



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.*

*This report, for which the directors (the “**Directors**”) of Oriental Payment Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## RESULTS

The board (the “**Board**”) of Directors hereby announces the unaudited condensed consolidated financial statements (the “**Third Quarterly Financial Statements**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures of the corresponding period in 2021 (the “**Corresponding Period**” or “**2021**”), as follows:

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

For the nine months ended 31 December 2022

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	2	1,115	592	4,632	2,717
Cost of services rendered		(1,193)	(340)	(4,115)	(1,656)
<b>Gross (loss) profit</b>		(78)	252	517	1,061
Other income	3	346	499	1,123	1,675
General administrative expenses		(4,478)	(4,943)	(17,354)	(16,504)
Selling and distribution costs		(1,271)	(1,800)	(5,966)	(5,962)
Loss on modification of convertible bonds	9	-	-	(1,100)	-
Finance costs	4	(536)	(1,584)	(2,779)	(4,569)
Share of results of an associate		-	-	(355)	(624)
<b>Loss before tax</b>	4	(6,017)	(7,576)	(25,914)	(24,923)
Income tax expenses	5	-	-	-	(73)
<b>Loss for the period</b>		(6,017)	(7,576)	(25,914)	(24,996)
<b>Attributable to:</b>					
Equity holders of the Company		(6,017)	(7,576)	(25,914)	(24,996)
		HK cents	HK cents	HK cents	HK cents
<b>Loss per share attributable to equity holders of the Company</b>					
Basic	6	(0.46)	(0.76)	(2.10)	(2.50)
Diluted	6	(0.46)	(0.76)	(2.10)	(2.50)

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

For the nine months ended 31 December 2022

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Notes				
<b>Loss for the period</b>	<b>(6,017)</b>	<b>(7,576)</b>	<b>(25,914)</b>	<b>(24,996)</b>
<b>Other comprehensive income (loss)</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of foreign subsidiaries	359	252	(247)	(901)
Derecognition of exchange reserve upon disposal of an associate	(20)	–	(20)	–
Other comprehensive income (loss) for the period, net of tax	339	252	(267)	(901)
<b>Total comprehensive loss for the period</b>	<b>(5,678)</b>	<b>(7,324)</b>	<b>(26,181)</b>	<b>(25,897)</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(5,678)	(7,324)	(26,181)	(25,897)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note 10(a))	Capital reserve HK\$'000 (Note 10(b))	Convertible bonds reserve HK\$'000 (Note 9)	Exchange reserve HK\$'000 (Note 10(c))	Statutory reserve HK\$'000 (Note 10(d))	Accumulated losses HK\$'000	
At 1 April 2021 (audited)	10,000	31,510	37,529	876	1,473	1,199	(35,139)	47,448
Loss for the period	-	-	-	-	-	-	(24,996)	(24,996)
<b>Other comprehensive loss</b>								
<i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(901)	-	-	(901)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(901)	-	(24,996)	(25,897)
At 31 December 2021 (unaudited)	10,000	31,510	37,529	876	572	1,199	(60,135)	21,551

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

For the nine months ended 31 December 2022

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note 10(a))	Capital reserve HK\$'000 (Note 10(b))	Convertible bonds reserve HK\$'000 (Note 9)	Exchange reserve HK\$'000 (Note 10(c))	Statutory reserve HK\$'000 (Note 10(d))	Accumulated losses HK\$'000	
At 1 April 2022 (audited)	12,000	44,963	37,529	876	622	1,199	(73,645)	23,544
Loss for the period	-	-	-	-	-	-	(25,914)	(25,914)
<b>Other comprehensive loss</b>								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(247)	-	-	(247)
Derecognition of exchange reserve upon disposal of an associate	-	-	-	-	(20)	-	-	(20)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(267)	-	(25,914)	(26,181)
<b>Transaction with owners</b>								
<i>Contributions and distributions</i>								
Issue of shares upon placing shares	1,480	12,949	-	-	-	-	-	14,429
<b>Total transaction with owners</b>	1,480	12,949	-	-	-	-	-	14,429
<b>At 31 December 2022 (unaudited)</b>	13,480	57,912	37,529	876	355	1,199	(99,559)	11,792

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Oriental Payment Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 October 2018. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The Company’s principal place of business in Hong Kong has changed from Unit 2606, 26/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong to Room 5, 17/F, 80 Gloucester Road, Wan Chai, Hong Kong with effect from 2 February 2023.

The principal activity of the Company is investment holding. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in merchant acquiring business in Thailand. The Group was also engaged in payment processing services to merchants in Singapore through an associate which was acquired in February 2020 and was disposed in November 2022.

The Third Quarterly Financial Statements have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules.

The preparation of the Third Quarterly Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

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

For the nine months ended 31 December 2022

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

The Third Quarterly Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 31 March 2022, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the HKFRSs which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the "**2022 Audited Consolidated Financial Statements**").

The accounting policies and methods of computation applied in the preparation of the Third Quarterly Financial Statements are consistent with those applied in the preparation of the 2022 Audited Consolidated Financial Statements.

The Third Quarterly Financial Statements have been prepared on the historical costs basis and presented in Hong Kong dollars ("**HK\$**"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

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

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



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

For the nine months ended 31 December 2022

### 2. REVENUE

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Merchant discount rate income ("MDR income")	740	476	3,181	2,193
Marketing and distribution service income	22	7	47	20
Environmental, Social and Governance ("ESG") consultancy services income	150	–	450	–
ESG reporting services income	185	–	303	–
	<b>1,097</b>	483	<b>3,981</b>	2,213
<b>Revenue from other sources</b>				
Foreign exchange rate discount income	18	109	651	504
	<b>1,115</b>	592	<b>4,632</b>	2,717

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

For the nine months ended 31 December 2022

### 3. OTHER INCOME

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Bank interest income	59	8	73	21
Gain on disposal of interest in an associate	20	–	20	–
HKSAR Government subsidies	34	–	336	–
Other interest income	187	291	552	1,396
Sundry income	46	200	142	258
	<b>346</b>	499	<b>1,123</b>	1,675

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

For the nine months ended 31 December 2022

### 4. LOSS BEFORE TAX

This is stated after charging:

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Finance costs</b>				
Effective interest expenses on convertible bonds	57	683	873	1,990
Finance charges on lease liabilities	3	8	19	18
Interest expenses for financial liabilities at amortised cost	294	893	953	2,561
Interest expenses on bond payable	182	–	934	–
	<b>536</b>	<b>1,584</b>	<b>2,779</b>	<b>4,569</b>
<b>Staff costs, including key management's remuneration</b>				
Salaries, allowances and other short-term employee benefits	2,844	3,348	10,598	10,402
Contribution to defined contribution plans	79	65	213	192
	<b>2,923</b>	<b>3,413</b>	<b>10,811</b>	<b>10,594</b>
<b>Other items</b>				
Amortisation of intangible assets (included in "Selling and distribution costs")	391	450	1,183	1,356
Depreciation of property, plant and equipment	644	753	2,179	2,673
Depreciation of right-of-use assets	333	375	1,080	940

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

For the nine months ended 31 December 2022

### 5. INCOME TAX EXPENSES

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Deferred tax</b>				
Reversal of over provision of deferred tax assets in prior year	–	–	–	73
<b>Income tax expenses for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>73</b>

#### (a) Hong Kong Profits Tax

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

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

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

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

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

Dividends payable by a foreign invested enterprise in Thailand to its foreign investors are subject to a 10% (2021: 10%) withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with Thailand that provides for a different withholding arrangement.

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

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

For the nine months ended 31 December 2022

### 6. LOSS PER SHARE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the period attributable to equity holders of the Company	<b>(6,017)</b>	(7,576)	<b>(25,914)</b>	(24,996)

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 Number of Shares	2021 Number of Shares	2022 Number of Shares	2021 Number of Shares
Weighted average number of ordinary shares	<b>1,295,484,000</b>	1,000,000,000	<b>1,232,174,000</b>	1,000,000,000

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

### 7. DIVIDENDS

The Directors did not recommend a payment of dividend for the nine months ended 31 December 2022 (2021: Nil).

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

For the nine months ended 31 December 2022

### 8. DISPOSAL OF INTEREST IN AN ASSOCIATE

On 18 November 2022, the Company entered into share sale agreements with two independent third parties to sell an aggregate of 33% of the entire issued share capital of Alldebit Pte. Ltd. (“**Alldebit**”) at a total cash consideration of HK\$2 (the “**Disposal**”). Upon completion of the Disposal, the Group would no longer hold any equity interest in Alldebit and Alldebit would cease to be accounted as an associate of the Company. The Disposal was completed on 21 November 2022. Gain on disposal of interest in Alldebit of approximately HK\$20,000 was recognised for the Reporting Period.

For details of the Disposal, please refer to the announcement of the Company dated 18 November 2022.

### 9. CONVERTIBLE BONDS

On 26 June 2020 (the “**Bond Issue Date**”), the Company issued convertible bonds (the “**Convertible Bonds**”), with a coupon interest rate of 7% per annum, in an aggregate principal amount of HK\$11,850,000 to not less than six independent placees who, and where applicable, whose ultimate beneficial owners were independent third parties. The Convertible Bonds shall be initially mature on the date falling upon the expiry of two years from the Bond Issue Date or if such date is not a business day, the immediate preceding business day (which is 24 June 2022). Details of the placing of the Convertible Bonds are set out in the joint announcements of the Company and China Smartpay Group Holdings Limited (“**China Smartpay**”), the former ultimate holding company, dated 10 June 2020 and 26 June 2020 respectively.

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

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

For the nine months ended 31 December 2022

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

The coupon interest is accrued on a day-to-day basis on the principal amount of the Convertible Bonds outstanding and shall only be payable by the Company semi-annually in arrears on the dates falling six months and one year after the Bond Issue Date and on the anniversary(ies) of such dates for each year thereafter up to and including the Extended Maturity Date. Holders of the Convertible Bonds will be entitled to receive an additional interest at the rate of 10% per annum from the Bond Issue Date up to and including the Extended Maturity Date chargeable on the principal amount of the Convertible Bonds, which will be payable by the Company on the Extended Maturity Date, if they have not converted any of their Convertible Bonds into new shares of the Company. The Convertible Bonds can be converted into a maximum number of 79,000,000 ordinary shares of the Company at the initial conversion price of HK\$0.15 per share of the Company.

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

On 18 October 2022, the Company executed the second addendum (the “**Second Addendum**”) to amend and/or alter the terms and conditions of the Convertible Bonds with view to giving effect to (i) the further extension of the maturity date of the Convertible Bonds for a period of twelve months to 23 December 2023; (ii) the deletion of the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds to which a holder of the Convertible Bonds is initially entitled in any event if such holder has not exercised any of its conversion rights to convert the whole or any part of the principal amount of the Convertible Bonds during the conversion period; (iii) the adjustment of the conversion price of the Convertible Bonds to HK\$0.1 per conversion share; and (iv) the extension of the scope of the conversion rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into conversion shares during the conversion period, and all other terms and conditions of the Convertible Bonds remain unchanged.

The Second Addendum and the terms and conditions of the Convertible Bonds (as amended by the Second Addendum) shall take effect subject to the fulfilment of all the conditions precedent as set out in the Second Addendum. If any of the conditions precedent is not fulfilled on or before 17 April 2023 (or such later date as may be mutually agreed by the Company and the holders of the Convertible Bonds), the Second Addendum shall lapse and terminate. None of the conditions precedent is waivable by the Company and the holders of the Convertible Bonds. Further details of the Second Addendum are set out in the announcements of the Company dated 18 October 2022 and 21 October 2022, respectively.

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

For the nine months ended 31 December 2022

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

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

	HK\$'000
<b>Liability component</b>	
At 31 March 2021 (audited)	11,859
Effective interest expenses	2,637
Interest accrued	(827)
<hr/>	
At 31 March 2022 (audited)	13,669
<hr/>	
Effective interest expenses (Note 4)	873
Loss on modification of convertible bonds	1,100
Interest accrued	(2,628)
<hr/>	
<b>At 31 December 2022 (unaudited)</b>	<b>13,014</b>
<hr/>	
<b>Equity component</b>	
Nominal value of the Convertible Bonds	11,850
Fair value of liability component at the Bond Issue Date	(10,951)
Issue costs	(23)
<hr/>	
<b>At 31 March 2021 (audited), at 31 March 2022 (audited) and at 31 December 2022 (unaudited)</b>	<b>876</b>
<hr/>	



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

For the nine months ended 31 December 2022

### 10. RESERVES

#### (a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's articles of association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

#### (b) Capital reserve

The capital reserve represents:

- (i) the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the non-controlling interests (if any); and
- (ii) listing expenses and other listing expenses borne by China Smartpay as a capital contribution from China Smartpay, which was recorded in the Group's equity.

#### (c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries (2021: Group's subsidiaries and an associate).

#### (d) Statutory reserve

In accordance with the relevant laws and regulations in Thailand, Oriental City Group (Thailand) Co., Ltd. is required to appropriate not less than 5% of its net profit to the statutory reserve upon each dividend distribution, until the statutory reserve reaches 10% of its registered authorised capital. The statutory reserve is not available for dividend distribution.

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

For the nine months ended 31 December 2022

### 11. EVENTS AFTER THE REPORTING PERIOD

- a) On 21 December 2022, the Company entered into subscription agreements with two independent subscribers, namely, Richard Severin Fuld, Jr. ("**Subscriber A**") and Kailash Peak Trust ("**Subscriber B**") (collectively the "**Subscribers**") in relation to the subscription of a total of 35,400,000 new shares of the Company by the Subscribers under general mandate (the "**Subscription**"). On 22 December 2022, the Company entered into a side letter with each of the Subscribers to revise (i) the subscription price from HK\$0.132 per subscription share to HK\$0.134 per subscription share; (ii) the number of subscription shares to be subscribed by Subscriber A from 29,500,000 shares to 29,100,000 shares; and (iii) the number of subscription shares to be subscribed by Subscriber B from 5,900,000 shares to 5,800,000 shares. On 10 January 2023, the Subscription was completed, and 29,100,000 shares and 5,800,000 shares were allotted and issued to Subscriber A and Subscriber B, respectively. The net proceeds from the Subscription were approximately HK\$4.65 million. Details of the Subscription and its completion are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023, respectively.
- b) On 21 December 2022, the Company entered into a placing agreement with a placing agent (the "**Placing Agent**"), pursuant to which the Company agreed to place through the Placing Agent up to 35,000,000 new shares of the Company under general mandate (the "**Placing**"). On 22 December 2022, the Company and the Placing Agent entered into a side letter to revise the placing price from HK\$0.132 per placing share to HK\$0.134 per placing share (the "**Revised Placing Price**"). On 9 January 2023, the Company entered into a second side letter with the Placing Agent to extend the long stop date of the Placing from 11 January 2023 to 30 January 2023 (or such later date as the Company and the Placing agent may agree in writing). As the Placing Agent was not successful in placing the placing shares at the Revised Placing Price due to the recent market conditions, the Placing had lapsed on 30 January 2023. Details of the Placing and its lapse are set out in the announcements of the Company dated 21 December 2022, 22 December 2022, 9 January 2023 and 30 January 2023, respectively.

### 12. APPROVAL OF THE THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved by the Board on 9 February 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW AND OUTLOOK

The Group is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand. The Group was also engaged in payment processing services to merchants in Singapore through an associate which was acquired in February 2020 and was disposed in November 2022.

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

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

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

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

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

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the Group recorded a total revenue of approximately HK\$4,632,000 (2021: approximately HK\$2,717,000) derived from the merchant acquiring business, which included i) the MDR income of approximately HK\$3,181,000 (2021: approximately HK\$2,193,000); ii) the foreign exchange rate discount income of approximately HK\$651,000 (2021: approximately HK\$504,000); iii) the ESG consultancy services income of approximately HK\$450,000 (2021: Nil); iv) the ESG reporting services income of approximately HK\$303,000 (2021: Nil); and v) the marketing and distribution service income of approximately HK\$47,000 (2021: approximately HK\$20,000). There were increases in the MDR income and the foreign exchange rate discount income by approximately HK\$988,000 and HK\$147,000 respectively when comparing with those in the Corresponding Period. The increases in these two income streams were primarily due to the facts that the Chinese tourists' spending in Thailand is steadily recovering, and hence an increase in the transaction volume via UnionPay processed by the Group for the Reporting Period was recorded as compared with that of the Corresponding Period. The Group also recorded the ESG consultancy and reporting services income of approximately HK\$753,000 in total. The marketing and distribution service income was considered as not significant to the Group's revenue for the Reporting Period.

## **Cost of services rendered**

Cost of services rendered of the Group includes the IT network service fee and franchise license fee for the merchant acquiring business as well as staff costs for the ESG consultancy and reporting businesses. The total cost of services rendered for the Reporting Period amounted to approximately HK\$4,115,000 (2021: approximately HK\$1,656,000). The increase in cost of services rendered of approximately 148.5% was mainly resulted from the increase in the transaction volume via UnionPay processed by the Group for the Reporting Period as compared with that of the Corresponding Period, and no staff costs were incurred for the ESG consultancy and reporting businesses for the Corresponding Period.

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

The gross profit for the Reporting Period amounted to approximately HK\$517,000, representing a decrease of approximately HK\$544,000 or approximately 51.3% as compared with that of approximately HK\$1,061,000 for the Corresponding Period. The gross profit margin decreased from approximately 39.1% for the Corresponding Period to approximately 11.2% for the Reporting Period which was mainly due to gross loss on the ESG consultancy and reporting businesses.

## **General administrative expenses**

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$17,354,000 (2021: approximately HK\$16,504,000). The increase in general administrative expenses was mainly due to the increment in the research and development expenses.

## **Selling and distribution costs**

The Group recorded selling and distribution costs of approximately HK\$5,966,000 for the Reporting Period (2021: approximately HK\$5,962,000). No material fluctuation was noted in selling and distribution costs.

## Finance costs

The finance costs amounted to approximately HK\$2,779,000 for the Reporting Period (2021: approximately HK\$4,569,000). The decrease in finance costs was mainly due to the net effect of (i) the decrease in the effective interest expenses on convertible bonds, (ii) the decrease in the interest expenses for financial liabilities at amortised cost, and (iii) the increase in the interest expenses on bond payable.

## Loss for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$25,914,000 for the Reporting Period (2021: approximately HK\$24,996,000). The increase in net loss was mainly attributable to the net effect of (i) the increment in the research and development expenses, (ii) the loss on modification of convertible bonds, and (iii) the decrease in finance costs for the Reporting Period.

## Dividend policy

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

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

Details of the dividend are set out in Note 7 to the Third Quarterly Financial Statements.

## **Treasury policy**

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

## **Foreign exchange exposure**

The Group mainly operates in Thailand with transactions denominated in Baht. The Group exposes to foreign exchange risks as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign exchange risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Board, the Group will enter into foreign currency forward contracts should the needs arise. As 31 December 2022, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$250,000 (equivalent to approximately HK\$1,950,000) (31 March 2022: no outstanding foreign currency forward contracts). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. The Group did not have other derivatives for hedging against the foreign exchange rate risk as at 31 December 2022.

## **Contingent liabilities**

As at 31 December 2022, the Group did not have any material contingent liabilities (2021: Nil).

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

Save as disclosed in this report, during the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2021: Nil).

## ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises when advance to an entity from the Company exceeds 8% of the total assets of the Company. Pursuant to Rule 17.22 of the GEM Listing Rules, since the circumstances giving rise to a disclosure obligation under Rule 17.15 of the GEM Listing Rules continue to exist as at 31 December 2022, details of the advance which remained outstanding as at 31 December 2022 are set out below.

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

Principal terms of the Loan Agreement are summarised below:

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



**Prepayment:**

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

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

**Repayment:**

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

**Default Interest:**

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

**Security:**

The Loan is unsecured.

**Purpose:**

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

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

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

Details of the Loan Agreement and the Loan are set out in the supplemental announcement of the Company dated 13 October 2022. As at the date of this report, the Company and O2O are in the course of negotiating the settlement of the Loan.

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

As at 31 December 2022, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity/ Nature of interest	Number of shares (Note 1)	Approximate percentage of issued shares of the Company (Note 2)
Mr. Tsang Chi Kit (“Mr. Tsang”)	Beneficial owner (Note 3)	50,000 (L)	0.01%
	Interest in a controlled corporation (Note 3)	200,000,000 (L)	14.83%
Mr. Yu Chun Fai (“Mr. Yu”)	Interest in a controlled corporation (Note 4)	138,000,000 (L)	10.24%
Mr. Shiu Shu Ming (“Mr. Shiu”)	Interest in a controlled corporation (Note 5)	41,000,000 (L)	3.04%

Notes:

- (1) "L" denotes long position.
- (2) The calculation is based on the total number of 1,348,000,000 shares of the Company in issue as at 31 December 2022.
- (3) 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 Ventures Limited ("**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.
- (4) These 138,000,000 shares were held by Straum Investments Limited ("**Straum Investments**") which was in turn wholly-owned by Mr. Yu, an executive Director. Accordingly, Mr. Yu was 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 was the wife of Mr. Yu and hence Ms. Choi Hiu Wa was 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.
- (5) These 41,000,000 shares had been pledged to Best Practice Limited ("**Best Practice**") pursuant to the loan agreement dated 14 March 2022 entered into between a shareholder of the Company as borrower and chargor and Best Practice as lender. As at 31 December 2022, Best Practice was wholly-owned by Mr. Shiu, who is a non-executive Director. Accordingly, Mr. Shiu was deemed to be interested in such 41,000,000 shares due to the security interest in those shares acquired from such chargor pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company and/or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

Save as disclosed above, at no time during the Reporting Period, the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

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

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

As at 31 December 2022, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

## Long position in shares or underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of issued shares of the Company (Note 1)
Metagate Investment SPC (" <b>Metagate</b> ") (Note 2)	Beneficial owner	226,460,000	16.80%
Rainbow Capital Limited (" <b>Rainbow Capital</b> ") (Note 2)	Interest in a controlled corporation	226,460,000	16.80%
Rainbow Elite International Limited (" <b>Rainbow Elite</b> ") (Note 3)	Beneficial owner	91,000,000	6.75%
Mr. Lam Hak Ha, Jasper (" <b>Mr. Lam</b> ") (Note 3)	Interest in a controlled corporation	91,000,000	6.75%
Original Fortune Group Limited (" <b>Original Fortune</b> ") (Note 4)	Beneficial owner	67,500,000	5.01%
Mr. Sung Hak Keung Andy (" <b>Mr. Sung</b> ") (Note 4)	Interest in a controlled corporation	67,500,000	5.01%

### Notes:

- (1) The calculation is based on the total number of 1,348,000,000 shares of the Company in issue as at 31 December 2022.
- (2) Pursuant to the disclosure of interest notice filed by Metagate on 28 November 2022, these 226,460,000 shares were held by Metagate, which was in turn wholly-owned by Rainbow Capital. As at 31 December 2022, Rainbow Capital was ultimately and beneficially wholly-owned by Mr. Choy Hok Man ("**Mr. Choy**"). Accordingly, each of Rainbow Capital and Mr. Choy was deemed to be interested in such 226,460,000 shares held by Metagate pursuant to Part XV of the SFO.
- (3) These 91,000,000 shares were held by Rainbow Elite which was in turn wholly-owned by Mr. Lam. Accordingly, Mr. Lam was deemed to be interested in such 91,000,000 shares held by Rainbow Elite pursuant to Part XV of the SFO.
- (4) These 67,500,000 shares were held by Original Fortune which was in turn wholly-owned by Mr. Sung. Accordingly, Mr. Sung was 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 31 December 2022, the Directors were not aware of any other persons (other than the Directors and the chief executive of the Company) who had interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

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

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company is committed to achieving high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as the basis of the Company's corporate governance practices since its listing on the GEM of the Stock Exchange on 16 October 2018.

The Board is of the view that during the Reporting Period and up to the date of this report, the Company has complied with all applicable code provisions as set out in the CG Code.

## NON-COMPLIANCE WITH THE GEM LISTING RULES

Following the resignation of Ms. Huang Ping as an independent non-executive Director with effect from 30 September 2022, (i) the Board only comprised two independent non-executive Directors; (ii) the audit committee, the nomination committee and the remuneration committee of the Company (the **“Board Committees”**) only comprised two members; and (iii) the nomination committee of the Company did not consist of a chairman. The Company was therefore not in compliance with Rules 5.05(1), 5.28 and 5.36A of the GEM Listing Rules and the terms of reference of the Board Committees. For details of such non-compliance, please refer to the announcement of the Company dated 6 September 2022 and the poll results announcement of the Company dated 30 September 2022, respectively.

As disclosed in the announcement of the Company dated 31 October 2022, following the appointment of Ir Dr. Ng Yu Ki as an independent non-executive Director, the chairman of the nomination committee of the Company and a member of each of the remuneration committee and audit committee of the Company, all with effect from 1 November 2022, the Company has re-complied with Rules 5.05(1), 5.28 and 5.36A of the GEM Listing Rules and the terms of reference of the Board Committees.

## DIRECTORS’ INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any business as at 31 December 2022 which competed or may compete, directly or indirectly, with the Group’s business.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the **"Standard of Dealings"**) as the code of conduct regarding Directors' securities transactions in the securities of the Company. Having made specific enquiries with all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings during the Reporting Period.

## SHARE OPTION SCHEME

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

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 18 September 2018. Since the date of adoption of the Share Option Scheme and up to 31 December 2022, no Option has been granted by the Company. As at the date of this report, the Company has 100,000,000 shares available for issue under the Share Option Scheme (representing approximately 7.23% of the total number of the existing issued shares of the Company as at the date of this report). Details of the Share Option Scheme are set out in the prospectus of the Company dated 27 September 2018.



## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with specific terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code for the purpose of reviewing and supervising the Company’s financial reporting and internal control procedures. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chung, Wai Chuen Alfred, Mr. Ng Ka Po and Ir Dr. Ng Yu Ki. Mr. Chung, Wai Chuen Alfred is the chairman of the Audit Committee.

The Group’s Third Quarterly Financial Statements have been reviewed by the Audit Committee, which was of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 9 February 2023

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