Practicable Date, Metagate is wholly owned by Rainbow Capital Limited, which is ultimately and beneficially wholly owned by Mr. Choy, who is also the sole director of Metagate. The investment objective of Metagate is primarily to achieve long term capital appreciation by investing in, amongst others, financial equities listed on the Stock Exchange, investment funds with investment strategies of investing in the foregoing, interest bearing instruments and convertible bonds, high-yield, non-investment grade investments and unrated securities which might be unlisted with high yield and high risks.

Further, as at the Latest Practicable Date, Metagate is a substantial shareholder of the Company holding 226,460,000 Shares, representing approximately 16.38% of the total issued share capital of the Company.

In light of the above, Metagate is a connected person of the Company under the GEM Listing Rules. Further, Mr. Choy, who is the sole director and shareholder of Metagate as mentioned above, is an associate of Metagate under the GEM Listing Rules and hence also a connected person of the Company under the GEM Listing Rules.

Consideration: The aggregate consideration of the Transfer shall be HK\$12,506,328.

Conditions precedent: The completion of the Transfer shall be condition upon fulfilment or waiver (as the case maybe) of the following conditions precedent:

- (a) the directors and shareholders of the Transferee having passed resolutions for approving, inter alia, (i) the execution of the Agreement and any other agreements in connection herewith, and (ii) the transactions contemplated hereunder and all matters incidental hereto;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) each of the Transferee and the Bondholder 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;
- (c) the Second Proposed Amendments becoming effective;
- (d) the representations, warranties, undertakings and guarantees of the Bondholder on all information in whatever medium provided to the Transferee and its authorised representatives as set out in the Agreement are true, accurate and complete in all respects, and not misleading in any respect; and
- (e) there having been no material breach by the Bondholder of its obligations under the Agreement and/or any documents incidental to the Transfer, to which it is a party.

Each of the Transferee or the Bondholder may waive in whole or in part any of the above conditions precedent by written notice to each other. If any of the above conditions precedent are not fulfilled (or waived by the Transferee or the Bondholder, 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 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.

Completion:

Completion of the Transfer shall take place on or before the five (5) Business Days after all of the conditions precedent as set out under the Agreement have been fulfilled or waived (as the case may be), or such other date as the parties to the Agreement may agree in writing at such place and time as the parties to the Agreement may agree.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Second Addendum

On 18 October 2022, the Company executed the Second Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of twelve months; (ii) delete the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds in any event if the Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period; and (iii) adjust the conversion price of the Convertible Bonds to HK\$0.1 per Conversion Share and (iv) extend the scope of the Conversion Rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into Conversion Shares during the Conversion Period.

The Second Proposed Amendments

Pursuant to the provisions of the Second Addendum, subject to the fulfilment of the Conditions Precedent, it is agreed that:

- (i) the maturity date of the Convertible Bonds shall be further extended from “the date falling upon the expiry of two years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which is 23 December 2022) to “the date falling upon the expiry of 3 years and 6 months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which will become 22 December 2023 (i.e. the Second Extended Maturity Date));
- (ii) “the additional interest at the rate of 10% per annum from the date of issue up to and including the Second Extended Maturity Date chargeable on the principal amount of the Convertible Bonds in any event if a Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period” shall be deleted;
- (iii) the conversion price of the Convertible Bonds shall be adjusted from “HK\$0.15 per Share” to “HK\$0.1 per Share”; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the scope of the Conversion Rights shall be extended from “at any time during the Conversion Period, to convert the whole or part of the outstanding principal amount of the Convertible Bond into Conversion Shares” to “at any time during the Conversion Period, to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bond into Conversion Shares.”

Save for the Second Proposed Amendments as provided under the Second Addendum, all other terms and conditions of the Convertible Bonds shall remain unchanged.

Conditions Precedent

The Second Addendum and the CB Terms and Conditions shall take effect subject to the fulfilment of all of the following conditions precedent:

- (a) the Stock Exchange having granted the approval for the Second Proposed Amendments as contemplated under the Second Addendum pursuant to Rule 34.05 of the GEM Listing Rules;
- (b) the GEM Listing Committee granting or agreeing to grant the approval for the listing of, and permission to deal in, the Conversion Shares which shall fall to be allotted and issued by the Company upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Second Addendum;
- (c) the Shareholders having granted their approval for the allotment and issue of the Conversion Shares by the Company upon exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Second Addendum; and
- (d) all other necessary consent(s) and approval(s) in respect of the entering into of the Second Addendum and the transactions contemplated hereunder (including but not limited to the Second Proposed Amendments and the allotment and issue of the Conversion Shares by the Company upon conversion of the Convertible Bonds) having been obtained by the Company.

If any of the above 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 and the Second Proposed Amendments as provided under the Second Addendum will not take effect. None of the Conditions Precedent is waivable by the Company or the Bondholders. As at the Latest Practicable Date, none of the aforesaid conditions precedent have been fulfilled.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Effect of the Second Addendum

The Second Proposed Amendments as provided under the Second Addendum shall apply to the Convertible Bonds outstanding as at the date on which the CB Terms and Conditions becomes effective or unconditional (to the extent that the outstanding balance of the Convertible Bonds have not been converted, released or cancelled).

Save for the Second Proposed Amendments as provided under the Second Addendum, the outstanding Convertible Bonds shall remain in full force, validity and effect in accordance with the terms set out therein.

The Maximum Outstanding Accrued Interest and the Conversion Shares

Based on (i) the sum of the Outstanding Principal Amount (i.e. HK\$11,850,000) and the maximum aggregate outstanding accrued interest of the Convertible Bonds of approximately HK\$2,475,000 (the “**Maximum Outstanding Accrued Interest**”); and (ii) the Revised Conversion Price of HK\$0.1 per Share pursuant to the Second Addendum, a maximum number of 143,250,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights.

Assuming that there is no repayment of any accrued interest of the Convertible Bonds by the Company during the period from the Latest Practicable Date to the Second Extended Maturity Date, the Maximum Outstanding Accrued Interest (i.e. HK\$2,475,000) is calculated based on the following formula:

$$\begin{array}{r} \text{Outstanding Principal Amount} \\ \text{(i.e. HK\$11,850,000)} \end{array} \times 7\% \times \begin{array}{l} \text{Accrued period of 1,089 days covering the period} \\ \text{from 29 December 2020 to} \\ \text{the Second Extended Maturity Date} \\ \text{(i.e. 22 December 2023)} \end{array}$$

365 days

Up to the Latest Practicable Date, an aggregate interest of the Convertible Bonds of approximately HK\$420,000, which covered an interest period from the date on which the Convertible Bonds are issued (i.e. 26 June 2020) to 28 December 2020, had been repaid by the Company to the Bondholders.

As disclosed in the Company’s annual report for the years ended 31 March 2021 and 31 March 2022, the Group’s business operation has been continuously suffered by the prolonged effect of the COVID-19 (and other related or mutated form) pandemic as well as the ever-changing public health measures implemented by the local government of Thailand from time to time. Therefore, having considered (i) the Group incurred a continuous losses starting from the year ended 31 March 2018; (ii) a significant amount of debts were due for repayment during the years; and (iii) the cash resources have been retained by the Group in Thailand to accommodate operating cashflow needs during the period; the Group has been failed to discharge its liabilities on repayment of the outstanding accrued interest of the Convertible Bonds to the Bondholders according to the CB Terms and Conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have considered the following factors when assessing the extension of the scope of the Conversion Rights to any outstanding interest payments of the Convertible Bonds:

- i) according to the CB Terms and Conditions, the Company has the discretion to redeem the Convertible Bonds upon the maturity date and repay the Convertible Bonds' outstanding interest during the Conversion Period, therefore, the Bondholders only have the rights to convert the unpaid interest portion (if any) during the terms of the Convertible Bonds;
- ii) to protect the Company and Shareholders' interest, the Directors shall scrutinize and prioritize the Group's payment obligation, and utilize its financial resources to strike the balance in debt repayment (including the interest obligations arising from the Convertible Bonds), business development and or Company's operation. Therefore, the Company shall exercise its discretion to repay the accrued interest of the Convertible Bonds by issuing the Conversion Shares only after considering the cost of money and the imminent cash flow needs of the Group's business operation and development and repayment of other outstanding debts; and
- iii) if the closing Share price is higher than HK\$0.125, representing a discount of 20% of the closing share price to the Conversion Price (HK\$0.1), the Company shall use its best endeavors to capture fundraising opportunities, including equity and/or debt, to repay the Convertible Bonds interest in a timely manner after balancing the cash flow needs of the Group. Conversely, if the closing Share price is equal to or lower than HK\$0.125 and there is another imminent cash flow needs for the internal resources of the Group as explained in point (ii) above, the Company may consider issuing the Conversion Shares for the relevant repayment.

Having said that 20% represents a threshold of discount of the general mandate under the GEM Listing Rules and is commercially reasonable as an incentive to attract potential investor(s) after considering the average daily trading volume of the Shares and the Group's financial position and other factors as mentioned above, the Directors considered that the accrued interest payments (if any) of the Convertible Bonds including under the Conversion Rights of the Second Proposed Amendments shall enhance the Group's cash flow flexibility which in turns improve the financial position and is in the interest of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.1 Information of the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have been listed on the GEM. The Company is an investment holding company mainly engaged in merchant acquiring business and the holding company of the Group.

1.1.1 Principal business of the Group

The Group is principally engaged in merchant acquiring business in Thailand.

1.1.2 Financial performance of the Group

Set out below is a summary of the Group's audited consolidated financial performance for the years ended 31 March 2021 and 2022 as extracted from the annual report of the Company for the year ended 31 March 2022 (“**2022 Annual Report**”) and the Group's unaudited consolidated financial performance for the six months ended 30 September 2021 and 2022 as extracted from the interim report of the Company for the six months ended 30 September 2022 (“**2022 Interim Report**”).

Table 1: Summary of the consolidated financial performance of the Group

	For the years ended		For the six months ended	
	31 March		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	3,891	12,369	3,517	2,125
Gross profit	289	4,472	595	809
Loss before taxation	(39,482)	(31,117)	(19,897)	(17,347)
Loss for the year/period	(38,506)	(30,655)	(19,897)	(17,420)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the above table 1, the audited consolidated total revenue of the Group for the year ended 31 March 2022 (“**FY2021/22**”) was approximately HK\$3,891,000, representing a decrease of approximately 68.5% when compared to that of 2021 (i.e. HK\$12,369,000). According to the Management, such decrease was mainly due to the decrease in revenue of the merchant discount rate (“**MDR**”) income and foreign exchange rate discount income by approximately HK\$7.5 million and HK\$1.8 million respectively when comparing with those in the previous financial year. The decreases in these two income streams were primarily due to the facts that some of the Chinese tourists, who were previously stuck in Thailand due to the lockdown in Thailand and closure of airports in the People’s Republic of China (the “**PRC**”) for the previous financial year, had returned to the PRC. The Group recorded an audited consolidated loss of the Company for the year ended 31 March 2022 of approximately HK\$38,506,000, representing an increase of approximately 25.6% when compared to that of 2021 (i.e. HK\$30,655,000). According to the Management, such increase was mainly due to the decrease in revenue.

For the six months ended 30 September 2022, the Group recorded an unaudited consolidated total revenue of approximately HK\$3,517,000 representing an increase of approximately 65.5% when compared with the corresponding period of last year. Such increases in the MDR income and foreign exchange rate discount income by approximately HK\$724,000 and HK\$238,000, respectively when comparing with those in the corresponding period. The increases in these two income streams were primarily due to the facts that the Chinese tourists’ spending in Thailand is steadily recovering, and hence an increase in the transaction volume via UnionPay processed by the Group for the Reporting Period was recorded as compared with that of the corresponding period.

With reference to the 2022 Interim Report, as at 30 September 2022, the Group recorded total assets (including bank balances and cash of approximately HK\$13.82 million) and total liabilities (including bond payable of approximately HK\$12.53 million) of approximately HK\$56.74 million and HK\$53.70 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Information of Metagate

According to the Management, Metagate Investment SPC is principally engaged in investment holding and is wholly owned by Rainbow Capital Limited. 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 are held by Metagate, which is in turn wholly-owned by Rainbow Capital Limited. Accordingly, Rainbow is deemed to be interested in such 226,460,000 Shares held by Metagate pursuant to Part XV of the SFO.

2. Reasons and Benefits of the Second Proposed Amendments

In assessing the reasons for and benefits of the Second Proposed Amendments, we have considered the Board's view on such matters and arrived at a conclusion after certain review and enquiry with the Management.

2.1 The Board's view

As stated in the Letter, on 18 October 2022, the Company was notified of the Bondholders' intention to the Second Proposed Amendments. In this regard, while the Directors believe that the Second Proposed Amendments would allow the Group to continue refinance its debts under the Convertible Bonds on normal commercial terms, and enables the Company to retain the funds for general working capital and to finance any potential investments opportunities as and when opportunities arise.

In addition, having considered the continuous loss-making financial performance of the Group, the Directors found that the finance cost in raising additional fund to redeem the outstanding Convertible Bonds is high, while the interest rate under the Second Proposed Amendments could be reduced, it is believed that the Second Proposed Amendments would relieve the imminent pressure on the Company to seek urgent funding to redeem the Convertible Bonds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to further assess on the Second Proposed Amendments, the Directors have considered the followings factors;

- i) the COVID-19 has continuously affected the Group's operations in Thailand and has some degree of impact on the financial position of the Group. Due to the uncertainties on the Group's operating performance, the Group's liquidity is under severe pressure and may not be able to fully redeem the Convertible Bonds without raising additional funds from borrowings or other fund-raising activities, therefore the extension of the maturity date allows the Group to postpone a substantial amount of cash outflow and allow it to have reasonable time to improve its financial performance and net current liabilities position in order to satisfy the redemption obligations under the terms of the Convertible Bonds;
- ii) as the additional interest payable will incur additional cost on the Group in case the Bondholder(s) does not exercise any of its Conversion Rights during the terms of the Convertible Bonds, the deletion of such clause will reduce the financial burden of the Group;
- iii) as mentioned in the sub-section headed "Revised Conversion Price", after 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, it is commercially reasonable to offer a discount on the Revised Conversion Price to the prevailing market price of the Shares as an incentive to attract the Bondholders to convert the Convertible Bonds into Shares and improve the financial position of the Group; and
- iv) the extension of the scope of the Conversion Rights could minimise the risk of default of the Convertible Bonds and allows the Company to recover its debt in full by means of issuing new Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further, having considered that the current liabilities of the Group, in particular, those current debts, liabilities or other payables of the Group which are expected to be due and payable in the near future and the adverse impact on the Group's business and operations brought by the prolonged effect of the COVID-19 (and other related or mutated form) pandemic as well as the ever-changing public health measures implemented by the local government of Thailand from time to time, the Directors are of the view that despite the existing cash resources held by the Group, it would be desirable for the Group to raise and reserve sufficient cash for repayment of part of the current debts of the Group in a timely manner, with view to strengthening the financial position of the Group. In view of the aforesaid, the Company has conducted the following fund-raising exercise during the fourth quarter of 2022:

- i) the Company has completed a placing of 148,000,000 Shares under general mandate on 2 November 2022 and details of which are set out in the Company's announcements dated 7 October 2022, 21 October 2022 and 2 November 2022; and
- ii) the Company has completed the Subscription of 34,900,000 Shares under general mandate on 10 January 2023 and details of which are set out in the Company's announcements dated 21 December 2022, 22 December 2022 and 10 January 2023.

As set out in the relevant announcements issued by the Company, the use of proceeds of the above fund-raising exercise has been planned by the Directors for repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company may consider carrying out further fund-raising activity(ies) for supporting its need in business operation and development and for repayment of part of the Group's current debt (including but not limited to the Convertible Bonds). As at the Latest Practicable Date, the Company has no intention to carry out any further fund-raising activity(ies) to cater for the extension of the maturity date of the Convertible Bonds and will, as and when appropriate, keep the Shareholders and potential investors informed of any development in compliance with the GEM Listing Rules.

While the Directors considered that the Second Proposed Amendments would help reserve cash resources of the Group and provide flexibility for the Group in utilising its cash resources, the Directors have, apart from the First Placing and the Subscription as mentioned above, also considered and explored possibility of conducting other fund-raising alternatives including (i) debt financing; and (ii) other equity fund raising methods such as rights issue and open offer for further fund raising. The Directors were, however, of the view that debt financing may (a) involve lengthy due diligence procedures with the debt application approval being usually subject to the Group's financial position and prevailing market conditions, which may be relatively costly and time-consuming; and (b) impose additional interest burden on the Group which will, in turn, worsen the Group's financial position. For other alternative equity fund-raising methods such as rights issue and open offer, the Directors considered that such methods usually require a relatively longer time period to complete due to relatively more stringent documentary requirements for preemptive issues such as preparation of listing document, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement. As at the Latest Practicable Date, save as disclosed above, the Company has not considered any other fundraising method.

The Directors further considered that:

- (i) more professional parties would be involved in other equity fund raising methods such as rights issue and open offer, such as underwriters, legal advisers to the Company or other relevant parties, auditors, share registrar and financial printer, it is therefore expected that addition cost (including but not limited to underwriting commission of the proceeds raised as well as documentation, printing and professional fees) will be inevitably incurred, which may, in turn, cause an adverse impact on the financial condition of the Group;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) third party lenders would generally impose more stringent conditions (such as requiring charge of assets and/or other securities and guarantees to be provided by the Directors and/or controlling shareholders of the Company) on the loans, with higher interest rate (i.e. ranging from 10% to 12%) as well as administrative expenses and fees charged, which may increase the Group's existing cost of borrowings and affect the Group's flexibility in utilising its resources, and hence worsen the Group's liabilities position and its gearing ratio;
- (iii) no additional due diligence procedures nor debt application approval is required by the Proposed Amendments as the Proposed Amendments were initiated and have been agreed by all the Bondholders, which enables the Group to retain its cash resources in a relatively expedient manner; and
- (iv) the potential additional interest payable by the Company for the extension of the maturity date of the Convertible Bonds at an interest rate of 7% per annum is lower than those interest rates possibly charged by the third party lenders for any new debt financings as mentioned in paragraph (ii) above.

In view of the foregoing, the Directors considered that the Second Proposed Amendments is justifiable given that the Second Proposed Amendments are less costly and more efficient to retain cash resources of the Group as compared to other fundraising methods as mentioned above. Accordingly, the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

2.2 Effect on the Shareholding Structure of the Company

As at the Latest Practicable Date, the Company has 1,382,900,000 Shares in issue. 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon completion of the Transfer and full conversion of the Outstanding Principal Amount into the Conversion Shares (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 1**”); (iii) upon completion of the Transfer and full conversion of the aggregate amount of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest into the Conversion Shares (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 2**”); (iv) upon completion of the Transfer and full conversion of the Outstanding Principal Amount into the Conversion Shares and completion of the Acquisition (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 3**”); and (v) upon completion of the Transfer and full conversion of the aggregate amount of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest into the Conversion Shares and completion of the Acquisition (assuming 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 upon the full conversion of the Convertible Bonds) (“**Scenario 4**”):

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date	Scenario 1		Scenario 2		Scenario 3		Scenario 4			
	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage		
Shareholders										
Metagate Investment SPC ("Metagate") (Note 1)	226,460,000	16.38%	290,260,000	19.33%	303,585,316	19.89%	290,260,000	14.67%	303,585,316	15.16%
Mr. Choy (Note 1)	-	-	54,700,000	3.64%	66,124,684	4.33%	54,700,000	2.77%	66,124,684	3.30%
Sub-total	226,460,000	16.38%	344,960,000	22.98%	369,710,000	24.23%	344,960,000	17.44%	369,710,000	18.46%
Gold Track Ventures Limited ("Gold Track") (Note 2)	200,000,000	14.46%	200,000,000	13.32%	200,000,000	13.10%	200,000,000	10.11%	200,000,000	9.99%
Straum Investments Limited ("Straum Investments") (Note 3)	138,000,000	9.98%	138,000,000	9.19%	138,000,000	9.04%	138,000,000	6.98%	138,000,000	6.89%
Rainbow Elite International Limited ("Rainbow Elite") (Note 4)	91,000,000	6.58%	91,000,000	6.06%	91,000,000	5.96%	91,000,000	4.60%	91,000,000	4.54%
Original Fortune Group Limited ("Original Fortune") (Note 5)	67,500,000	4.88%	67,500,000	4.50%	67,500,000	4.42%	67,500,000	3.41%	67,500,000	3.37%
Best Practice Limited ("Best Practice") (Note 6)	41,000,000	2.96%	41,000,000	2.73%	41,000,000	2.69%	41,000,000	2.07%	41,000,000	2.05%
Mr. Tsang Chi Kit ("Mr. Tsang") (Note 2)	50,000	0.00%	50,000	0.00%	50,000	0.00%	50,000	0.00%	50,000	0.00%
The Vendor	-	-	-	-	-	-	476,666,667	24.10%	476,666,667	23.80%
Other public Shareholders	618,890,000	44.75%	618,890,000	41.22%	618,890,000	40.55%	618,890,000	31.29%	618,890,000	30.90%
Total	1,382,900,000	100.00%	1,501,400,000	100.00%	1,526,150,000	100.00%	1,978,066,667	100.00%	2,002,816,667	100.00%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, these 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.3 Our view

With reference to the 2022 Interim Report, as at 30 September 2022, the Group recorded total assets (including bank balances and cash of approximately HK\$13.82 million) and total liabilities (including bond payable of approximately HK\$12.53 million) of approximately HK\$56.74 million and HK\$53.70 million respectively.

Apart from the extension of maturity date of the Convertible Bonds under the Second Proposed Amendments, for our due diligence purpose, we noted the following regarding Group's recent financing activities/initiatives:

- With reference to the 2022 Interim Report, the Group had total assets of approximately HK\$56.74 million (of which prepayment for software development expenditure amounted to approximately HK\$12 million, other receivables amounted to HK\$19.28 million, property, plant and equipment only amounted to approximately HK\$22.22 million), bank balances and cash of approximately HK\$3.92 million and net current liabilities of approximately HK\$12.47 million as at 30 September 2022. We also noted that the Group recorded loss for five consecutive financial years since the year ended 31 March 2018. In view of the Group's loss making position for financial year ended 31 March 2022, net current liabilities position as at 30 September 2022 and the lack of available assets collateral, the Board considered that it is difficult for the Group to obtain bank borrowings at favourable terms.
- With reference to the 2022 Interim Report, the Company had bond payable approximately HK\$12.53 million as at 30 September 2022.
- With reference to the announcement of the Company dated 2 November 2022 in relation to the completion of placing of 148,000,000 new Shares. The net proceed of the First Placing was approximately HK\$14.38 million and the Company intended to use the proceeds to repay the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time.
- With reference to the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023 in relation to the completion of subscription of 34,900,000 new Shares under general mandate. The net proceed of the Subscription was approximately HK\$4.65 million and the Company intended to use the proceeds to repay the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the Letter, we have discussed with the Company and we also reviewed the following documents (i) the twelve-month cashflow forecast starting from September 2022 of the Group and (ii) the 2022 interim report of the Group, we noted and understand that the Company considers the finance cost in raising additional fund to redeem the outstanding Convertible Bonds is high based on the latest financial position of the Group, while the interest rate under the Second Proposed Amendments could be reduced and the Company intends to arise from additional funding by equity activities (i.e, the Subscription) in order to improve the financial positional of the Group. Therefore, we believed that the Second Proposed Amendments would relieve the imminent pressure on redeeming the Convertible Bonds and the Company would have time to look for any possible investors for the equity activities in order to repay the liabilities of the Company.

2.4 Conclusion

Having considered the above factors, in particular (i) our independent work done on the Group's financial position (such as consecutive loss positions during recent financial years and net current liabilities position, lack of valuable tangible assets, low bank balances and cash as at 30 September 2022) and recent financing activities/initiatives; and (ii) that the Group has insufficient internal resources as at the Latest Practicable Date for repayment of the Convertible Bonds, we are of the view that although the Second Proposed Amendments are not in the ordinary and usual course of business of the Group, they are in the interest of the Company and the Shareholders as a whole.

3. Principal Terms of the Second Proposed Amendments

3.1 Details of the CB Terms and Conditions (as amended by the Second Addendum)

Pursuant to the Second Addendum, the Company and Bondholders agreed to amend the term and condition of the Convertible Bonds as follows:

- (i) the maturity date of the Convertible Bonds shall be further extended from “the date falling upon the expiry of two years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which is 23 December 2022) to “the date falling upon the expiry of 3 years and 6 months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which will become 22 December 2023 (i.e. the Second Extended Maturity Date));

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) “the additional interest at the rate of 10% per annum from the date of issue up to and including the Second Extended Maturity Date chargeable on the principal amount of the Convertible Bonds in any event if a Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period” shall be deleted;
- (iii) the conversion price of the Convertible Bonds shall be adjusted from “HK\$0.15 per Share” to “HK\$0.1 per Share”; and
- (iv) the scope of the Conversion Rights shall be extended from “at any time during the Conversion Period, to convert the whole or part of the outstanding principal amount of the Convertible Bond into Conversion Shares” to “at any time during the Conversion Period, to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bond into Conversion Shares during the Conversion Period.”

3.2 Conversion Rights and Conversion Shares

As stated in the Letter, the Bondholders will be entitled to, at any time during the Conversion Period, to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bond (in the minimum amount of HK\$1,000,000 or any whole multiple thereof on each conversion) into Conversion Shares.

Based on (i) the sum of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest; and (ii) the Revised Conversion Price of HK\$0.1 per Share, a maximum number of 143,250,000 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represents: (i) approximately 10.63% of the existing issued Shares immediately prior to the exercise of any of the Conversion Rights; and (ii) approximately 9.39% of the issued Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

The Company also mentioned that if the closing Share price is higher than HK\$0.125, representing a discount of 20% of the closing Share price to the Conversion Price (HK\$0.1), the Company shall use its best endeavors to capture fundraising opportunities, including equity and/or debt, to repay the Convertible Bonds interest in a timely manner after balancing the cash flow needs of the Group. Conversely, if the closing Share price is equal to or lower than HK\$0.125 and there is another imminent cash flow needs for the internal resources of the Group, the Company may consider issuing the Conversion Shares for the relevant repayment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that the Company Conversion Rights allows the Bondholder convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bond into Conversion Shares, and we discussed with the Board that the Board considers the Conversion Rights allow the Company to repay less accrued interest of the Convertible Bonds to the Bondholders and which provide reduce imminent pressure to repay the interest to the Bondholders (assuming the Bondholders convert the accrued interest of the Convertible Bond into Conversion Shares). We also noted that the Maximum Outstanding Accrued Interest shall be approximately HK\$2,486,000, which allows the Bondholders to convert a maximum of approximately 24,860,000 Conversion Shares, which represents: (i) approximately 1.83% of the existing issued Shares immediately prior to the exercise of any of the Conversion Rights; and (ii) approximately 1.66% of the issued Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds). Given the Company may consider the repay the Convertible Bonds if the closing Share price is higher than HK\$0.125, representing a discount of 20% of the closing Share price to the Conversion Price (HK\$0.1), we considered the abovementioned mechanism provide a flexibility to the Company to repay the Convertible Bonds and may reduce the dilution effect of the Shareholding of the Company potentially.

Based on the above, we considered that (i) the Conversion Rights shall allow the Company to reduce imminent pressure to repay the interest to the Bondholders and allow the Company to seek for any potential investors to provide funding to the Company; and (ii) the effect of the Shareholding of the Company upon fully exercise the Conversion Rights on the Maximum Outstanding Accrued Interest is small. We are of the view that the above amendments is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

3.3 Recent price performance and trading liquidity of the Shares

The Revised Conversion Price of HK\$0.1 per Share represents:

- (i) a discount of approximately 59.92% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 20% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on 18 October 2022, being the date of the Second Addendum;

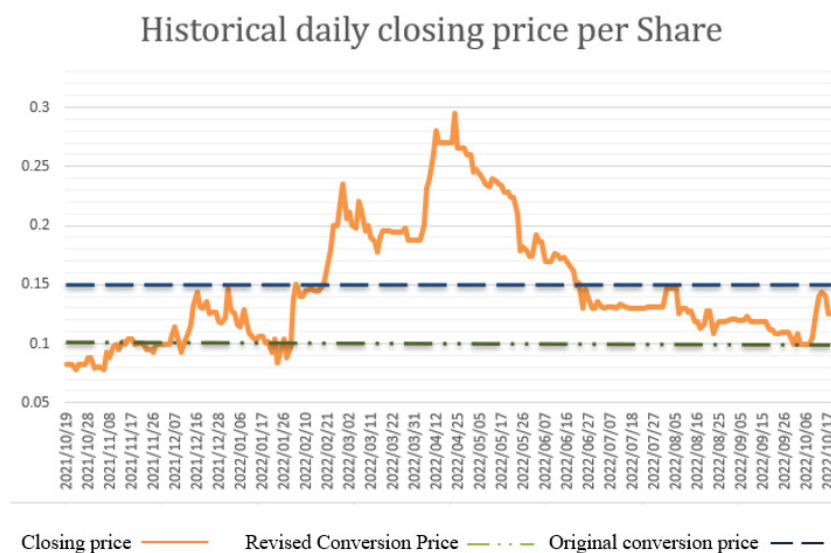
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) a discount of approximately 25.71% to the average closing price of HK\$0.1346 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Second Addendum;
- (iv) a discount of approximately 17.08% to the average closing price of HK\$0.1206 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Second Addendum;
- (v) a premium of approximately 4,445.45% 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); and
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 2.444%, represented by the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.1319 per Share, to the benchmarked price of HK\$0.1352 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of HK\$0.125 per Share on the date of the Second Addendum and (ii) the average closing price of HK\$0.1352 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Second Addendum).

Save for the Second Proposed Amendments as provided under the Second Addendum, all other terms and conditions of the Convertible Bonds shall remain unchanged.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to assess the fairness and reasonableness of the Revised Conversion Price, we reviewed the daily closing price and the trading liquidity of the Shares as quoted on the Stock Exchange from 19 October 2021 up to and including 18 October 2022 (the “**Review Period**”), being a period of one year prior to and including the date of the Second Addendum. We consider that an approximate period of twelve months is a fair, reasonable and sufficient period to provide a general overview of the recent price movements and liquidity of the Shares free from the influence of, if any, short term market volatility for conducting a reasonable comparison between the closing price of the Shares and the Revised Conversion Price. The comparison of daily closing prices of the Shares, the Revised Conversion Price and original conversion price (before the Proposed Second Proposed Amendments) is illustrated as follows:



Source: the Stock Exchange's website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Monthly trading volume of Shares during the Review Period

	Total volume of the Shares traded	Number of trading days	Average Daily Volume	Number of issued Shares as at end of the period/ month (Note 2)	Approximate % of average daily trading volume to the then total number of issued Shares as at end of the period/ month
2021					
October (Note 1)	1,240,000	9	137,778	1,000,000,000	0.0138%
November	96,500,000	22	4,386,364	1,000,000,000	0.4386%
December	152,659,022	22	6,939,046	1,000,000,000	0.6939%
2022					
January	90,240,000	20	4,512,000	1,000,000,000	0.4512%
February	85,028,213	17	5,001,660	1,200,000,000	0.4168%
March	35,800,000	23	1,556,522	1,200,000,000	0.1297%
April	62,263,000	18	3,459,056	1,200,000,000	0.2883%
May	57,690,000	20	2,884,500	1,200,000,000	0.2404%
June	36,370,000	21	1,731,905	1,200,000,000	0.1443%
July	10,930,000	20	546,500	1,200,000,000	0.0455%
August	10,940,000	22	497,273	1,200,000,000	0.0414%
September	3,820,000	21	181,905	1,200,000,000	0.0152%
October (up to the date of the Second Addendum)	59,290,000	11	5,390,000	1,200,000,000	0.4492%

Source: The Stock Exchange's website

Notes:

1. The Review Period commenced on 19 October 2021 and ended on 18 October 2022.
2. Based on the total number of issued Shares as at end of the period/month.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the Review Period, the lowest and highest closing prices of Shares as quoted on the Stock Exchange were HK\$0.078 recorded on 22 October 2021 and 4 November 2021 and HK\$0.295 per Share recorded on 22 April 2022 respectively. The Conversion Price of HK\$0.1 is within the range of the lowest and highest closing price of Shares as quoted on the Stock Exchange during the Review Period. The closing price of Shares fluctuated during the Review Period. We noted that the closing price of the Shares was HK\$0.083 on 19 October 2021 at the start of the Review Period. The closing price of Shares was relatively stable from the start of the Review Period to late-January 2022. After that, the closing price increased substantially from HK\$0.15 on 7 February 2022 and to its peak at HK\$0.295 on 22 April 2022. Since then, the closing price of Shares experienced a generally decreasing trend and the closing price of Shares starting from 23 June 2022 to the date of Second Addendum were below HK\$0.15. The average closing price of Shares during the Review Period was HK\$0.147.

Regarding the liquidity of the Shares, as shown in the table above, the highest average daily volume was approximately 6,939,046 Shares in December 2021, representing approximately 0.6939% of the total number of Shares at the end of December 2021. We also notice that the average daily trading liquidity of the Shares were very thin during the Review Period, with all months less than 0.7% to the then total number of issued Shares as at the end of their respective period/month. As such, the relatively low trading volume suggests that it would be difficult for the Company to pursue the Bondholders to remain the conversion price of Convertible Bonds in the stock market without providing considerable discount as an incentive.

Based on the above, including (i) the Revised Conversion Price is within the range of the closing price of the Shares from the lowest of HK\$0.078 per Share to the highest of HK\$0.295 per Share during the Review Period; (ii) the relative low average daily trading volume of the Shares during the Review Period; (iii) the premium of approximately 4,445.45% of the Revised Conversion Price to the net asset value of the Company per Share; and (iv) the Bondholder may request relative high discount as an incentive in order to extend the maturity date of Convertible Bonds, the Revised Conversion Price was at a discount to most of the daily closing prices and the historical daily closing prices have closed below HK\$0.1 per share since February 2022 and the Revised Conversion Price affect the shareholding structure and the interest of the Independent Shareholders. We have discussed with the Company and we noted that without discussion with the Company, the Bondholder has requested for the discount of the Revised Conversion Prices based on the financial position of the Company, the trading volume of the Shares, the Shares price of the Company, taking into account that maturity date of the Convertible Bonds was extended, the Second Addendum provide an opportunity to improve the financial position of the Company and reduce the cash outflow of the Company in order to focus on the business development and seeking any potential investors on additional funding. Thus, we are of the view that the Revised Conversion Price is acceptable and reasonable despite the discount of the Revised Conversion Price to the historical daily closing prices.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.4 Comparable analysis on the Revised Conversion Price

As part of our analysis, we further identified subscription/placing of convertible bonds/notes under specific mandate (the “**CB Comparables**”) which were announced by companies listed on the Stock Exchange from 19 July 2022 up to 18 October 2022 (“**Review CB Period**”), being a period of three months prior to and including the date of the Second Addendum. To the best of our knowledge and as far as we are aware of, we found 6 transactions which met the said criteria and they are exhaustive as far as we are aware of. Independent Shareholders should note that the businesses, operations, financial positions and prospects of the Company may not be identical to the CB Comparables. Although the companies involved in the CB Comparables are not identical to the Company in terms of principal business, operating scale and financial position, we consider that the CB Comparables could provide a general understanding on subscription/placing of convertible bonds/notes under specific mandate in the Hong Kong stock market because the CB Comparables of the respective companies are under the market environment, market sentiment during the Review Period and are therefore considered to be reasonable reference on the recent market practice and conditions regarding the Second Addendum. We have not conducted any independent investigation with regards to the businesses, operations, financial positions and prospects of the companies but it shall not affect our analysis as we are comparing the general trend of subscription/placing of convertible bonds/notes under specific mandate in the market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (stock code)	Date of announcement	Interest rate per annum (%)	Premium/ (discount) of the conversion price to average closing price per share for the last five consecutive trading days up to and including the date of agreement in relation to the respective subscription/ placing of convertible bonds/notes (%)	Premium/ (discount) of the conversion price to average closing price per share for the last 20 consecutive trading days up to and including the date of agreement in relation to the respective subscription/ placing of convertible bonds/notes (%)	Premium/ (discount) of the conversion price to average closing price per share for the last 20 consecutive trading days up to and including the date of agreement in relation to the respective subscription/ placing of convertible bonds/notes (%)	Premium/ (discount) of the conversion price to the consolidated unaudited net asset value of the Company attributable to the Shareholders as at 30 September 2022 of per Share price (based on the unaudited consolidated total equity as at 30 September 2022, and Shares in issue as at the Latest Practicable Date) (%)	Time to maturity	Percentage of conversion shares to enlarged share capital (%)	Is accrued outstanding interests included in total convertible amount
State Innovation Holdings Limited (8275)	12-Aug-22	0	57.14	31.89	6.23	(72.82)	2 years	27.00%	No
China Healthwise Holdings Limited (348)	17-Aug-22	6	53.85	42.32	50.02	(91.23)	4 years	19.80%	No
Grand Field Group Holdings Limited (115)	5-Sep-22	6	15.2	15.2	15.5	122.85	18 months	50.90%	Yes (Note 2)
Huscoke Holdings Limited (704)	19-Sep-22	8	(30.50)	(31.40)	(35.56)	N/A (Note 3)	2 years	55.43%	No
China CBM Group Company Limited (8270)	30-Sep-22	0	0.48	0	(2.54)	(98.12)	2 years	8.45%	No
Winshine Science Company Limited (209)	14-Oct-22	16	13.64	11.61	3.09	N/A (Note 3)	14/10/2022-31/12/2024	19.73%	No
Minimum (Note 1)		16	57.14	42.32	50.02	(98.12)			
Maximum (Note 1)		Nil	0.48	0	(2.54)	122.85			
Average (Note 1)		5.6	28.06	11.6	20.20	(34.83)			
The Second Proposed Amendments		7	(20.00)	(25.71)	(12.24)	4,445.45	Three years and six months	9.39%	Yes

Note:

- The calculation excluded the figures of Huscoke due to Huscoke suspended from 29 March 2021.
- It has issued new convertible bond that include the outstanding principal and interests from the Existing Bond.
- Not applicable as the company was at net liability position.

The Revised Conversion Prices of the CB Comparables ranged from (i) a premium of approximately 0.48% to a premium of approximately 57.14% to the respective closing price per share on the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the “**Agreement Market Range**”); (ii) nil to a premium of approximately 42.32% to the respective average closing price per share for the last five consecutive trading days up to and including the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the “**5-days Range**”); and (iii) a discount of approximately 2.54% to a premium of approximately 50.02% to the respective average closing price per share for the last 20 consecutive trading days up to and including the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the “**20-days Market Range**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Revised Conversion Price, which represents (i) a discount of approximately 20.00 % to the closing price of Shares on the date of the Second Amendment; (ii) a discount of approximately 17.08% to the average closing price of Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Second Addendum; (iii) a discount of approximately 12.24% to the average closing price of Shares as quoted on the Stock Exchange for the 20 consecutive trading days up to and including the date of the Second Addendum, are within the Agreement Market Range, the 5-days Market Range and the 20-days Market Range; and (iv) a premium of approximately 4,445.45% to the consolidated unaudited net asset value per Share of the Company attributable to the Shareholders as at 30 September 2022. However, the discount of the Revised Price (i.e. 20.00% and 17.08%) are higher than the Average Market Range and the 5-Days Range (i.e. a premium of approximately 18.30% and 11.60%). As discussed with the Board, we understand that the Board considers the Second Proposed Amendments enables the Group to (i) extend the maturity date of Convertible Bonds and seek for other funding to redeem the Convertible Bonds; and (ii) concentrate its existing businesses to improve the cash inflow. Considering that (i) the premium of the Revised Conversion Price to the net asset value per Share of the Company of approximately 4,247.83% was significantly higher the market average of discount of approximately 34.83%, and (ii) the extension of mature date of the Convertible Bonds enable the Group to seek for other funding and concentrate its existing businesses to improve the cash inflow, we are of the view that the Revised Conversion Price is acceptable and reasonable and on normal commercial terms as compared to those of the CB Comparables despite that the discount of the Revised Conversion Price is higher than the Average Market Range and the 5-Days Range, which is negligible comparing with the remarkable premium of the Revised Conversion Price to the net asset value per Share of the Company.

By comparing with the CB Comparables, the percentage of Conversion Shares to enlarged share capital of the Convertible Bond is approximately 9.39%, it is within the range of the CB Comparables (i.e. 8.45% – 55.43%). For the component of the Conversion Shares, one of the CB Comparables issue new convertible bond which its conversion shares have include the principal amount with interest from the previous convertible bond while other CB Comparables exclude the accrued outstanding interests.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, the Second Addendum under the Specific Mandate on its own would result in a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 2.444% represented by the theoretical diluted price of approximately HK\$0.1319 per Share, taking into account of the issuance of new Shares relating to (i) the subscription of new shares under general mandate which had been completed on 22 February 2022; (ii) the First Placing; (iii) the Subscription; (iv) the Acquisition; and (v) the Second Proposed Amendments, to the benchmarked price of approximately HK\$0.1352 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of HK\$0.125 per Share on the date of the Second Addendum and (ii) the average closing price of HK\$0.1352 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Second Addendum), having taken into account the reasons for and benefits of the Second Addendum. As the above dilution effect has stated, we are of the view that the potential dilution effect is fair and reasonable to the shareholding interests of the public Shareholders.

3.5 Analysis on the interest rate

As shown in the table above, the CB Comparables have an annual interest rate of nil to 16%% (the “**Interest Market Range**”). The interest rate of 7% per annum born by the Convertible Bonds pursuant to the Second Addendum (the “**Adjusted Interest Rate**”) is within the Interest Market Range. Nevertheless, having considered that (i) the Group has insufficient internal resources as at the Latest Practicable Date for repayment of the Convertible Bonds; and (ii) the Second Proposed Amendments were arrived at after arm’s length negotiation between the Company and the Bondholders, we consider the Adjusted Interest Rate to be justifiable. For further details of the Second Proposed Amendments, please refer to the section headed “THE SECOND ADDENDUM” of the Letter. Taking into account the above, we are of the view that the Adjusted Interest Rate of the Second Proposed Amendments are on normal commercial terms and are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.6 Conclusion

On 18 October 2022, the Company executed the Second Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of twelve months; (ii) delete the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds in any event if the Bondholder has not exercised any of its Conversion Rights to convert the whole or any part of the principal amount of the Convertible Bonds during the Conversion Period; and (iii) adjust the conversion price of the Convertible Bonds from HK\$0.15 to HK\$0.1 per Conversion Share and (iv) extend the scope of the Conversion Rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into Conversion Shares during the Conversion Period.

Based on (i) the 2022 interim report of the Company; and (ii) the twelve-month cashflow forecast starting from September 2022 of the Company, we noted that the Company does not have sufficient internal resources for repayment of all current liabilities including Convertible Bonds. Despite the Company has completed the Subscription, the net proceeds of the Subscription shall be approximately HK\$4.65 million which is not enough to repay all current liabilities (i.e. approximately HK\$48 million as 30 September 2022). We considered that the Second Proposed Amendments allows (i) the Company to extend the payment of the Convertible Bonds; (ii) the Bondholders to convert Convertible Bonds interests to Conversion Shares borne by the Convertible Bonds pursuant to the Second Addendum. Therefore, the Second Proposed Amendments enable the Company to (i) relieve the imminent pressure on redeeming the Convertible Bonds immediately given the maturity date of Convertible Bonds was 23 December 2022; (ii) look for any possible investors for other equity activities; and (iii) reduce the liabilities to Bondholders assuming they convert interests payable to Conversion Shares.

Based on the abovementioned analysis, we further noted that the Revised Conversion Price was at a significant premium of approximately 4,445.45% to the net asset value per Share of the Company, the Revised Conversion Price does not reflect the financial performance and financial position of the Company despite the Revised Conversion Price was at a discount to most of the historical daily closing prices and the discount is higher than the Average Market Range and the 5-Days Range.

After considering (i) the Board's view, (ii) the effect on the Shareholding Structure of the Company, (iii) the Group's financial position, (iv) Conversion Rights and number of Conversion Shares, and (v) the recent price performance and trading liquidity of the Shares, we are of the view that the principal terms of the Second Proposed Amendments is acceptable and reasonable, on normal commercial terms and in the interest of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, among others, (i) the financial performance of the Company including the financial position and the net cash outflow of the Company, (ii) the business performance of the Company, and (iii) the premium of the Revised Conversion Price to the net asset value to the Company, we are of the view that the Second Addendum and the transaction contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders) is in the interests of the Company and the Shareholders as a whole; and the terms of the Second Addendum are on normal commercial terms and acceptable and reasonable so far as the Independent Shareholders are concerned, but not in the ordinary and usual course of the business of the Group.

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Co-head of Corporate Finance

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Chan Wai Fung
Head of Corporate Finance

Mr. Yau Tung Shing and Mr. Chan Wai Fung are licensed persons under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Silverbricks Securities Company Limited. Mr. Yau Tung Shing and Mr. Chan Wai Fung have over 6 and 3 years of experience in corporate finance industry, respectively.

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese names prevail.*

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:

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

Immediately after full conversion of the aggregate amount of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest into the Conversion Shares (assuming that there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and upon the full conversion of the Convertible Bonds), the authorised and issued share capital of the Company will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
<u>1,382,900,000</u>	Shares of HK\$0.01 each	13,829,000
<u>143,360,000</u>	Conversion Shares to be allotted and issued	<u>1,433,600</u>
<u>1,526,260,000</u>	Shares of HK\$0.01 each	<u>15,262,600</u>

All Shares currently in issue and the Conversion 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 (%) <i>(Note 1)</i>
Mr. Tsang <i>(Note 2)</i>	Beneficial owner <i>(Note 2)</i>	50,000	0.00
	Interest in a controlled corporation <i>(Note 2)</i>	200,000,000	14.46
Mr. Yu <i>(Note 3)</i>	Interest in a controlled corporation <i>(Note 3)</i>	138,000,000	9.98
Mr. Shiu <i>(Note 4)</i>	Interest in a controlled corporation <i>(Note 4)</i>	41,000,000	2.96

Note:

- 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.
- As at the Latest Practicable Date, these 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

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of shareholding (%) (Note 1)
Rainbow Capital (Note 2)	Interest in a controlled corporation	226,460,000	16.38
Metagate (Note 2)	Beneficial Owner	226,460,000	16.38
Rainbow Elite (Note 3)	Beneficial Owner	91,000,000	6.58
Mr. Lam (Note 3)	Interest in a controlled corporation	91,000,000	6.58
Original Fortune (Note 4)	Beneficial Owner	67,500,000	4.88
Mr. Sung (Note 4)	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. Accordingly, Rainbow Capital is deemed to be interested in such 226,460,000 Shares.

3. As at the Latest Practicable Date, these 91,000,000 Shares are 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.
4. As at the Latest Practicable Date, these 67,500,000 Shares are 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. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, 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 Group were made up.

6. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors is 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.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors 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 has or may have any other conflict of interest with the Group pursuant to the GEM Listing Rules.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered 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).

9. 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.

10. 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 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;
- (b) 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.;
- (c) 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;
- (d) a placing agreement dated 17 May 2022 entered into among the Company, SBI, 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;

- (e) the First Addendum;
- (f) a conditional asset acquisition agreement dated 27 September 2022 entered into between the Company and the Vendor in relation to the Acquisition;
- (g) the First Placing Agreement;
- (h) 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);
- (i) a side letter dated 21 October 2022 entered into among the Company, SBI and Global Mastermind in relation to the extension of the long stop date of the First Placing Agreement;
- (j) 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 Aldebit Pte. Ltd;
- (k) the Subscription Agreements;
- (l) the Second Placing Agreement;
- (m) a side letter dated 22 December 2022 entered into between the Company and SBI in relation to the revision of the placing price under the Second Placing Agreement;
- (n) two side letters dated 22 December 2022 entered into between the Company and each of the Subscribers in relation to the revision of subscription price and number of subscription shares under the Subscription Agreements;
- (o) a side letter dated 9 January 2023 entered into between the Company and SBI in relation to the extension of long stop date under the Second Placing Agreement; and
- (p) the Second Addendum.

11. EXPERTS AND CONSENTS

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

Name	Qualification
Silverbricks Securities Company Limited	Independent Financial Adviser

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 did not have any interest, either direct or indirect, in any assets which has 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 had 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.

12. 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>) for a period of not less than 14 days before the date of EGM:

- (i) the letter from the Independent Board Committee, the text of which is set out on pages 36 to 37 of this circular;
- (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 38 to 73 of this circular;
- (iii) the written consents referred to in the paragraph headed “Experts and Consents” in this Appendix;
- (iv) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (v) this circular.

13. 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 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 Suites at 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 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 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.
- (g) the English text of this circular and the accompanying form of proxy shall prevail over this respective Chinese test in the case of inconsistency.

NOTICE OF EGM



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 28 February 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 second addendum (the “**Second Addendum**”) dated 18 October 2022 executed by the Company to amend and/or alter the terms and conditions of the convertible bonds (the “**Convertible Bonds**”) issued by the Company on 26 June 2020 in an aggregate principal amount of HK\$11,850,000 and an aggregate accrued interest of approximately HK\$1,495,000 to give effect to (i) further extension of the maturity date of the Convertible Bonds for a period of twelve months; (ii) delete the additional interest at the rate of 10% per annum in any event if the holders of the Convertible Bonds (the “**Bondholder(s)**”) has not exercised any of its rights (“**Conversion Rights**”) attached to the Convertible Bonds (as amended and supplemented by the Second Addendum) to convert the whole or any part thereof into new Shares of the Company (“**Conversion Share(s)**”) to convert the whole or any part of the principal amount of the Convertible Bonds during any business day following the period from the day falling the expiry of 6 months after the date of issue of the Convertible Bonds and up to and including 23 December 2023 (the “**Conversion Period**”); (iii) adjust the conversion price of the Convertible Bonds to HK\$0.1 per Conversion Share and (iv) extend the scope of the Conversion Rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into Conversion Shares during the Conversion Period (the “**Second Proposed Amendments**”) (a copy of which has been produced to the EGM marked “**A**” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder, and all other matters thereof and incidental thereto and in connection therewith, be and are hereby approved, confirmed and/or ratified (as the case may be);

NOTICE OF EGM

- (b) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) having approved the Second Proposed Amendments 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 exercise of the Conversion Rights attached to the Convertible Bonds as amended and supplemented by the Second Addendum, the directors (“**Director(s)**”) of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Conversion 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 be and is hereby authorised to do all such acts or things and execute and deliver all such documents, instruments and agreements which he or she considers necessary, desirable or expedient to give effect to the Second Addendum and the transactions contemplated thereunder (including but not limited to the Second Proposed Amendments and the grant of the Specific Mandate) and the allotment and issue of the Conversion Shares, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company.”

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

Hong Kong, 10 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

NOTICE OF EGM

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 website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.ocg.com.hk in accordance with the GEM Listing Rules.
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 10 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 22 February 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 22 February 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 and the Company’s website at www.ocg.com.hk to notify the Shareholders of the date, time and place of the rescheduled meeting as and when appropriate.

NOTICE OF EGM

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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this notice misleading.

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