



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

2023

ANNUAL REPORT



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## BOARD OF DIRECTORS

### Executive Directors

- Mr. Tsang Chi Kit (*Managing Director*)  
(redesignated as an executive Director  
on 6 April 2022)
- Mr. Yu Chun Fai (appointed on 31 October 2022  
with effect from 1 November 2022)
- Dr. Ng Kit Chong (*Chairman*)  
(resigned on 10 November 2022)
- Mr. Lin Xiaofeng (*Chief Executive Officer*)  
(retired on 30 September 2022)

### Non-executive Directors

- Mr. Shiu Shu Ming
- Mr. Xiong Wensen (retired on 30 September 2022)

### Independent Non-executive Directors

- Mr. Chung, Wai Chuen Alfred
- Mr. Ng Ka Po
- Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with  
effect from 1 November 2022)
- Ms. Huang Ping (resigned on 6 September 2022  
with effect from 30 September 2022)

## BOARD COMMITTEES

### Audit Committee

- Mr. Chung, Wai Chuen Alfred (*Chairman*)
- Mr. Ng Ka Po
- Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with  
effect from 1 November 2022)
- Ms. Huang Ping (resigned on 6 September 2022  
with effect from 30 September 2022)

### Remuneration Committee

- Mr. Ng Ka Po (*Chairman*)
- Mr. Chung, Wai Chuen Alfred
- Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with  
effect from 1 November 2022)
- Ms. Huang Ping (resigned on 6 September 2022  
with effect from 30 September 2022)

### Nomination Committee

- Ir Dr. Ng Yu Ki (*Chairman*) (appointed on  
31 October 2022 with effect from 1 November 2022)
- Mr. Ng Ka Po
- Mr. Chung, Wai Chuen Alfred
- Ms. Huang Ping (*Chairman*)  
(resigned on 6 September 2022  
with effect from 30 September 2022)

## COMPLIANCE OFFICER

- Mr. Tsang Chi Kit (appointed on 30 September 2022)
- Mr. Lin Xiaofeng (retired on 30 September 2022)

## AUTHORISED REPRESENTATIVES

- Mr. Tsang Chi Kit (appointed on 30 September 2022)
- Mr. Yu Wan Hei
- Mr. Lin Xiaofeng (retired on 30 September 2022)

## JOINT COMPANY SECRETARIES

- Mr. Yu Wan Hei
- Mr. Huen Felix Ting Cheung

## REGISTERED OFFICE

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

## HEADQUARTERS IN THAILAND

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21 Viphavadi-Rangsit Road  
Jomphol, Jatujak, Bangkok  
10900 Thailand

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

- Conyers Trust Company (Cayman) Limited  
SIX, 2nd Floor  
Cricket Square, P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

- Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## PRINCIPAL BANKERS

- DBS Bank (Hong Kong) Limited
- Dah Sing Bank Limited

## Corporate Information

### LEGAL ADVISERS

#### As to Hong Kong law

Taylor Wessing  
21/F, 8 Queen's Road Central  
Hong Kong

#### As to Thailand law

Kennedys (Thailand) Limited  
Units 2901–2904, 29th Floor  
Sathorn Square  
98 North Sathorn Road  
Silom, Bangrak  
Bangkok 10500  
Thailand

### AUDITOR

Mazars CPA Limited  
*Certified Public Accountants*  
42/F, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

### STOCK CODE

8613

### WEBSITE

[www.ocg.com.hk](http://www.ocg.com.hk)

Dear Shareholders,

On behalf of the board (the “**Board**”) of Directors of Oriental Payment Group Holdings Limited (the “**Company**”), I am pleased to present to you the annual report of the Company and its subsidiaries (collectively the “**Group**”) for the financial year ended 31 March 2023 (the “**Year**”).

## REVIEW

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 had also been engaged in payment processing services to merchants in Singapore through an associate which was acquired in February 2020 and was disposed of in November 2022.

During the Year, the Group recorded an increase in revenue of approximately 115.3% to approximately HK\$8.4 million (2022: approximately HK\$3.9 million). The revenue was mainly derived from its merchant discount rate income (“**MDR income**”), foreign exchange rate discount income, marketing and distribution service income and Environmental, Social and Governance (“**ESG**”) reporting and consultancy services income. The Group recorded a loss attributable to equity holders of the Company of approximately HK\$32.2 million (2022: approximately HK\$38.5 million). The decrease in net loss was mainly due to the net effect of (i) the loss on modification of convertible bonds, (ii) the gain on extinguishment of convertible bonds, and (iii) no impairment loss on other receivables made for the Year.

## OUTLOOK

Though the coronavirus disease 2019 (“**COVID-19**”) pandemic aftershocks still linger, the pandemic's effects are gradually being alleviated in different markets, with project opportunities returning commensurately. The Group believes that the business outlook is still tempered by many uncertainties in the global and local business environment from the impact of the COVID-19 pandemic around the world and it will continue facing challenges in the future business environment. The Group will stay alert to the development and situation of the post 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 of the businesses.

## APPRECIATION

Finally, on behalf of the Board, I would like to express our sincere gratitude to our shareholders, business partners and customers for their continuous support and trust placed in us. I would also like to thank our staff for their tremendous efforts and contributions during the Year. With our competent management and professional teams, I believe the Group will succeed in achieving exceptional results.

**Mr. Tsang Chi Kit**

*Executive Director*

21 June 2023

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

Oriental Payment Group Holdings Limited and its subsidiaries 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 of in November 2022.

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

During the Year, the Group continuously faced the risks of the uncertainties under the impact of the COVID-19 pandemic, which continuously affected Chinese tourists’ spending in Thailand. In particular, the outbreak of the COVID-19 pandemic, which led to the continuous suspension of a majority of the international flights to Thailand during the Year, resulted in a material adverse effect on the income of the Group. In order to reduce the business risks in reliance upon tourism, the Group has engaged information technology companies to provide research and design services on other payment related software development, so that it can explore the expansion of businesses relating to payment, marketing and value-added services which focus on local consumption in Asia Pacific (including Hong Kong), and businesses relating to cross-border e-commerce collection and payment.

Looking forward, the relief of policies of the mainland of the People’s Republic of China (the “**PRC**”) and Hong Kong for the COVID-19 pandemic and the reopening of the mainland-Hong Kong border may bring positive impact on the local economy, but the COVID-19 pandemic aftershocks still linger. The Group will stay alert to the development and situation of the post 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.

Furthermore, with the completion of the acquisition of the bCode scanners which took place on 30 March 2023, the Group will be able to extend its service offerings by providing advanced app-based payment services to merchants to easily and conveniently accept payments from e-wallets, allowing the Group to tap into broader markets with wider geographical coverage. The Group has commenced the process of installing the bCode scanners at the POS of its major retailer customers in the Philippines. This is expected to promote the business growth of the Group, in line with the Group’s key objective to be a leading payment-based technology platform provider.

## FINANCIAL REVIEW

### Revenue

During the Year, the Group recorded a total revenue of approximately HK\$8.4 million (2022: approximately HK\$3.9 million) derived from the merchant acquiring business and the ESG reporting and consultancy business, which included (i) the MDR income of approximately HK\$6.0 million (2022: approximately HK\$2.4 million); (ii) the ESG reporting services income of approximately HK\$0.8 million (2022: HK\$0.7 million); (iii) the foreign exchange rate discount income of approximately HK\$0.7 million (2022: approximately HK\$0.6 million); (iv) the ESG consultancy services income of approximately HK\$0.7 million (2022: HK\$0.2 million); and (v) the marketing and distribution service income of approximately HK\$0.2 million (2022: approximately HK\$29,000). There were increases in the MDR income, the foreign exchange rate discount income and the marketing and distribution service income by approximately HK\$3.6 million, HK\$0.1 million and HK\$172,000, respectively when comparing with those in the previous financial year. The increases in these three income streams were primarily due to the relief of policies of the PRC and Hong Kong for the COVID-19 pandemic and the reopening of the mainland-Hong Kong border in January 2023 which resulted in the Chinese tourists resuming travels to Thailand. Therefore, the spending of the Chinese tourists and the transaction volume via UnionPay processed by the Group gradually increased since January 2023. The ESG reporting services income and the ESG consultancy services income also increased by approximately HK\$0.1 million and approximately HK\$0.5 million respectively, which is primarily due to higher demand for such services arising from greater awareness of ESG issues.

### 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 and staff costs for the ESG reporting and consultancy business. The total cost of services rendered for the Year amounted to approximately HK\$7.7 million (2022: approximately HK\$3.6 million). The increase in cost of services rendered of approximately 114.7% was in line with the increase in revenue.

### Gross profit and gross profit margin

The gross profit for the Year amounted to approximately HK\$0.6 million, representing an increase of approximately HK\$355,000 or approximately 122.8% as compared with that of approximately HK\$0.3 million for the previous financial year. The increase in gross profit was in line with the increase in revenue. The gross profit margin increased from 7.4% for the previous financial year to 7.7% for the Year. No material fluctuation for the gross profit margin was noted.

### General administrative expenses

The general administrative expenses of the Group for the Year amounted to approximately HK\$22.1 million (2022: approximately HK\$18.6 million). The increase in general administrative expenses by approximately 19.4% was mainly attributable to (i) the increase in the legal and professional fees, and (ii) the increase in the research and development expenses.

### Selling and distribution costs

The Group recorded selling and distribution costs of approximately HK\$11.4 million for the Year (2022: approximately HK\$13.2 million). The amount of selling and distribution costs decreased mainly due to the decrease in the advertising expenses for the Year.

### Loss on modification of convertible bonds and gain on extinguishment of convertible bonds

During the Year, by virtue of the amendments of the terms of the convertible bonds issued by the Company, the Group recorded a loss on modification of convertible bonds of approximately HK\$1.1 million (2022: nil) and a gain on extinguishment of convertible bonds of approximately HK\$5.2 million (2022: nil). Details of the convertible bonds are set out in the paragraph headed "Use of Proceeds from the Placing of the Convertible Bonds" below and Note 27 to the consolidated financial statements.

### Impairment loss on other receivables

The Group assessed impairment loss on other receivables measured on lifetime expected credit loss and reflects the short maturities of the exposures. No impairment loss was recognised on other receivables for the Year (2022: HK\$2,990,000). Details of the impairment assessment on other receivables are set out in Note 32(iii) to the consolidated financial statements.

### Share of results of an associate

The share of losses of an associate of the Group for the Year amounted to approximately HK\$0.4 million (2022: approximately HK\$0.6 million).

### Finance costs

The finance costs amounted to approximately HK\$5.6 million for the Year (2022: approximately HK\$6.1 million). The amount represented (i) the effective interest expenses on the convertible bonds, (ii) the finance costs on lease liabilities, (iii) the finance costs on financial liabilities at amortised cost, and (iv) the finance costs of bond issued. The slight decrease mainly resulted from the decrease in the finance costs on financial liabilities at amortised costs, which was partially offset by the increase in the effective interest expenses of the convertible bonds. Details of the finance costs are set out in Note 6 to the consolidated financial statements.

## Management Discussion and Analysis

### Loss for the Year

The Group recorded a net loss attributable to owners of the Company of approximately HK\$32.2 million for the Year (2022: approximately HK\$38.5 million). The decrease in net loss was mainly attributable to the net effect of (i) the loss on modification of convertible bonds, (ii) the gain on extinguishment of convertible bonds, and (iii) no impairment loss on other receivables made for the Year. Details of the convertible bonds are set out in Note 27 to the consolidated financial statements.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had current assets of approximately HK\$46.9 million (31 March 2022: approximately HK\$58.1 million) including bank balances and cash of approximately HK\$11.0 million (31 March 2022: approximately HK\$31.4 million), which are denominated in Hong Kong dollars (“**HK\$**”), Thai Baht (“**Baht**”) and US\$. Total assets and total liabilities were approximately HK\$111.5 million (31 March 2022: approximately HK\$82.0 million) and HK\$59.1 million (31 March 2022: approximately HK\$58.5 million) respectively as at 31 March 2023.

The gearing ratio, which was calculated by dividing total other long-term liabilities and convertible bonds by total equity, was 33.8% as at 31 March 2023 (31 March 2022: 83.5%). Other long-term liabilities represent preference shares issued by Oriental City Group (Thailand) Co., Ltd. (“**OCG Thailand**”), a wholly-owned subsidiary of the Company, and the convertible bonds issued by the Company on 26 June 2020. For dividend/interest rate and other details of liabilities as at 31 March 2023, which were denominated in HK\$ and Baht, please refer to Notes 12, 22, 23, 26, 27 and 32 to the consolidated financial statements.

The Group’s operations are financed principally by revenue generated from its business operation, public fund raising and other borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity to ensure that the Group is well positioned to achieve its business objectives and strategies.

### CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liabilities (2022: Nil).

### CAPITAL COMMITMENTS

Save as disclosed in this annual report, as at 31 March 2023, the Group did not have any significant capital commitments contracted for but not provided in the consolidated financial statements (2022: Nil).

### SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 27 September 2022, the Company and Mobile Technology Holdings Limited, a company incorporated in the Isle of Man with limited liability (the “**Vendor**”, together with any of the Vendor’s subsidiaries which owns or has any interest in any of the Assets (as defined below), the “**Vendor Group Member(s)**”), entered into an asset acquisition agreement (the “**Agreement**”), pursuant to which the Vendor conditionally agreed to sell, transfer and/or assign, and procure any other Vendor Group Member to sell, transfer and/or assign, to the Company, and the Company agreed to acquire, such right, title, interest, benefit and claim as the Vendor Group may have in all the rights, title, interest and benefits to or in the scanners and any firmware designed for use thereon to decode bCode and other barcode formats and support the use of the bCode System (the “**Assets**”) at the consideration (the “**Consideration**”) of US\$6,050,000 (equivalent to approximately HK\$47,505,000) (the “**Acquisition**”). The bCode System is a routing and execution infrastructure designed to simplify customer identification, token validation and redemption in retail merchant environments.

The Consideration was payable by the Company to the Vendor in the following manner:

- (a) cash consideration of US\$550,000 (equivalent to approximately HK\$4,317,000) on the completion date, to be offset in full by the deposit paid by the Company of US\$550,000; and
- (b) the remaining US\$5,500,000 (equivalent to approximately HK\$43,188,000) was satisfied by the issue and allotment of 476,666,667 ordinary shares (the “**Consideration Shares**”) at the issue price by the Company to the Vendor or its nominee(s) after the completion date and within seven business days after completion of the legal compliance period for the issue of the Consideration Shares.

In consideration of the Company acquiring the Assets from the Vendor, the Vendor irrevocably grants the royalty-free licence of the intellectual property rights in the bCode System to the Company for the use by the Group to manufacture, use, promote, sell, distribute or otherwise supply, the licensed products in relation to the bCode System globally, and including the right to use the relevant software and to develop, modify and maintain such software.

Completion of the Acquisition took place on 30 March 2023 and the Consideration Shares were allotted and issued at the issue price of HK\$0.09 per Consideration Share by the Company to the Vendor on the same date. The Acquisition will enable the Group to extend its service offerings by providing advanced app-based payment services and other services to merchants which allows the merchants to easily and conveniently accept payments from e-wallets, allowing the Group to tap into broader markets with wider geographical coverage. Further details of the Acquisition and its completion are set out in the announcements of the Company dated 27 September 2022, 13 March 2023 and 30 March 2023, respectively, and in the circular of the Company dated 23 February 2023.

Save as disclosed in this annual report, during the Year, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2022: Nil).

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have any plans for material investment or acquisition of capital assets as at the date of this annual report. The Company will make further announcement in accordance with the GEM Listing Rules, where applicable, if any investments and acquisition opportunities materialise.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks involved in its operations, many of which are beyond its control. Some of the key risks include:

- i. the operation and the profitability may be materially and adversely affected if China UnionPay (“**CUP**”), who is the largest supplier and also one of the Group’s major customers, ceases to partner with us;
- ii. the reliance on a merchant who is the single largest merchant in our five largest customers;
- iii. failure of third-party software and equipment used in the operation of the Group may cause interruptions to the business of the Group;
- iv. the Group’s business is exposed to the foreign exchange risks; and
- v. there are regulatory risks in Thailand hindering the Group’s business and structure.

For a more comprehensive list of risk factors and explanations, please refer to the prospectus of the Company dated 27 September 2018 (the “**Prospectus**”).

Further descriptions of the Group’s financial risks (including foreign currency risk, interest rate risk, credit risk, and liquidity risk) management objectives and policies are set out in Note 32 to the consolidated financial statements.

## Management Discussion and Analysis

The Group's risk management activities are performed by the Board on an ongoing basis. Further descriptions on the Group's risk management and internal control measures are set out in the section headed "Risk Management and Internal Control" in page 31 in this annual report.

### FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Thailand with transactions denominated in Baht. The Group is exposed to foreign exchange risks as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign exchange risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Board, the Group will enter into foreign currency forward contracts should the needs arise. As at 31 March 2023, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of approximately US\$1,451,000 (equivalent to approximately HK\$11,392,000) (31 March 2022: the Group had 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 March 2023.

### USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on GEM on 16 October 2018 (the "Listing") with a total of 250,000,000 ordinary shares issued at HK\$0.22 each by way of share offer. The Directors intended to apply the net proceeds from the Listing in accordance with the proposed applications as set out in the Prospectus, the supplemental announcement (the "Supplemental Announcement") of the Company dated 29 September 2021 in relation to the annual results announcement and the annual report of the Company for the year ended 31 March 2020 and the announcement (the "Change in Use of Proceeds Announcement") of the Company dated 29 September 2022 in relation to change in use of proceeds. The net proceeds received by the Company from the Listing, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$51.1 million. The amount of unutilised net proceeds brought forward to the Year from the year ended 31 March 2022 was approximately HK\$17.8 million. Up to 31 March 2023, the net proceeds from the Listing had been applied as follows:

	Intended use of net proceeds HK\$ million (Approximately)	Amount unutilised as at 31 March 2022 HK\$ million (Approximately)	Revised allocation of the unutilised net proceeds HK\$ million (Approximately)	Amount utilised during the year ended 31 March 2023 HK\$ million (Approximately)	Amount unutilised as at 31 March 2023 HK\$ million (Approximately)
Continuously improving the availability and enhancing functions of the Group's stock of smart POS terminals	12.8	9.8	4.8	1.2	3.6
Developing the Group's acquiring host system	8.1	0.5	0.5	0.5	-
Strengthening and broadening the Group's marketing initiatives	1.2	-	-	-	-
Recruiting new talents	2.2	-	-	-	-
Extending the Group's payment processing services to cover other payment network associations	15.1	7.1	2.1	-	2.1
Expanding to Cambodia	6.6	0.4	0.4	0.4	-
Working Capital	5.1	-	10.0	10.0	-
	51.1	17.8	17.8	12.1	5.7

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

During the Year, notwithstanding that the international flights to Thailand had resumed gradually, the Chinese tourists' spending in Thailand as reflected by the transaction volume via UnionPay processed by the Group for the Year had not bounced back to the level before the anti-COVID 19 quarantine measures were initially imposed by the Thailand government throughout the past few years. Meanwhile, the Group requires more working capital to maintain the stability and sustainability of its existing business under the current adverse business environment and the slackening spending of Chinese tourists in Thailand.

Under such circumstances, the Board considered that it was not an optimal timing to expand its existing merchant acquiring business in Thailand. In order to optimise the use of the unutilised net proceeds, instead of allocating a total of approximately HK\$9.8 million and HK\$7.1 million for continuously improving the availability and enhancing function of the Group's stock of smart POS terminals and extending the Group's payment processing services to cover other payment network associations in Thailand, respectively, the Board resolved to reallocate the unutilised net proceeds by applying approximately HK\$5.0 million out of each of the foregoing uses as initially intended towards the working capital of the Group, thereby allowing the Group to better cope with its operation needs and safeguarding the financial position of the Group against any economic uncertainty in the future. Details of the change in use of proceeds from the Listing are set out in the Change in Use of Proceeds Announcement.

As at the date of this annual report, the unutilised net proceeds from the Listing amounting to a total of approximately HK\$5.7 million were placed in interest-bearing deposits with authorised financial institutions or licensed banks.

For the unutilised net proceeds from the Listing up to 31 March 2023, the Company intends to use them for the same intended purposes as previously disclosed in the Prospectus, the Supplemental Announcement and the Change in Use of Proceeds Announcement, respectively. However, the actual use of proceeds was less than planned as disclosed in the Change in Use of Proceeds Announcement because the continuous outbreak of the COVID-19 pandemic has led the Company to remain more prudent in applying the proceeds. The Board estimated that the time for utilising the remaining unutilised net proceeds will be within one year from the date of this annual report.

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

Reference is made to the joint announcements of the Company and China Smartpay Group Holdings Limited dated 10 June 2020 and 26 June 2020 respectively in relation to the issuance of the 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.

The net proceeds from the placing of the Convertible Bonds at the time of its completion under general mandate (the "**Placing**") on 26 June 2020 (the "**Completion Date**") were approximately HK\$11,543,000. 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 the 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 Year, 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.

## Management Discussion and Analysis

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 (the “**Second Proposed Amendments**”) with a 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 conversion shares were equal to the maximum number of 143,250,000 new ordinary shares to be allotted and issued by the Company upon exercise of the conversion rights in accordance with the terms and conditions of the Convertible Bonds.

On 18 October 2022, the Company was notified of the intention of the holders of the Convertible Bonds to execute 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 enable 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.

The Second Addendum has taken effect during the Year. Further details of the Second Addendum are set out in the announcements of the Company dated 18 October 2022, 21 October 2022 and 28 February 2023, and in the circular of the Company dated 10 February 2023, respectively. The amount of unutilised net proceeds brought forward to the Year from the year ended 31 March 2022 were approximately HK\$6,000,000. As at 31 March 2023, the net proceeds from the Placing were used according to the intentions previously disclosed in the announcements and circular of the Company, and had been applied as follows:

	Intended use of net proceeds HK\$'000 (Approximately)	Amount unutilised as at 31 March 2022 HK\$'000 (Approximately)	Amount utilised during the year ended 31 March 2023 HK\$'000 (Approximately)	Amount unutilised as at 31 March 2023 HK\$'000 (Approximately)
Exploring investment opportunities in online and offline payment related business in Asia Pacific	9,000	6,000	6,000	–
Working capital	2,543	–	–	–
	11,543	6,000	6,000	–

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

Reference is made to the announcements of the Company dated 31 January 2022 and 22 February 2022, respectively in relation to the allotment and issue of 200,000,000 new ordinary shares of the Company to Mr. Tsang Chi Kit who subsequently became the executive Director and the managing Director of the Company (the “**Subscription**”). As at 31 January 2022, the Company had a total of 1,000,000,000 ordinary shares in issue. Assuming that there would be no other changes to the total issued share capital of the Company between 31 January 2022 and the completion date of the Subscription, the subscription shares (the “**Subscription Shares**”) represented (i) 20% of the existing total issued share capital of the Company as at 31 January 2022; and (ii) approximately 16.67% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the completion of the Subscription.

The aggregate nominal value of the Subscription Shares was HK\$2,000,000. The Subscription Price of HK\$0.078 per Subscription Share represented (i) a discount of approximately 19.6% to the closing price of HK\$0.097 per ordinary share as quoted on the Stock Exchange on 28 January 2022, being the last trading day immediately preceding the date of the subscription agreement; and (ii) a discount of approximately 16.84% to the average closing price of HK\$0.0938 per ordinary share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the subscription agreement. Taking into account the estimated expenses for the Subscription, the net price of each Subscription Share amounted to approximately HK\$0.0768 per Subscription Share.

The completion of the Subscription took place on 22 February 2022.

The net proceeds from the Subscription were approximately HK\$15,453,000 (and the same amount was brought forward to the Year from the year ended 31 March 2022). As at 31 March 2023, the net proceeds from the Subscription were used according to the intentions previously disclosed in the announcements of the Company, and had been applied as follows:

	Intended use of net proceeds HK\$'000 <i>(Approximately)</i>	Amount unutilised as at 31 March 2022 HK\$'000 <i>(Approximately)</i>	Amount utilised during the year ended 31 March 2023 HK\$'000 <i>(Approximately)</i>	Amount unutilised as at 31 March 2023 HK\$'000 <i>(Approximately)</i>
Any investment as identified by the Group				
from time to time	4,636	335	335	–
Working capital	10,817	6,905	6,905	–
	15,453	7,240	7,240	–

Reference is made to the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023, respectively in relation to the allotment and issue of a total of 34,900,000 new shares of the Company to two independent subscribers (the “**Another Subscription**”).

## Management Discussion and Analysis

On 10 January 2023, a total of 34,900,000 ordinary shares (the “**Another Subscription Shares**”) of the Company were issued to Richard Severin Fuld, Jr. and Kailash Peak Trust (the “**Subscribers**”) for a total cash consideration of approximately HK\$4.65 million at a net subscription price of approximately HK\$0.133 per share, pursuant to the subscription agreements dated 21 December 2022 and the side letters dated 22 December 2022 entered into by the Company with each of the Subscribers, respectively. The aggregate nominal value of the Another Subscription Shares is HK\$349,000. The subscription price of HK\$0.134 per Subscription Share represents: (a) a discount of approximately 18.79% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 22 December 2022, the date on which the side letter was entered into; and (b) a discount of approximately 17.28% to the average closing price of HK\$0.162 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the side letter. The Another Subscription Shares were allotted and issued under the general mandate of granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022. The subscription enabled the Group to raise sufficient cash for satisfying the imminent cash flows needs of the Group in a timely manner with a view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs.

The net proceeds from the Another Subscription were approximately HK\$4,645,000. As at 31 March 2023, the net proceeds from the Another Subscription had been applied as follows:

	<b>Intended use of net proceeds</b>	<b>Amount utilised up to 31 March 2023</b>	<b>Amount unutilised as at 31 March 2023</b>
	HK\$'000	HK\$'000	HK\$'000
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
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	4,645	2,726	1,919

Note:

During the Year, the Company has used the net proceeds of approximately HK\$2.7 million for the general working capital.

For the unutilised net proceeds from the Another Subscription up to 31 March 2023, the Company intends to use them for the same intended purposes as previously planned. The continuous outbreak for the COVID-19 pandemic has lead the Company to stay prudent in applying the net proceeds, the Company has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. The Board estimated that the time for utilising the remaining unutilised net proceeds will be within one year from the date of this annual report.

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

Reference is made to the announcements of the Company dated 7 October 2022, 21 October 2022 and 2 November 2022, respectively in relation to the allotment and issue of 148,000,000 new shares of the Company to not less than six independent placees (the “**Placing**”).

On 7 October 2022, the Company entered into a placing agreement (the “**Placing Agreement**”) with SBI China Capital Financial Services Limited and Global Mastermind Securities Limited (the “**Placing Agents**”) in relation to the placing of up to a maximum of 240,000,000 new ordinary shares of the Company (the “**Placing Share(s)**”) at the placing price of HK\$0.1 per Placing Share (exclusive of any brokerage fee, SFC transaction levy, Stock Exchange trading fee and such other fee and levy as may be payable by the placee(s) in respect of the subscription of the Placing Shares) (the “**Placing Price**”) on the terms and conditions set out in the Placing Agreement (the “**Placing**”). The aggregate nominal value of the Placing Shares was HK\$2,400,000. The Placing Price of HK\$0.1 per Placing Share: (a) is equal to the closing price of HK\$0.1 per Share quoted on the Stock Exchange on the date of the Placing Agreement; and (b) represents a discount of approximately 1.57% to the average closing price of HK\$0.1016 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement.

Taking into account the estimated expenses for the Placing of approximately HK\$650,000, comprising fees, costs, charges and expenses of the Placing and assuming that all the 240,000,000 Placing Shares could be placed successfully, the net price of each Placing Share amounted to approximately HK\$0.097 per Placing Share.

The Placing was completed on 2 November 2022 (the “**Completion Date**”). A total of 148,000,000 Placing Shares have been successfully placed by the Placing Agents to not less than six placees at the Placing Price of HK\$0.1 per Placing Share pursuant to the terms and conditions of the Placing Agreement who are institutional, corporate or individual investors, representing approximately 10.98% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares as at the Completion Date. The Placing Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022. The Placing enabled the Group to raise sufficient cash for satisfying the imminent cash flows needs of the Group in a timely manner with a view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs.

## Management Discussion and Analysis

The net proceeds from the Placing were approximately HK\$14,295,000. As at 31 March 2023, the net proceeds from the Placing were used according to the intentions previously disclosed in the announcements of the Company, and had been applied as follows:

	<b>Intended use of net proceeds</b> HK\$'000 <i>(Approximately)</i>	<b>Amount utilised up to 31 March 2023</b> HK\$'000 <i>(Approximately)</i> (Note)	<b>Amount unutilised as at 31 March 2023</b> HK\$'000 <i>(Approximately)</i>
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	14,295	14,295	–

Note:

During the Year, the Company has used the net proceeds for the same intended purposes as previously planned: (i) approximately HK\$2.6 million has been applied for repayment of current debt; (ii) approximately HK\$11.2 million has been applied for general working capital; and (iii) approximately HK\$0.5 million has been applied for investment opportunities in payment related business.

### EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2023, the Group had a total of 27 employees (31 March 2022: 32 employees) among whom 12 (31 March 2022: 15) were based in Hong Kong, 13 were based in Thailand (31 March 2022: 15) and 2 were based in China (31 March 2022: 2). For the Year, the total staff costs, including key management's remuneration, amounted to approximately HK\$14.1 million (2022: approximately HK\$13.7 million).

The salaries and benefits of the Group's employees were kept at a market level and employees were rewarded based on performance, merit and market conditions in accordance with the Group's remuneration policy.

Other benefits including share options and training programmes are offered to eligible employees.

# Profile of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Tsang Chi Kit (曾志傑)**, aged 42, was appointed as the non-executive Director on 23 February 2022. Mr. Tsang was subsequently redesignated as the executive Director and was appointed as the managing director of the Company on 6 April 2022. He was also appointed as the compliance officer and authorised representative of the Company on 30 September 2022. Mr. Tsang is responsible for the Group's day-to-day management. Mr. Tsang has extensive experience in cross-border mergers and acquisitions, corporate finance, financial accounting and audit. Prior to joining the Group, Mr. Tsang served various senior positions in a multinational corporation, an international investment bank and international advisory firms, where he advised multiple takeover transactions and strategic investments.

Mr. Tsang obtained the Bachelor of Business Administration (Honours) (Accounting) from the Hong Kong Baptist University in 2004 and is a fellow member of The Association of Chartered Certified Accountants.

The discloseable interests of Mr. Tsang in the shares and underlying shares under the provisions of Part XV of the SFO are set out in the section headed "Directors' and Chief Executives' Interests in Securities" under the Report of the Directors of this annual report.

**Mr. Yu Chun Fai (余振輝)**, aged 61, was appointed as the executive Director on 31 October 2022 with effect from 1 November 2022. He is the founder of the Group and was an executive Director, the chief executive officer of the Company and the chairman of the Board for the period from January 2018 to July 2019. He is also a director of several subsidiaries of the Company, where he is mainly responsible for managing and overseeing the overall business operation in Thailand. Mr. Yu is a former controlling shareholder (as defined in the GEM Listing Rules) of the Company.

In addition, Mr. Yu is also the founder of China Smartpay Group Holdings Limited ("**China Smartpay**", formerly known as Oriental City Group Holdings Limited) (stock code: 8325), whose shares are listed on GEM. From August 2009 to November 2011, Mr. Yu served as an executive director, the chief executive officer and the chairman of the board of directors of China Smartpay. Prior to establishing the Group and China Smartpay, Mr. Yu worked for Morgan Stanley, AIG Asset Management (Asia) Ltd. and Allianz Dresdner Asset Management. He has extensive experience in the financial industry and the card and payment industry.

Since June 2007, Mr. Yu has been appointed as an independent non-executive director of New World Department Store China Limited (stock code: 825), whose shares are listed on the Main Board of the Stock Exchange.

Mr. Yu achieved the Bachelor of Business Administration degree from University of North Texas, the United States of America.

The discloseable interests of Mr. Yu in the shares and underlying shares under the provisions of Part XV of the SFO are set out in the section headed "Directors' and Chief Executives' Interests in Securities" under the Report of the Directors of this annual report.

## NON-EXECUTIVE DIRECTOR

**Mr. Shiu Shu Ming (蕭恕明)**, aged 53, was appointed as the non-executive Director on 10 December 2021 and is primarily responsible for providing professional advice to the Group in respect of management and corporate governance.

Mr. Shiu has extensive experience in corporate finance, mergers and acquisitions, initial public offerings and fund raising exercises in various ventures and projects with a deal portfolio covering private entities, the PRC state-owned enterprises and publicly listed companies in Hong Kong, the PRC, Malaysia, Singapore and Indonesia. From March 2020 to September 2021, Mr. Shiu was appointed as a non-executive director of Golden Century International Holdings Group Limited (stock code: 91), whose shares are listed on the Main Board of the Stock Exchange. From November 2022 to June 2023, Mr. Shiu was appointed as an executive director of Town Health International Medical Group Limited (stock code: 3886), whose shares are listed on the Main Board of the Stock Exchange. Mr. Shiu was appointed as a non-executive director of Orient Securities International Holdings Limited (stock code: 8001), whose shares are listed on GEM, in June 2022 and was redesignated to an executive director since July 2022. He has been appointed as (i) an independent non-executive director of Tianyun International Holdings Limited (stock code: 6836), whose shares are listed on the Main Board of the Stock Exchange since April 2022, (ii) a non-executive director of Kingkey Intelligence Culture Holdings Limited (stock code: 550), whose shares are listed on the Main Board of the Stock Exchange since January 2023, and (iii) a joint company secretary of China Smartpay since October 2020.

## Profile of Directors and Senior Management

Mr. Shiu obtained the Bachelor's Degree in Accountancy from the City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in 1993 and is a member of the Hong Kong Institute of Certified Public Accountants.

The discloseable interests of Mr. Shiu in the shares and underlying shares under the provisions of Part XV of the SFO are set out in the section headed "Directors' and Chief Executives' Interests in Securities" under the Report of the Directors of this annual report.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chung, Wai Chuen Alfred (鍾偉全)**, aged 48, was appointed as an independent non-executive Director on 18 September 2018. He is primarily responsible for providing independent advice to the Board. He is also the chairman of the audit committee of the Board, a member of the nomination committee and remuneration committee of the Board.

Mr. Chung has extensive experience in accounting and auditing with part of his professional career life at Big Four international accounting firm. Currently, he is a director of Crowe (HK) CPA Limited, Certified Public Accountants in Hong Kong, for providing audit and assurance services.

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

**Mr. Ng Ka Po (吳家保)**, aged 47, was appointed as an independent non-executive Director on 18 September 2018. He is primarily responsible for providing independent advice to the Board. He is also the chairman of the remuneration committee of the Board, a member of the audit committee and nomination committee of the Board.

Mr. Ng has extensive experience in the corporate finance industry. He joined Optima Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") principally engaged in provision of corporate finance and related services, in August 2007. He is currently a managing director of the corporate finance department of Optima Capital Limited, and a responsible officer for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has involved in a wide range of takeover, merger and acquisition, corporate restructuring, initial public offering, privatization and other corporate financial advisory work for Hong Kong listed companies.

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

**Ir Dr. Ng Yu Ki (伍于祺)**, aged 40, was appointed as the independent non-executive Director on 31 October 2022 with effect from 1 November 2022. He is primarily responsible for providing independent advice to the Board. He is also the chairman of the nomination committee of the Board, a member of the audit committee and remuneration committee of the Board.

Dr. Ng is a Chartered Engineer, currently the Principal Engineer cum Section Head in FUJIFILM Business Innovation Hong Kong Limited (formerly known as Fuji Xerox (Hong Kong) Limited) and is responsible for a portfolio of business innovation technologies and solutions. Over his distinguished tech-focused career across multiple sectors, Dr. Ng is a veteran in innovation and technology leadership, with extensive experience in business and technology management in Hong Kong and abroad.

## Profile of Directors and Senior Management

Dr. Ng also serves a number of governing and advisory committees in the academic, professional and community sectors. He is currently the Expert Member of The United Nations, the European Commission, the International Organization for Standardization and The Hong Kong Science and Technology Parks Corporation.

Dr. Ng graduated from The Chinese University of Hong Kong with a Bachelor of Engineering Degree, and from The Hong Kong Polytechnic University with a Master Degree. He also obtained a Doctoral Degree from City University of Hong Kong.

### SENIOR MANAGEMENT

**Ms. Ching Hui Lin**, is the country manager of Oriental City Group (Thailand) Co., Ltd. She is responsible for achieving business targets, managing and coordinating between business and team. Before joining our Group, she worked in Sinopay (Malaysia) Sdn Bhd and Sinopay (Singapore) Ptd Ltd., which are principally engaged in the provision of professional bankcard services to CUP, banks and other financial institutes in Malaysia, Singapore and Vietnam, from 2006 to 2015 as IT payment system support, technical and merchant support and IT executive, respectively.

Ms. Ching obtained an advanced diploma in science from Tunku Abdul Rahman College in Malaysia and obtained a bachelor degree in science from Campbell University.

### JOINT COMPANY SECRETARIES

**Mr. Yu Wan Hei (余運喜)** was appointed as the financial controller and company secretary of the Company on 1 December 2019. Mr. Yu became the joint company secretary of the Company on 2 March 2022. Mr. Yu resigned as the financial controller of the Company with effect from 1 January 2023.

Mr. Yu has extensive experience in accounting, auditing, corporate finance and company secretarial works. Mr. Yu is currently a company secretary of MOG Digitech Holdings Limited (stock code: 1942), whose shares are listed on the Main Board of the Stock Exchange. Mr. Yu obtained a bachelor degree of Business Administration in Accounting from The Hong Kong University of Science and Technology and a master degree of Science in Accountancy from The Hong Kong Polytechnic University. 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 Felix Ting Cheung (禰廷彰)** was appointed as the joint company secretary of the Company on 2 March 2022.

Mr. Huen is a licensed person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Huen has extensive experience in the areas of accounting and corporate finance. Mr. Huen is currently the director and responsible officer of Diligent Capital Limited, a licensed corporation registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity.

Save as the position of the joint company secretary of the Company, Mr. Huen is currently (i) an independent non-executive director of 1957 & Co. (Hospitality) Limited (stock code: 8495), whose shares are listed on GEM; and (ii) a company secretary of Orient Securities International Holdings Limited (stock code: 8001), whose shares are listed on GEM.

Mr. Huen obtained the Bachelor's Degree in Arts (Accounting) from Edinburgh Napier University in the United Kingdom in January 2010 and is a member of the Hong Kong Institute of Certified Public Accountants.

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The shares of the Company have been listed on GEM of the Stock Exchange since 16 October 2018 (the “**Listing Date**”). 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.

During the Year, the Company had complied with the CG Code, except where otherwise stated.

## MAJOR DEVELOPMENT IN THE GROUP’S CORPORATE GOVERNANCE DURING THE YEAR

In light of recent changes to the GEM Listing Rules, the major development in the Group’s corporate governance during the Year are as follows:

- Pursuant to the changes to Appendix 15 to the GEM Listing Rules, the following policies were proposed and adopted by the board of directors of the Company (the “**Board**”) on 6 January 2023:
  - (i) Statement on purpose, values and strategy
  - (ii) Shareholders’ communication policy
  - (iii) Policy on obtaining independent views and input
  - (iv) Board diversity policy;
  - (v) Whistleblowing policy; and
  - (vi) Anti-corruption policy.
- Pursuant to the changes to Chapter 23 of and Appendix 15 to the GEM Listing Rules, revised terms of reference of the remuneration committee of the Board (the “**Remuneration Committee**”) was adopted by the Board on 23 December 2022 such that the Remuneration Committee shall also be responsible for reviewing and/or approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules (as amended from time to time).

## COMPANY’S CULTURE

The Board believes that good corporate culture forms the foundation of the economic success, sustainable growth and long-term business of the Group. A strong culture enables the Company to maintain long-term sustainable performance and fulfil its role as a responsible corporation. The Company is committed to fostering a positive and progressive culture that is built on its purpose, values and strategy.

During the Year, the Company continued to strengthen its cultural framework by putting the emphasis on the following:

- **Purpose:**

The Company envisions to become one of the leading merchant acquirers in Thailand for the provision of a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists. The Company positions itself as a bridge to link and collaborate among its partner payment network associations, its merchants and shoppers.

- **Value:**

**Technology advancement**

The Company creates value and goodwill through adopting and deploying financial technology into its merchant acquiring business model.

**Engagement**

The Company prides itself on keeping its shareholders engaged and informed in the markets and communities in which the Company operates.

**Excellence**

The Company strives to deliver excellent services in an effective and efficient manner.

**Mutual Respect**

The Company strives for working internally and externally in a collegiate environment based on trust, collaboration and respect.

- **Strategy:**

- (i) Grow and enhance our core business in Thailand;
- (ii) Strengthen our corporate reputation in Thailand, Hong Kong, China and Asia;
- (iii) Accelerate our success internationally; and
- (iv) Advocate the importance of harnessing technology in business processes.

The Board promotes its corporate culture incorporating its purpose, values and strategy above and requires all employees to practise them. All of our new employees are required to attend orientation programs so that they may better understand the corporate culture and policies, learn the relevant laws and regulations, and raise their awareness.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

### 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 its directors’ securities transactions in the securities of the Company. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Standard of Dealings during the Year.

### BOARD OF DIRECTORS

The Directors who held office during the Year and up to the date of this annual report are as follows:

#### Executive Directors

Mr. Tsang Chi Kit (*Managing Director*) (redesignated as an executive Director on 6 April 2022)  
Mr. Yu Chun Fai (appointed on 31 October 2022 with effect from 1 November 2022)  
Dr. Ng Kit Chong (*Chairman*) (resigned on 10 November 2022)  
Mr. Lin Xiaofeng (*Chief Executive Officer*) (retired on 30 September 2022)

#### Non-executive Directors

Mr. Shiu Shu Ming  
Mr. Xiong Wensen (retired on 30 September 2022)

#### Independent Non-executive Directors

Mr. Chung, Wai Chuen Alfred  
Mr. Ng Ka Po  
Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with effect from 1 November 2022)  
Ms. Huang Ping (resigned on 6 September 2022 with effect from 30 September 2022)

The biographical details of the Directors as of the date of this annual report are set out in the section headed “Profiles of Directors and Senior Management” of this annual report.

### 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 and until 31 October 2022, (i) the Board only comprised two independent non-executive Directors; (ii) each of the audit committee, the nomination committee and the remuneration committee of the Board (the “**Board Committees**”) only comprised two members; and (iii) the nomination committee of the Board did not consist of a chairman, resulting in non-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 at the relevant time. Following the appointment of Ir Dr. Ng Yu Ki as an independent non-executive Director and the chairman of the nomination committee of the Board (the “**Nomination Committee**”) and a member of each of the Remuneration Committee and audit committee of the Board (the “**Audit Committee**”) 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.

### RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Group, and oversees the Group's businesses, strategic decisions and performance. The Board is primarily responsible for the formulation of the overall business plans and strategies of the Group, the implementation of the Group's policies and strategies, monitoring the business performance, internal controls and risk management as well as supervising the management of the Group.

The Board delegates daily management, administration and operation of the Group's businesses to the management. The delegated functions are reviewed by the Board to ensure that they accommodate the needs of the Group.

The Board also reviewed and considered that the following key features or mechanisms are effective in ensuring that independent views and input are provided to the Board. Independent non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration. To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the joint company secretaries of the Company as well as from independent professional advisers at the Company's expense.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the articles of association of the Company (the "**Articles**"), one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself/herself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

### DIVERSITY OF THE BOARD

With a view to achieving a sustainable and balanced development of the business, the Company sees increasing diversity at the Board level as a fundamental element in supporting the attainment of its strategic objectives and its sustainable development. In this regard, the Company has adopted a Board diversity policy to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

## Corporate Governance Report

The Board has also set measurable objectives to achieve Board diversity, which includes the following: (i) the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, (ii) the Nomination Committee will make discussion annually, and, where necessary, make consensus on measurable objectives for achieving Board diversity. It will provide its recommendation to the Board for adoption, which includes at least one of the Directors having appropriate professional qualifications or accounting or related financial management expertise, and at least one Director having intensive experience of the industry on which the business of the Group is engaged in, (iii) the Board shall have at least one Director of a different gender. Such Director shall possess the skills, experience and talent necessary for the operation of the Company, and (iv) to achieve and/or maintain gender diversity, the Nomination Committee will recommend potential candidates for the Board so as to realise gender diversity. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board, taking into consideration of the Company's corporate strategies and business operation.

The Board considered that save for gender diversity (which is further elaborated below), the aforementioned measurable goals have been achieved satisfactorily during the Year. The Nomination Committee has conducted an annual review of the Board diversity policy and the Nomination Committee is satisfied with the implementation and effectiveness of the Board diversity policy.

### Gender and Workforce Diversity

To achieve and/or maintain diversity (including gender diversity), the Nomination Committee will identify and recommend potential candidates for the Board so as to promote and realise gender diversity. Specifically, when selecting potential candidates for the Board, the Nomination Committee and the Board will, among others, (i) consider the current ability, diversity and representation level of different gender in the Board and senior management when making recommendation on nominees and the succession plan of the Board and senior management, and (ii) take reference to the employment practical codes published by Hong Kong Equal Opportunities Commission and other manuals in other applicable jurisdictions (if applicable) from time to time, so as to consider the standards in promoting diversity. The Group adheres to the principle of fairness in the recruitment procedures, and does not implement any restriction on gender, ethnicity, nationality and territory. The Nomination Committee adopts the above measures and reviews the profiles of the potential candidates of Board members against the above selection criteria in order to develop a pipeline of potential successors to the Board to achieve gender diversity.

During the Year, there was one female Director on the Board, who resigned with effect from 30 September 2022. In the future, the Board will continue to pay due regard to the importance of diversity in identifying potential candidates for directorships and continue to ensure that gender is one of the factors to be considered in appointing Directors by the Nomination Committee. In this regard, the Company is currently considering appointing female Director(s) to the Board and aims to have at least one female Director on the Board by the year 2024 to achieve gender diversity.

The Board also recognises the importance of diversity at the workforce level. As at 31 March 2023, the gender ratio of the workforce of the Group (including senior management) was 52:48 male to female. The Company considers that gender diversity is rather balanced and achieved in its workforce generally. The Group aims to continue to maintain a more balanced gender diversity in the workforce including through promoting such an aim during recruitment.

For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the section headed "Environmental, Social and Governance Report" set out on pages 35 to 61 in this annual report.

The attendance of each Director at the Board meetings and general meetings of the Company during the Year is set out below:

<b>Directors</b>	<b>Number of meetings attended/ number of Board meetings held</b>	<b>Number of meetings attended/ number of general meetings held</b>
<i>Executive Directors</i>		
Mr. Tsang Chi Kit (redesignated as an executive Director on 6 April 2022)	24/24	4/4
Mr. Yu Chun Fai (appointed on 31 October 2022 with effect from 1 November 2022)	9/9	2/2
Dr. Ng Kit Chong (resigned on 10 November 2022)	12/12	2/2
Mr. Lin Xiaofeng (retired on 30 September 2022)	12/12	2/2
<i>Non-executive Directors</i>		
Mr. Shiu Shu Ming	24/24	4/4
Mr. Xiong Wensen (retired on 30 September 2022)	12/12	2/2
<i>Independent Non-executive Directors</i>		
Mr. Chung, Wai Chuen Alfred	24/24	4/4
Mr. Ng Ka Po	24/24	4/4
Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with effect from 1 November 2022)	9/9	2/2
Ms. Huang Ping (resigned on 6 September 2022 with effect from 30 September 2022)	12/12	1/1

### CHAIRMAN AND MANAGING DIRECTOR

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On or before 30 September 2022, Dr. Ng Kit Chong, an executive Director of the Company and the chairman of the Board, was responsible for the leadership of the Board to ensure that it works effectively and discharges its responsibilities, and that all key and appropriate issues were discussed by the Board in a timely manner. Mr. Lin Xiaofeng, an executive Director and the chief executive officer of the Company, headed the management for implementing the strategies and policies adopted by the Board and focused on the day-to-day operations of the Group.

Mr. Lin Xiaofeng retired as an executive Director and the chief executive officer of the Company on 30 September 2022, and Dr. Ng Kit Chong resigned as an executive Director of the Company and the chairman of the Board on 10 November 2022. Mr. Tsang Chi Kit, the executive Director and the Managing Director of the Company, has continued the duties of (i) the chief executive officer of the Company since 1 October 2022, and (ii) the chairman of the Board since 11 November 2022, respectively. In the opinion of the Board, the roles of the Managing Director and the chief executive officer are the same. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and effectively respond to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code to be appropriate in such circumstance.

## Corporate Governance Report

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code, the Board comprises four other experienced and high-calibre individuals including one non-executive Director and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Company will consult appropriate Board committees and senior management. Considering the present size and the scope of business of the Group, the Company believes that it is not in the best interest of the Company and the shareholders as a whole to separate the roles of the chairman and the chief executive officer/the Managing Director, because the separation would render the decision-making process of the Company less efficient than the current structure. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the shareholders as a whole and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

To maintain a high standard of corporate governance practices of the Company, the Board will review the effectiveness of the structure and composition of the Board from time to time in light of prevailing circumstances, and will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

### NON-EXECUTIVE DIRECTORS

All non-executive Directors (including independent non-executive Directors) have been appointed for a fixed term. Pursuant to the letters of appointment between the Company and the non-executive Directors, the non-executive Directors have been appointed for a term of three years which may be terminated by giving prior written notice to the other party subject to the prescribed terms as stated in the letter of appointment. Every Director is subject to re-election on retirement by rotation in accordance with the Articles.

The Company has complied with Rule 5.05 of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, with at least one of them have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

### BOARD COMMITTEES

#### Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the code provision D.3 of the CG Code. The Audit Committee currently consists of 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 written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

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. The Audit Committee has reviewed with the management the accounting standards and practices adopted by the Group, and discussed auditing, internal control, risk management and financial reporting matters including the review of annual results and financial statements for the Year.

The Audit Committee held four meetings during the Year. The Audit Committee reviewed the Group's audited consolidated financial information for the year ended 31 March 2022 (the "Previous Year") and unaudited consolidated financial information for the three months ended 30 June 2022, the six months ended 30 September 2022 and the nine months ended 31 December 2022 respectively, discussed audit scope and findings with the Company's independent auditor, reviewed the Group's financial reporting system and risk management and internal control system, and made recommendations to the Board, among others, regarding the approval of the financial information and the appointment and remuneration of the external auditor. During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the independent auditor of the Company.

The attendance of each member of the Audit Committee at the Audit Committee meetings during the Year is set out below:

<b>Committee members</b>	<b>Number of meetings attended/number of Audit Committee meetings held</b>
Mr. Chung, Wai Chuen Alfred ( <i>Chairman of the Audit Committee</i> )	4/4
Mr. Ng Ka Po	4/4
Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with effect from 1 November 2022)	2/2
Ms. Huang Ping (resigned on 6 September 2022 with effect from 30 September 2022)	2/2

### Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with code provision E.1 of the CG Code. The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Ng Ka Po, Mr. Chung, Wai Chuen Alfred and Ir Dr. Ng Yu Ki. Mr. Ng Ka Po is the chairman of the Remuneration Committee. The written terms of reference of the Remuneration Committee had been updated in December 2022 and the revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the Remuneration Committee include (but without limitation) (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration packages of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration with reference to corporate goals and objectives resolved by the Directors from time to time.

The Remuneration Committee held two meetings during the Year. The Remuneration Committee reviewed the remuneration policy of the Company, assessed the performance of the executive Directors and senior management of the Group and recommended specific remuneration packages of the Directors and senior management of the Company to the Board.

The attendance of each member of the Remuneration Committee at the Remuneration Committee meeting during the Year is set out below:

<b>Committee members</b>	<b>Number of meeting attended/Number of Remuneration Committee meeting held</b>
Mr. Ng Ka Po ( <i>Chairman of the Remuneration Committee</i> )	2/2
Mr. Chung, Wai Chuen Alfred	2/2
Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with effect from 1 November 2022)	–/–
Ms. Huang Ping (resigned on 6 September 2022 with effect from 30 September 2022)	1/1

## Corporate Governance Report

The annual remuneration of the executive Directors and the senior management of the Group paid during the Year is set out below:

	<b>Number of executive Directors and senior management <sup>(Note)</sup></b>
Nil to HK\$1,000,000	3
HK\$1,000,001 to HK\$1,500,000	–
HK\$1,500,001 to HK\$2,000,000	1
HK\$2,000,001 to HK\$2,500,000	1

Note: Including the remuneration payable to Mr. Yu Chun Fai as a member of the senior management of the Group for the period from 1 April 2022 to 31 October 2022 before he was appointed as an executive Director on 1 November 2022.

### Nomination Committee

The Company also established the Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code. The Nomination Committee currently consists of three independent non-executive Directors, namely Ir Dr. Ng Yu Ki, Mr. Chung, Wai Chuen Alfred and Mr. Ng Ka Po. Ir Dr. Ng Yu Ki is the chairman of the Nomination Committee. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The primary function of the Nomination Committee is to review the structure, size and diversity of the Board (including but without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), to make recommendations on proposed changes to the Board, and to assess the independence of the independent non-executive Directors.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee held two meetings during the Year in which the Nomination Committee reviewed the structure, size, composition and diversity of the Board.

The attendance of each member of the Nomination Committee at the Nomination Committee meeting during the Year is set out below:

<b>Committee members</b>	<b>Number of meeting attended/Number of Nomination Committee meeting held</b>
Ir Dr. Ng Yu Ki ( <i>Chairman of the Nomination Committee</i> ) (appointed on 31 October 2022 with effect from 1 November 2022)	–/–
Mr. Chung, Wai Chuen Alfred	2/2
Mr. Ng Ka Po	2/2
Ms. Huang Ping ( <i>Chairman of the Nomination Committee</i> ) (resigned on 6 September 2022 with effect from 30 September 2022)	1/1

### BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

Pursuant to the requirement of Code C.5.1 of the CG Code, the Board hold at least four regular meetings a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

During the Year, there were 24 Board meetings held, at which the Directors approved, among other things, the annual results and annual report of the Group for the year ended 31 March 2022 and the interim results of the Group for the period ended 30 September 2022.

The Company adopts the practice of holding Board meetings on regular and ad hoc basis where practicable. For each regular Board meeting, at least 14 days' notice will be given to the Board members to provide them with an opportunity to attend and include matters in agenda for a regular meeting. For other Board and committee meetings, reasonable notices are generally given. An agenda and board papers of the regular Board meetings or committee meetings are sent to all Directors at least three days in advance to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the Board meetings or committee meetings, and all Directors are free to contribute and share their views at the meetings.

When Directors or Board committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the meeting prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail in respect of the matters considered by the Board and the committees, and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

The Articles contains provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving any contract or arrangement or any other proposal in which such Directors or any of their close associates have a material interest.

### CORPORATE GOVERNANCE FUNCTIONS

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company.

The Board reviewed the Company's corporate governance policies and practices, continuous professional development of Directors, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the GEM Listing Rules, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Company has arranged for appropriate insurance covering the liabilities in respect of any legal action against the Directors that may arise out of the corporate activities, so as to comply with the CG Code. The insurance coverage is reviewed on an annual basis.

## FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group. In preparing the consolidated financial statements for the Year, the Group has selected suitable accounting policies in accordance with suitable accounting principles and applied them consistently. A statement by the auditor of the Company about its responsibilities for the consolidated financial statements is set out in the independent auditor's report contained in this annual report. The Directors adopt a going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## CONTINUING PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. For the Year, each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. All of them have attended seminars and/or read materials and update relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements.

All Directors pursued continuous professional development and relevant details are set out below:

	Attending seminars/ conferences/ forums	Reading journals/ updates/ articles/ materials
<i>Executive Directors</i>		
Mr. Tsang Chi Kit (redesignated as an executive Director on 6 April 2022)	✓	✓
Mr. Yu Chun Fai (appointed on 31 October 2022 with effect from 1 November 2022)	✓	✓
Dr. Ng Kit Chong ( <i>Chairman</i> ) (resigned on 10 November 2022)	✓	✓
Mr. Lin Xiaofeng ( <i>Chief Executive Officer</i> ) (retired on 30 September 2022)	✓	✓
<i>Non-executive Directors</i>		
Mr. Shiu Shu Ming	✓	✓
Mr. Xiong Wensen (retired on 30 September 2022)	✓	✓
<i>Independent non-executive Directors</i>		
Mr. Chung, Wai Chuen Alfred	✓	✓
Mr. Ng Ka Po	✓	✓
Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with effect from 1 November 2022)	✓	✓
Ms. Huang Ping (resigned on 6 September 2022 with effect from 30 September 2022)	✓	✓

### JOINT COMPANY SECRETARIES

Mr. Yu Wan Hei and Mr. Huen Felix Ting Cheung are the joint company secretaries of the Company. Please refer to the section headed “Profile of Directors and Senior Management” of this annual report for the biographical details of the joint company secretaries of the Company. Mr. Yu and Mr. Huen are responsible for advising the Board regarding corporate governance issues, and ensuring the operations of the Board and the Group in compliance with the policies and procedures of the Board, applicable laws, rules and regulations. For the Year, in order to more effectively perform his duties and to fulfill the requirements of the GEM Listing Rules, each of Mr. Yu and Mr. Huen attended professional training for not less than 15 hours in total.

### AUDITOR’S REMUNERATION

For the Year, the remuneration in respect of the audit services provided by the auditor, Mazars CPA Limited, amounted to HK\$660,000. Besides the audit service fee, the Company has paid HK\$209,000 to the auditor for non-audit services.

The auditor’s remuneration disclosed in Note 6 to the consolidated financial statements of approximately HK\$67,000 was paid to the statutory auditor of an oversea subsidiary of the Company (not Mazars CPA Limited).

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining appropriate and effective risk management and internal control systems of the Group, and reviewing their effectiveness. The Board has delegated the responsibility to the Audit Committee to review the Group’s risk management and internal control matters annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

For the Year, the Group did not have an internal audit function as required under code provision D.2.5 of the CG Code, as the Company has outsourced its internal audit function by engaging an external independent consultant on internal control to review the Group’s risk management and internal control systems. The relevant report on the Group’s risk management and internal control systems during the Year from the external independent consultant was presented to and reviewed by the Audit Committee and the Board. The Board considered the risk management and internal control systems of the Group to be adequate and effective for the Year.

The Group’s internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance. Each individual department is required to operate its own business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department’s business and implementation of the policies and strategies set by the Board on a regular basis. The risk management objectives are updated from time to time and the relevant risks are monitored on an ongoing basis within each department. Any material risks identified at the operational level and proposed mitigation solutions are reported to the Audit Committee and the Board for assessment and consideration.

During the Year and up to the date of this annual report, the Board has reviewed on an annual basis the effectiveness of the risk management and internal control systems of the Group for the Year to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions to identify, evaluate and manage significant risks. In particular, the Board considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company’s accounting, internal audit and financial reporting functions. The review was made by discussions with the management of the Company and the assessment conducted by the Audit Committee. The Board believes that the existing internal control system is adequate and effective, in particular, for financial reporting and GEM Listing Rules compliance.

### HANDLING AND DISSEMINATION OF INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company takes its obligations seriously under Part XIVA of the SFO and the Listing Rules. The Company has adopted a continuous disclosure compliance practice that the Directors and officers of the Group should ensure inside information of the Group is to be disseminated to the public in an equal and timely manner. Briefing session is held regularly for officers to facilitate their understanding and compliance with it.

#### Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, and any convicted cases will be reported to the Audit Committee or the Board.

#### Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g., suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, and any suspected cases will be reported to the Audit Committee.

### THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PUT FORWARD PROPOSALS AT SUCH MEETING

Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings shall at all time have the right, by written requisition to the Board or the secretary of the Company at the principal place of business of the Company in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Information about the principal place of business in Hong Kong of the Company is set out in the section headed "Corporate Information".

### POLICY ON OBTAINING INDEPENDENT VIEWS AND INPUT

In January 2023, the Board adopted a policy on obtaining independent views and input (the “**Obtaining Independent Views Policy**”), reflecting the Company’s commitment to high corporate governance standards, and making good corporate governance an essential component of our corporate culture. The details of the Obtaining Independent Views Policy are as follows:

- The Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfill their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors’ duties at the Company’s expense (the “**Mechanism**”).
- In the event that independent professional advice, views and input are considered necessary, the Board, Board committees or individual Directors shall communicate with the finance department or joint company secretary to start the Mechanism, providing background and details of the relevant incidents and/or transactions, and the issues involved which would require independent views and input. They may direct any questions, queries, concerns or specific advice to be sought to the finance director or joint company secretary who will then contact the Company’s professional advisers (including lawyers, external auditors, internal control advisers) or other independent professional parties to obtain such independent professional advice within a reasonable period of time.
- Any advice obtained through the Mechanism shall be duly documented and made available to other Directors.
- The Board can have full access to all information provided by senior management of the Company which the relevant Board member considers appropriate for the purpose of fulfilling his/her role.
- The Board will review the implementation and effectiveness of the Obtaining Independent Views Policy annually.

All Directors are aware of this policy and the Mechanism. An annual review of the Obtaining Independent Views Policy has been conducted. The Board is satisfied with the implementation and effectiveness of the Obtaining Independent Views Policy.

### COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors’ understanding of the Company’s business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enables shareholders to make the most informed investment decisions. The goal of our communication activities is to provide a true and fair view of the Company.

To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has established a shareholders’ communication policy and several channels to communicate with the shareholders as follows:

- (i) corporate communications such as annual reports, interim reports, quarterly reports and circulars are issued in printed form and are available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.ocg.com.hk](http://www.ocg.com.hk);

## Corporate Governance Report

- (ii) periodic announcements are published on the websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website; and
- (iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

Under the Company's shareholders' communication policy, the Company will take steps to solicit and understand the views of its shareholders and other stakeholders (including employees, customers, suppliers and investors). The shareholders may direct questions and communicate their views on various matters affecting the Company, request for publicly available information and provide comments and suggestions to the Directors or management of the Company by mail to Room 5, 17/F, 80 Gloucester Road, Wanchai, Hong Kong or by email to [enquiry@ocg.com.hk](mailto:enquiry@ocg.com.hk).

The annual general meetings of the Company provide opportunity for shareholders to communicate directly with the Directors. Under normal circumstances, the Chairman and the independent non-executive Directors and the chairmen of the Board committees will attend the annual general meetings to answer shareholders' questions. The external auditor of the Company will also attend the annual general meetings to answer questions about the audit works, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Company has assigned dedicated employees to be in charge of investor relations, including but not limited to ensuring effective and timely dissemination of information to shareholders. Furthermore, any corporate communication issued or to be issued by the Company, including but not limited to annual reports, interim reports, quarterly reports, notices of general meeting, circulars and proxy forms, will be written in plain language and provided to shareholders in English and Chinese versions for easy understanding.

An annual review of the shareholders' communication policy has been conducted by the Company during the Year. The several communication channels between the Company and the shareholders as mentioned above have been working properly. There is no evidence of unsatisfactory communication between the Company and shareholders. The Board is satisfied with the implementation and effectiveness of the shareholders' communication policy.

### CONSTITUTIONAL DOCUMENTS

To comply with the amendments to the GEM Listing Rules which came into effect on 1 January 2022, the Company has adopted the second amended and restated articles of association of the Company (the "**New M&A**") at the annual general meeting of the Company held on 30 September 2022 to comply with the relevant requirements of the applicable laws of the Cayman Islands and the amended GEM Listing Rules. The New M&A is available on the websites of the Company and the Stock Exchange.

# Environmental, Social and Governance Report

## ABOUT THE REPORT

The Group is pleased to present the Environmental, Social and Governance Report (the “**Report**”) for the year ended 31 March 2023 to summarise the Group’s policies, measures and performance on the key ESG issues.

### Reporting Period

This Report illustrates the Group’s policies and performance regarding the environmental and social aspects from 1 April 2022 to 31 March 2023 (the “**Reporting Period**” or “**2022/2023**”).

### Reporting Scope and Boundary

The Group is principally engaged in merchant acquiring business in providing a suite of comprehensive payment processing services. The Report discloses ESG related policies and initiatives for the core and material business in Hong Kong and Thailand, which accounted for 100% of the Group’s total revenue during the Reporting Period.

### Reporting Basis and Principle

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) as set out in Appendix 20 to the GEM Listing Rules and based on the four reporting principles – materiality, quantitative, balance and consistency:

- “Materiality” Principle:  
The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed “Materiality Assessment”.
- “Quantitative” Principle:  
Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- “Balance” Principle:  
The Report identifies the achievements and challenges faced by the Group.
- “Consistency” Principle:  
The Report uses consistent methodologies for meaningful comparisons throughout the years unless improvements in methodology are identified.

The Group has complied with all “comply or explain” provisions set out in the ESG Guide.

The information contained herein is sourced from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group’s relevant policies. A complete content index is appended in the last section hereof for quick reference. The Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

# Environmental, Social and Governance Report

## ESG GOVERNANCE

The Group is committed to integrating ESG factors into its operations, creating sustainable value for stakeholders and fulfilling its responsibilities as a corporate citizen. The Group has established an ESG Working Group (the “**Working Group**”), which aims to manage and monitor the Group’s sustainability performance for the long-term strategy development and economic growth of the Group. The Working Group is composed of core members from different departments of the Group. During the Reporting Period, we continued to maintain a high standard in governance. We strictly operated in accordance with laws and regulations, improved the governance structure in accordance with the current company status, and clarified the scope of duties and working procedures. The Working Group is also responsible for communicating with external consultants and collecting ESG data, as well as reporting to the management on the implementation of ESG measures and performance of the business units regularly. The Working Group directly reports to the Board.

Under a systematic ESG management approach, the Board takes the lead on and is responsible for overseeing the execution of ESG policies within the Group and assumes the ultimate responsibility of the ESG Report. With a clear message instructing the setting of corporate sustainability goals and metrics, the management of the Group oversees and supervises the implementation of relevant policies and reports the progress of achieving the targets and the effectiveness of the execution to the Board. The Board identifies and evaluates the business risks and opportunities together with market changes based on such feedback and makes informed decisions accordingly.

## STAKEHOLDER ENGAGEMENT

The Group emphasises the participation of its stakeholders, including shareholders of the Group, employees, customers, suppliers, etc. All of them have a substantial impact on the success of its business or activities. The Group has also established shareholders' communication policy in place to enhance investors relations and communication.

The Group believes that stakeholder management has a significant level of influence in developing sustainable development strategies and fulfilling social responsibilities which is the basis for the Group's strategy formulation and decision-making. The Group communicates with its stakeholders through various channels, shown as below.

Stakeholders	Communication Channel
Government and regulatory agencies	<ul style="list-style-type: none"> <li>• Annual reports, interim reports, ESG reports and other public information</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meetings and other general meetings of shareholders</li> <li>• Company website</li> <li>• Press releases or announcements</li> <li>• Annual reports, interim reports, ESG reports and other public information</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Performance appraisals</li> <li>• Suggestion boxes and internal seminars</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Emails</li> <li>• Customer service hotline</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Performance evaluation mechanisms</li> <li>• Business contacts</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Company website</li> </ul>

# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

In preparing the ESG report, the Group directly engaged with the following stakeholders as part of the materiality assessment process to identify and prioritise the issues to include in the ESG Report which the Board believes would have significant impact on the Group's business and its stakeholders.

### Materiality Process

#### Stage 1 – Identification

A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including listing rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

#### Stage 2 – Prioritisation

Conducted online surveys to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of average) and prioritised a list of sustainability issues.

#### Stage 3 – Validation

A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including listing rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

### Materiality Matrix

Based on the materiality matrix, we believe the most pertinent ESG issues of the Group and its stakeholders include the following:

Employment practices

Diversity and equal opportunities

Staff occupational health and safety

Staff development and training

Customers' privacy and confidentiality

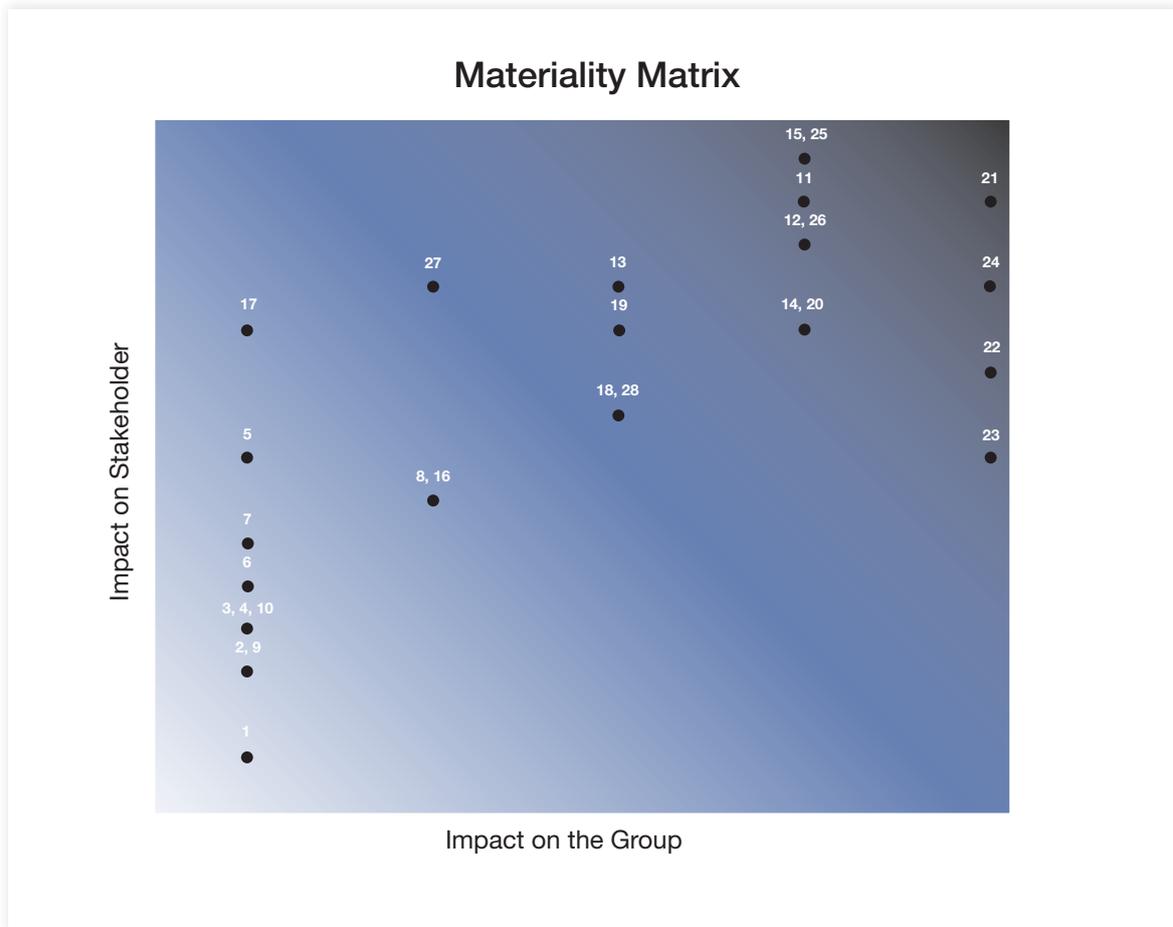
Customer satisfaction

Intellectual property

Quality of services and products

Business ethics

Anti-corruption training for management and employees



- |  |  |   |
|--|--|---|
| 1 Air emissions                                | 10 Climate change  | 19 Compliance with regulations on marketing, products and service |
| 2 Greenhouse gas emissions                     | 11 Employment practices  | 20 Customers' privacy and confidentiality                         |
| 3 Effluent management                          | 12 Diversity and equal opportunities                           | 21 Customer satisfaction  |
| 4 Waste management                             | 13 Anti-discrimination   | 22 Intellectual property  |
| 5 Energy efficiency                            | 14 Staff occupational health and safety                        | 23 Safety of services and products                                |
| 6 Water efficiency                             | 15 Staff development and training                              | 24 Quality of services and products                               |
| 7 Use of raw materials and packaging materials | 16 Prohibition of child labour and forced labour               | 25 Business ethics  |
| 8 Environmental regulations compliance         | 17 Responsible supply chain management                         | 26 Anti-corruption training for management and employees          |
| 9 Land use, pollution and restoration          | 18 Environmental friendliness on products or service purchased | 27 Contributions to the society                                   |
|  |  | 28 Communication and connection with local community              |

# Environmental, Social and Governance Report

## OUR ENVIRONMENT

### Overview

In light of the Group's nature of business, its operations do not involve significant emissions of air pollutants and greenhouse gases, or significant disposal of wastes, or use of resources. In our ordinary course of business, the Group does not pose material adverse impact to the environment. Nevertheless, the Group believes that, as a responsible corporate, we should incorporate the idea of sustainable development into our daily management, and are committed to improving the efficiency of resources utilisation and enhancing our environmental performance.

The Group is committed to minimizing the environmental impacts of the Group's business operations by strengthening external and internal communication and implementing environmental measures to reduce our footprint from energy consumption and waste generation. We promote the concept of a green and sustainable working environment, address waste management, and adhere to the four "Rs" principle of environmental protection (Reduce, Reuse, Recycle, Replace). Looking ahead, we will constantly review our internal operational practices to ensure that they are in line with the concept of sustainable corporate development.

In addition, the Group advocates energy saving and carbon reduction, and is committed to achieving sustainable operations. To this end, we have set clear emission reduction targets in the prior reporting period. All targets set on environmental KPIs will be reviewed and updated in due time by the ESG Working Group and the Board. Looking ahead, we will continue to improve our internal management policies and adopt emission-reducing and energy-saving practices and technologies to effectively achieve relevant goals.

### Environmental Compliance

During the Reporting Period, the Group strictly abides by all applicable laws and regulations, as set out in the countries and regions where the Group operates, including but not limited to the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535535 in Thailand. During the Reporting Period, to the best of our Directors' knowledge, the Group was not aware of any significant non-compliance incidents regarding to environmental issues.

### Air Emissions

The Group is principally engaged in merchant acquiring business, and the day-to-day operations are predominantly office-based. In addition, the Group does not own any vehicles or engage in any activities that generate significant air pollutants. Therefore, the Group's operations have no material impact on the environment in relation to air emissions.

## Greenhouse Gas (GHG) Emissions

The Group's GHG emission is primarily related to the indirect emission (Scope 2) from electricity consumption at our offices, which accounted for approximately 90% of total GHG emissions. Meanwhile, other indirect emission (Scope 3) mainly refers to paper waste disposed at landfills. In response to the community's increasing concern on GHG emissions, climate changes, and other related issues, management places a strong emphasis on strict adherence to environmental protection and sustainability measures. Initiatives to reduce energy consumption and resource conservation will be detailed in the section headed "Energy Efficiency". We will continue to review relevant practices in a timely manner to ensure that our business continues to scale and grow with minimal impact to the environment. The below table sets forth the Group's GHG emissions during the Reporting Period:

	Unit	2022/2023	2021/2022
Scope 1 <sup>2</sup>	tonnes CO <sub>2</sub> -equivalent	–	–
Scope 2 <sup>3</sup>	tonnes CO <sub>2</sub> -equivalent	21.15	22.75
Scope 3 <sup>4</sup>	tonnes CO <sub>2</sub> -equivalent	2.41	1.86
<b>Total</b>	tonnes CO <sub>2</sub> -equivalent	<b>23.56</b>	24.61
Intensity	tonnes CO <sub>2</sub> -equivalent per employee <sup>5</sup>	0.87	0.77

The total GHG emissions represented a decrease of approximately 4.3%, as compared to last year, as part of the electricity consumption fee for 2022/2023 is included in the rental fee and it is unable to obtain the relevant data from the owner of the office premise for the calculation; whilst its intensity increased by 13.0%.

<sup>1</sup> The calculation of greenhouse gas emissions is made with reference to the "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and "List of Grid Emission Factors version 10.12" issued by the Institute for Global Environmental Strategies.

<sup>2</sup> Scope 1: Direct emission from the business operations owned or controlled by the Group, such as emissions from diesel and petroleum burnt on site.

<sup>3</sup> Scope 2: The "indirect energy" emissions from the internal purchased electricity consumption by the Group.

<sup>4</sup> Scope 3: All other indirect emissions that occur outside the company, including both upstream and downstream emissions. It includes the emissions produced indirectly from commercial business travel, processing fresh water and sewage by third party and paper wastes disposed at landfills.

<sup>5</sup> The Group's total number of employees in Hong Kong, the PRC and Thailand as at the end of the Reporting Period 2021/2022 and 2022/2023 were 32 and 27, respectively.

# Environmental, Social and Governance Report

## Waste Management

Our inherent business nature does not generate hazardous waste. The generation of non-hazardous waste results principally from the paper consumption for administrative work. In order to effectively reduce paper consumption, we have closely monitored the recycling and reusing of office paper, and encourage our employees to initiate waste reduction practices, including but not limited to double-sided printing, reusing paper printed on one side, and minimising printing by using electronic file transferring. The Group has also set up a recycle corner in the office for used batteries, waste electronic equipment and printer cartridges. The details on the amount of waste generated and their treatments during the Reporting Period are as follows:

Wastes	Handling Method	Unit	2022/2023	2021/2022
Non-hazardous wastes	Landfill	tonnes	0.44	0.39
	Recycled	tonnes	0.06	0.04
Total		tonnes	0.50	0.43
Intensity		tonnes per employee <sup>5</sup>	0.019	0.013

The total waste generated and its intensity increased 16.3% and 46.2% respectively, compared with last year, as business operations gradually recover from the effect of the COVID-19 pandemic. Looking ahead, we will continue to improve our internal data collection mechanism for a more comprehensive disclosure in the coming years. Furthermore, the Group remains vigilant to the management of non-hazardous waste and has set a target to ensure that non-hazardous waste will be reduced in full compliance with applicable statutory standards in the coming years.

## Use of Resources

The Group is committed to improving on energy efficiency, conserving resources for our operations and raising the awareness of our employees. Energy consumption is mainly derived from electricity consumption at our offices as we do not consume fossil fuel in our operations. Water is managed centrally by the office property management company. Therefore, we do not have any issue in sourcing water and the corresponding water consumption data is not available as the related fee is included in the rental fee, we are unable to obtain relevant data from the owner of the office premise. Also, as our operations are majorly conducted at offices, the Group considers that our water consumption is minimal.

## Energy Efficiency

The energy consumption was mainly incurred by purchased electricity consumption for our offices. The total energy consumption of electricity decreased by 5.5% during the Reporting Period, as compared to last year, as part of the electricity consumption fee for the Reporting Period is included in the rental fee and it is unable to obtain the relevant data from the owner of the office premise for the calculation; whilst its intensity increased by 12.0%.

The Group encourages its staff to support environmental protection and reduce energy and material consumption in daily office environment. We have implemented energy-saving measures and initiatives, including but not limited to maintaining the air conditioning temperature at 25 degrees Celsius, and turning off electronic devices that are not in use. The Group has set a target to gradually reduce the energy consumption intensity in the coming years by adopting the above measures.

The Group's energy utilisation data during the Reporting Period is as follows:

	Unit	2022/2023	2021/2022
Direct energy consumption	kWh	–	–
Indirect energy consumption			
Purchased electricity	kWh	33,772	35,741
Total energy consumption	kWh	33,772	35,741
Intensity	kWh per employee <sup>5</sup>	1,251	1,117

### Paper and Packaging Materials

Packaging materials do not constitute a major issue to the Group given its business nature. The Group mainly adopts paper for administrative work and general use. During the Reporting Period, paper consumed by the Group is as follows:

	Unit	2022/2023	2021/2022
Paper consumption	tonnes	0.50	0.43

### The Environment and Natural Resources

The Group is committed to, on an ongoing pace, minimising its impacts on the environment and natural resources. The Group promotes sustainable use and management of resources and promotes adaptation to climate change. As mentioned in the sections headed "Waste Management" and "Energy Efficiency", we have adopted a range of measures for having a green office and encouraged our employees to understand more about the Group's policies in order to enhance our environmental performances and build up the employees' environmental awareness.

As there are also indirect environmental impacts arising from our business operations to influence environmental performance within the value chain and our investments, we will continue to make efforts to mitigate such impacts and ultimately contribute towards the goal of creating a low carbon and environmentally conscious economy. The Group will strive to raise awareness of environmental issues and promote eco-friendly practices among communities operated by partnering with industry groups and environmental organisations. Efforts extend to the facilitation and contribution towards policy discourse to further environmental stewardship.

# Environmental, Social and Governance Report

## Climate Change

Climate change is one of the biggest global challenges faced by the society nowadays, and we are committed to act now to be prepared for the impacts caused by climate change on our communities and industry. In recent years, extreme weather, such as strong winds and heavy rainfall, as well as tides and floods, have become the focus of news. Logistics and supply chains are particularly vulnerable. Heavy rainfall, rising tides, and floods can cause serious damage to assets such as buildings, warehouses, and goods in storage, resulting in financial losses.

In response to the Paris Agreement, the Hong Kong Special Administrative Region (“HKSAR”) Government issued the “Hong Kong’s Climate Action Plan”, and formulated various plans and actions, setting out the vision of “Zero-carbon Emissions, Liveable City, Sustainable Development”. As an intermediate goal, the HKSAR government aims to halve Hong Kong’s total carbon emissions to 2005 levels before 2035, and is committed to achieve carbon neutrality by 2050. In the context of the global transition to a low-carbon economy, the Group has also identified potential risks associated with regulatory, technological, market and reputational aspects specific to the location in which we operate. We will integrate these identified risks into our business strategy, integrate assessment and its results into the business risk management framework, and continuously and regularly update and identify, assess and manage various risks.

The Group essentially plans to respond to local governments initiatives and follow local governments’ emission reduction requirements. We aim to reduce emissions by around 3% by 2026, compared with the 2020 baseline, and ensure the Group’s greenhouse gas emissions will comply with the local requirements on or before 2030. We are committed to continuously improving our energy efficiency, applying professional knowledge to improve on-site efficiency and maintain efficient management support, in order to safeguard the Group’s reputation.

The COVID-19 pandemic has presented many new challenges during the Reporting Period, but it has not changed our commitment to climate action. The pace of change has expedited around the world, underscoring the importance for us to accelerate the transition to a low-carbon economy.

### Action on climate change

Action on climate change is embedded in the Group’s business strategy and reflected in the governance and management processes of the Company.

Core element	The Group’s response
Governance	<ul style="list-style-type: none"><li>• Setup ESG Working Group and carry out regular meeting</li><li>• Integrate ESG topics (including climate-related issues) in corporate decision making</li></ul>
Strategy	<ul style="list-style-type: none"><li>• Assess climate change that could result in financial and operation risks</li><li>• Identify risk and opportunities in low-carbon transition</li></ul>
Risk Management	<ul style="list-style-type: none"><li>• ESG Working Group leading the Group to discuss and review ESG risks</li><li>• Prepare for the transition to a low-carbon economy</li><li>• Prepare and set up measures to tackle physical climate risks</li></ul>
Metrics and Targets	<ul style="list-style-type: none"><li>• Establish GHG reduction targets so as to achieve net zero emissions</li></ul>

## Environmental, Social and Governance Report

The Group has identified a series of climate-related risk and opportunities relevant to our assets and services which are significant to us. These transition and physical risks are discussed in the sections below.

	Risks	Opportunities
Short term (0 – 1 year)	<ul style="list-style-type: none"> <li>Physical risks from extreme weather events</li> <li>Securing the skills and capability required to implement climate strategy</li> </ul>	<ul style="list-style-type: none"> <li>New services to help communities decarbonise</li> <li>Technologies to enhance the performance of operations and energy efficiency</li> </ul>
Medium term (5 years)	<ul style="list-style-type: none"> <li>Transition risks – Implementation of low-carbon policies for the operation</li> <li>Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account</li> </ul>	<ul style="list-style-type: none"> <li>Transitioning to low carbon economy market to meet government decarbonisation targets</li> </ul>
Medium to long term (5+ years)	<ul style="list-style-type: none"> <li>Transition risks – Potential new regulations and policies</li> <li>Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups' competitiveness</li> <li>Transition risks – The Group's reputation may be impacted due to changing customer or community perceptions of said the Group's contribution to or detraction from the transition to a lower-carbon economy</li> </ul>	<ul style="list-style-type: none"> <li>Transitioning to low carbon economy market to meet government decarbonisation targets</li> <li>To work as a pioneer in the industry and build up the relevant reputations</li> </ul>

## Environmental, Social and Governance Report

Physical climate risks have the potential to damage the integrity of the Group's assets or interrupt our business and customers directly. The Group has already setup a range of measures in place to enhance the reliance of its operations, including a contingency plan for extreme weather or emergency.

Transition risks have the potential to increase the operational cost and legal risks due to change of policy, technology development, digitalisation, relevant risks affecting supply and demand, and reputation due to public perceptions. The Group has already identified the relevant risks and keep monitoring the market and policy updates. The Group has also planned to invest according to the market needs and take this as an opportunity for long term development.

### Our Path to 2050

The Group is prepared to address the threats climate change poses both to its business and to the communities that it serves. The Group is determined to deliver and provide safe, reliable, and affordable services for its customers and the Group is fully aware of the importance of the environmental responsibility. The Group will consider raising the targets, wherever possible, to strengthen the environmental protection measures in future.

## OUR PEOPLE

### Employment Management

#### *Policies*

The Group regards its employees as its most valuable asset and the cornerstone of its development. We are committed to providing a better working environment and attractive career path for all employees. The quality of our staff is a determining factor for our success, and this holds for both technical and support staff of all levels. Our employee handbook sets out the details on compensation and remuneration, dismissal, recruitment, promotion, working hours, rest periods, diversity, equal opportunities and anti-discrimination, and other benefits and welfare. The Group is dedicated to establishing and promoting a fair, harmonious and respectful workplace.

#### *Compliance Information*

The Group has complied with applicable employment laws and regulations, including but not limited to the Employment Ordinance (Cap. 57), the Employees' Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485), the Minimum Wage Ordinance (Cap. 608), the Occupational Safety and Health Ordinance (Cap. 509), the Sex Discrimination Ordinance (Cap. 480), the Disability Discrimination Ordinance (Cap. 487), the Family Status Discrimination Ordinance (Cap. 527), the Race Discrimination Ordinance (Cap. 602) and the Employment of Children Regulations (Cap. 57B) in Hong Kong, Thailand's Labour Protection Act, Labour Relations Act, Social Security Act, Workmen's Compensation Act, Occupational Safety, Health and Environment Act, and Anti-human Trafficking Act. During the Reporting Period, the Group was not aware of any significant non-compliance issues in this regard.

#### *Recruitment, Promotion and Dismissal*

Recruitment will take place in the event of staff replacements or requests by departments. We recruit our employees based on a number of factors, such as work experience, academic level, skillset, and ethical standard. As for promotion, annual performance appraisals will evaluate employees based on their performance, and those who perform well will be rewarded or promoted accordingly. The dismissal procedure strictly follows the related laws and regulations of the local governments. Either the Group or an employee giving the appropriate period of notice in writing or payment in lieu can bring about the termination of employment. The Group reserves the right to dismiss any employee for serious misconducts, including but not limited to any forms of harassment, fraud and other criminal acts. At the time of termination, the employee may be requested to participate in an exit interview for collection of feedback on operational norms and practices for future development of the business. This will be kept confidential if required.

# Environmental, Social and Governance Report

## ***Equal Opportunities, Diversity and Anti-Discrimination***

The Group is committed to building a diversified and inclusive working environment to ensure no employees will be discriminated against or deprived of opportunities due to gender, ethnic background, religious belief, race, sexual orientation, age, disability, marital status or family status in respect of recruitment and promotion. With required professional qualifications and experience, every individual has equal employment opportunities regardless of the aforementioned factors. The Board Diversity Policy is also in place to ensure diversity on the Group's Board of Directors and senior management team. The Group has zero tolerance for any form of discrimination or harassment, including but not limited to employees who commit physical assault, threatening behaviour, unwelcome photo-taking and harassment in the workplace. During the Reporting Period, to the best of Director's knowledge, the Group was not aware of any discrimination or harassment case.

## ***Working Hours and Rest Periods***

The Group adopts five-day working and the normal working hours for full-time employees are from 9:00 a.m. to 6:00 p.m. from Monday to Friday, with an hour break for lunch, which mean employees should not work over 40 hours per week under normal circumstances.

The resting time of the employees is well-respected and the employees are entitled to paid holidays under their respective employment contracts such as annual leave, sick leave, business leave, maternity leave, examination leave, and bereavement leave. Monkhood leave and military service leave are also available for employees in Thailand.

While work has always been a big part of our normal day, we also believe in the fundamental importance of balancing work and life. During the Reporting Period, we have organised a new year gathering, to delightfully celebrate the start of the new year with our employees. Looking ahead, we will organise activities to motivate and enhance the overall morale of our employees.

## ***Remuneration and Compensation***

In order to attract and retain talents, the Group offers a competitive remuneration package with a variety of benefits, such as medical insurance, life insurance, annual bonus, travel allowance and night shift allowance. In addition, the Mandatory Provident Fund (MPF) Scheme is provided to employees in Hong Kong. The Group has also implemented a salary management policy, so as to motivate and encourage employees by rewarding individual accomplishments. A series of factors are considered when deciding remuneration adjustment, including but not limited to job knowledge, quality of work, problem-solving and decision-making ability and work planning and organising.

## Employment Profile

Workforce	2022/2023	2021/2022
As at 31 March		
<b>By Gender</b>		
– Male	14 (52%)	18 (56%)
– Female	13 (48%)	14 (44%)
<b>By Employment Type</b>		
– Full-time	27 (100%)	32 (100%)
– Part-time	0 (0%)	0 (0%)
<b>By Age Group</b>		
– Below 30	1 (4%)	2 (6%)
– 30-50	20 (74%)	25 (78%)
– Over 50	6 (22%)	5 (16%)
<b>By Geographical Region</b>		
– Hong Kong	12 (44%)	15 (47%)
– PRC	2 (7%)	2 (6%)
– Thailand	13 (48%)	15 (47%)
<b>Overall</b>	<b>27</b>	<b>32</b>
<b>Turnover Rate<sup>6</sup></b>	<b>2022/2023</b>	<b>2021/2022</b>
As at 31 March		
<b>By Gender</b>		
– Male	26%	5%
– Female	19%	0%
<b>By Age Group</b>		
– Below 30	50%	0%
– 30-50	8%	0%
– Over 50	25%	17%
<b>By Geographical Region</b>		
– Hong Kong	33%	6%
– PRC	0%	0%
– Thailand	13.3%	0%
<b>Overall</b>	<b>23%</b>	<b>3%</b>

<sup>6</sup> Turnover rate = Total number of employees left during the Reporting Period/ (Total number of employees left during the Reporting Period + Total number of employees at the end of the Reporting Period) x 100%. A total of 8 employees left the Group during the Reporting Period.

# Environmental, Social and Governance Report

## Prohibition of Child and Forced Labour

The Group strives to be a responsible employer and we are committed to implementing good employment practices, and advocates ethics and human rights at the workplace. We only hire legitimate employees and do not hire any persons who do not meet the minimum working age as specified under applicable laws and regulations of the local governments. During the recruitment process, candidates must submit photocopies of identity cards and present originals for verification purposes. If any child or forced labour cases have been discovered, the employment of the underaged labour would be terminated immediately. The Group would follow the local labour laws and regulations to handle such cases. We would regularly review our employment practices and update them when needed to mitigate the risks of child and forced labour. During the Reporting Period, to the best of Directors' knowledge, the Group was not aware of any significant non-compliance case relating to child labour and forced labour.

## Health and Safety

Due to the nature of our businesses, our employees mainly work in the offices and thus we consider that we have a relatively low level of occupational risk in relation to health and safety. Nonetheless, the Group has been attaching great importance to provide a safe and healthy working environment to our employees and minimise potential workplace injuries. Employees are prohibited from gambling, drinking and drugs of all kinds in the office area during working hours. Other health and safety measures include special working arrangements for extreme weather events and serious COVID-19 pandemic situation, guide to work with computers and fire safety at workplace.

The Group is committed to providing all necessary resources for effective implementation and continuous improvement to minimise and eliminate potential accidents at the workplace. The Group's operation is subjected to relevant laws and regulations, including but not limited to The Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and the Occupational Safety, Health and Environment Act B.E. 2554 of Thailand.

The following table shows the Safety Performance for the year ended 31 March 2023, 2022 and 2021.

	2022/2023	2021/2022	2020/2021
Number of work-related deaths	0.00%	0.00%	0.00%
Ratio of work-related deaths	0.00%	0.00%	0.00%
Number of work-related injuries	0.00%	0.00%	0.00%
Working days lost due to work-related injuries	0.00%	0.00%	0.00%

The Group will continue to uphold safety awareness, review our safety measures and provide instructions to our employees to ensure continuous improvements and avoidance of accidents from occurring. Also, to the best of the Directors' knowledge and belief, during the Reporting Period, the Group was generally in compliance with local labour law regarding occupational health and safety.

## Training and Development

The Group adheres great importance to continuous development of our employees. Employees are encouraged to attend training programs that will equip themselves with the skills and knowledge necessary for their jobs. During the Reporting Period, our Directors and senior management have attended trainings and seminars, to develop and refresh their knowledge and understanding of the Group's operations and businesses, as well as updates related to the latest laws and regulations. Looking ahead, we will actively improve employee training policies and rules, and provide more comprehensive training programs for employees on occupational safety, professional knowledge and environmental awareness.

The following table illustrates the percentage of employees undergone training of the Group and the number of average training hours achieved during the Reporting Period<sup>7</sup>.

Percentage of Employees Undergone Training <sup>8</sup>	2022/2023	2021/2022
<b>By Gender</b>		
– Male	29%	39%
– Female	31%	57%
<b>By Employment Category</b>		
– Top management	45%	0%
– Middle management	30%	0%
– General Staff	26%	75%
<b>Overall</b>	<b>30%</b>	<b>47%</b>
<b>Average Training Hours<sup>9</sup></b>	<b>2022/2023</b>	<b>2021/2022</b>
<b>By Gender</b>		
– Male	1.93	2.44
– Female	2.07	4.93
<b>By Employment Category</b>		
– Top management	2.43	0
– Middle management	2.02	0
– General Staff	1.85	5.65
<b>Overall</b>	<b>2.00</b>	<b>3.53</b>

<sup>7</sup> The data only included internal trainings for employees arranged by the Group. The number of training hours achieved by the external training sessions were not available.

<sup>8</sup> Percentage of Employees Undergone Training = Total number of employees undergone training/ Total number of employees as of the end of the Reporting Period. The total number of employees trained during the Reporting Period was 8.

<sup>9</sup> Average Training Hours = Total number of training hours / Total number of employees at the end of the reporting period. The total number of training hours during the Reporting Period was 54.

# Environmental, Social and Governance Report

## OUR SUPPLY CHAIN

### Supply Chain Management

The Group is committed to building lasting and constructive relationships with partners in its supply chain. As a payment merchant acquirer, the Group's main procurement is the Point of Sale ("POS") terminals. To ensure the quality of hardware, the Group only works with UnionPay International-certified suppliers. During the Reporting Period, all of our suppliers were from Thailand. The Group has purchased 200 EDS devices during the Reporting Period as business volume gradually recovered from the COVID-19 pandemic.

Environmental and social-related criteria are also taken into consideration when selecting new suppliers and assessing existing suppliers. During our selection process for suppliers, not only do we consider economical and commercial factors in the tendering processes but also make a serious assessment of their compliance with all the applicable laws and regulations of the local governments; safeguard workers' health and safety; and mitigate environmental impacts. The Group prioritises working with suppliers that provide environmentally friendly products and services over other suppliers given that they share the same business nature, or those accredited with relevant qualifications such as ISO 9001 (quality management) and ISO 14001 (environmental management) and ISO 45001 (occupational health and safety).

To ensure a stable, quality assured, cost-efficient and well-managed supply chain, the Group has issued and implemented procurement management rules and guidelines containing procedures with respect to procurement including quality control, warehousing, and payment. From time to time, we will also conduct assessment of our approved suppliers in order to ensure that they provide quality products and services. We may terminate our cooperation with suppliers who fail to meet our standards. The Group is dedicated to continually monitoring and working closely with its suppliers to ensure that they are managed under the environmentally sustainable and socially responsible practices as stated above. During the Reporting Period, the Group was not aware of any material environmental and social non-compliance of our suppliers.

## OUR CUSTOMERS

### Product Responsibility and Service Quality Management

Providing quality products and services to our customers, the merchants, is fundamental to the Group. As an integral part of overseas merchant payment infrastructure, the Group has always strived to improve the speed and operational efficiency of payment links, so as to improve the overall end-user experience. In terms of product risk management, the Group has established a strict Know Your Customer (“KYC”) process, which demands a full set of disclosure of new customers and corresponding assessment and verification before confirmation of onboarding. In addition, all transactions are monitored in real time to identify abnormal activity and trigger exception handling protocol, thereby preventing attempted transaction fraud. In view of our business nature, there is no significant concern towards health and safety of customers. During the Reporting Period, there were no sold or shipped products of the Group that were subject to recalls for safety and health reasons and the Group is not aware of any material non-compliance or violation of the relevant laws and regulations in relation to product safety.

### Complaint Handling

The Group believes that having adequate communication with its customers and maintaining customer satisfaction is essential. In addition to the day-to-day business dealings, the Group has a customer service hotline and email to ensure that all customers have a timely channel to reach us. All collected information is filed properly and followed up in accordance with the established customer issue handling process until the loop is closed. Despite the impacts of the COVID-19 pandemic, these procedures were followed accordingly in the Reporting Period. During the Reporting Period, the Group did not receive any material product and service-related complaint.

### Intellectual Property, Advertising and Labelling

Based on the nature of the Group’s business, we believe that the Group’s assets and services are not affected by intellectual property rights. Yet, the Group respects intellectual property rights and our brand is well known to the public. Given the importance of this brand to the business, the Group has already registered the trademark of our principal brand name logo “OCG Thailand” in Thailand. In addition, the Group has 3 domain names which are material to the business, namely “www.ocg.com.hk”, “www.ocgt.co.th” and “chillmoney.in.th”, for which the Group is the registered proprietor.

The Group strictly abides by the Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong) and other relevant laws and regulations, regulating the advertising practices in the operating regions. To the best of our Directors’ knowledge, the Group was not aware of any significant impact relating to intellectual property rights, advertising and labelling on its operations during the Reporting Period. We will closely monitor the business environment to identify any significant risks in this area.

# Environmental, Social and Governance Report

## Data Protection and Privacy

Data security and customer privacy protection is the primary focus of the service to customers. The Group has the code of conduct in place to safeguard the confidentiality of all customers and warrants that the customer's information is properly protected throughout our business operation. The Group also ensures that confidentiality requirements will remain effective to personnel upon the termination of employment. Employees are required to return all company properties back to the human resources department on their last day of employment. We have zero tolerance towards any information leakage or unauthorised use of customer data. Employees are prohibited from disclosing information such as customer information, products, plans, strategies, methods of operation and work systems, and other confidential information to third parties without permissions. Various level of access to the information system are clearly defined based on business needs, and clear guidelines are provided for information collection and entry, data maintenance and use. The Group also acquired a certificate of data destruction and recycling for reliable data destruction.

During the Reporting Period, the Group acted in strict accordance with the relevant laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Supply of Services (Implied Terms) Ordinance (Cap. 457 of the Laws of Hong Kong), and the Personal Data Protection Act, the Computer Crime Act B.E. 2550 and the Electronic Transactions Act B.E. 2544 of Thailand. During the Reporting Period, there was no material non-compliance or violation in data protection and privacy.

## Business Ethics

### *Anti-corruption*

The Group recognises the importance of the value of honesty, integrity and fairness of our employees and in our business activities. Our code of conduct and anti-corruption policy have outlined the expected business conduct and professional ethics of employees. They set out our management approaches on anti-frauds and anti-corruption, as well as providing the guidelines on implementation, treatment, and identification of frauds and corruption. The Group strictly prohibits its employees from soliciting, accepting or offering material benefits associated with their positions, such as commissions, gifts and services, under any circumstances. All Directors and management team members are encouraged to complete annual anti-corruption training. The policy has circulated through the Company's communication channels such as email, website and intranet. All employees should conduct themselves in an ethical manner, not seeking personal gains from their position. The policy will be reviewed on an annual basis or whenever significant changes take place.

During the Reporting Period, the Group acted in strict accordance with the laws and regulations relating to bribery, extortion, fraud and money laundering in the regions of operations, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) in Hong Kong and the Act Supplementing the Constitution Relating to the Prevention and Suppression of Corruption in Thailand. During the Reporting Period, the Group was not involved in any significant non-compliance cases or concluded legal cases regarding corrupt practices brought against the Group or our employees.

### Whistle-blowing procedures

In order to maintain good corporate governance, emphasising accountability and high degree of transparency, the Group sets up a mechanism allowing its employees to report any malpractices existing in the Group under the condition of confidentiality and maps out the investigation procedure. The Group encourages employees to call attention to any alleged misconduct or delinquency occurring in the Group. The Group guarantees that whistle-blower will be protected from unjust disciplinary action or harm as a result of any valid report.

In any instances of misconduct, including breach of confidentiality or any conflicts of interest, acts of bribery and corruption, disciplinary action will be taken against the employees found to be involved, and the severity of punishment will be determined by the Disciplinary Committee. Such punishment may include termination of employment or even extend to further legal action.

### OUR COMMUNITY

We believe that corporates should utilise their influence in the community to promote harmony and strengthen the community connections. The Group encourages its employees and their family members to participate in volunteering work serving the community, and always looks for partners to organise community events and charity works together.

Due to the COVID-19 pandemic and its related impacts, we have limited our community participations and volunteering events during the Reporting Period. In order to respond to and prevent community transmission of the virus, we have required our employees to strictly adhere to and implement measures to maintain personal hygiene. Also, we encourage our employees in participating the COVID-19 Vaccination Programme to mitigate the risk of the virus from spreading amongst the community.

Looking ahead, we look forward to engaging in more community events upon the easing of COVID-19 pandemic restrictions.

# Environmental, Social and Governance Report

## ESG GUIDE INDEX

### Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)

#### A: Environment

#### Aspect A1: Emissions

#### Section/Statement

<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Our Environmental – Overview, Environmental Compliance
<b>KPI A1.1</b>	The types of emissions and respective emissions data	Our Environmental – Air Emissions
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environmental – Greenhouse Gas (GHG) Emissions
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environmental – Waste Management
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environmental – Waste Management
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them	Our Environmental – Overview
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Our Environmental – Overview, Waste Management

## Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)

### Aspect A2: Use of Resources

		Section/Statement
<b>General Disclosure</b>	Policies on efficient use of resources, including energy, water and other raw materials	Our Environmental – Use of Resources
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Our Environmental – Use of Resources – Energy Efficiency
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Our Environmental – Use of Resources
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them	Our Environmental – Overview
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Our Environmental – Use of Resources
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not relevant to the Group's business

### Aspect A3: The Environment and Natural Resources

<b>General Disclosure</b>	Policies on minimising the issuer's significant impact on the environment and natural resources	Our Environmental – The Environment and Natural Resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Our Environmental – The Environment and Natural Resources

### Aspect A4: Climate Change

<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Our Environmental – Climate Change
<b>KPI A4.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Our Environmental – Climate Change

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)

### B: Social

### Section/Statement

#### Employment and Labour Practices

##### Aspect B1: Employment

<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People – Employment Management – Policies, Compliance Information
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<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Our People – Employment Management – Employment Profile
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<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region	Our People – Employment Management – Employment Profile
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##### Aspect B2: Health and Safety

<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Our People – Health and Safety
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<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Our People – Health and Safety
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<b>KPI B2.2</b>	Lost days due to work injury	Our People – Health and Safety
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<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Our People – Health and Safety
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## Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)

### Aspect B3: Development and Training

		Section/Statement
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Our People – Training and Development
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g.: senior management, middle management)	Our People – Training and Development
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category	Our People – Training and Development

### Aspect B4: Labour Standards

<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Our People – Employment Management – Prohibition of Child and Forced Labour
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour	Our People – Employment Management – Prohibition of Child and Forced Labour
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered	Our People – Employment Management – Prohibition of Child and Forced Labour

## Operating Practices

### Aspect B5: Supply Chain Management

<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain	Our Supply Chain – Supply Chain Management
<b>KPI B5.1</b>	Number of suppliers by geographical region	Our Supply Chain – Supply Chain Management
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Our Supply Chain – Supply Chain Management
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Our Supply Chain – Supply Chain Management
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Our Supply Chain – Supply Chain Management

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)

### Aspect B6: Product Responsibility

### Section/Statement

<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Our Customer – Product Responsibility and Service Quality Management
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not relevant to the Group's business
<b>KPI B6.2</b>	Number of products and service-related complaints received and how they are dealt with	Our Customer – Complaint Handling
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights	Our Customer – Intellectual Property, Advertising and Labelling
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures	Our Customer – Product Responsibility and Service Quality Management
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored	Our Customer – Data Protection and Privacy

### Aspect B7: Anti-corruption

<b>General Disclosure</b>	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Business Ethics – Anti-corruption
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	No concluded legal cases noted during the reporting period
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Business Ethics – Anti-corruption
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff	Business Ethics – Anti-corruption

**Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)**  
Community

**Section/Statement**

**Aspect B8: Community Investment**

<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Our Community
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Our Community
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area	Our Community

# Report of the Directors

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and together with its subsidiaries are principally engaged in merchant acquiring business in Thailand. The Group was also engaged in payment processing services to merchant in Singapore through an associate which was acquired in February 2020 and was disposed in November 2022. Details of its principal subsidiaries as at 31 March 2023 are set out in Note 12 to the consolidated financial statements.

## BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

A review of the business of the Group during the Year and a discussion of the Group's achievement of its business objectives as stated in the prospectus of the Company dated 27 September 2018 (the "**Prospectus**") and future business developments of the Group are set out in the sections headed "**Chairman's Statement**" and "**Management Discussion and Analysis**" of this annual report. A review and analysis of the Company's financial key performance indicators is set out in the section headed "**Management Discussion and Analysis**" of this annual report. A review of the Company's environment policies and performance is set out in the section headed "**Environmental, Social and Governance Report**". A review on how the Company had complied with relevant laws and regulations during the Year is set out in the section headed "**Corporate Governance Report**".

The risks and uncertainties that the Group may be facing are set out in the section headed "**Management Discussion and Analysis**" of this annual report.

## SEGMENT INFORMATION

Details of segment information are set out in Note 3 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the financial positions of the Company and the Group as at 31 March 2023 are set out in the audited consolidated financial statements on pages 81 to 149 of this annual report.

## 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 dividends 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 dividends in the amount set out in any plan of the Board or at all.

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

### FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 150 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the revenue attributable to the Group's largest customer accounted for approximately 22.8% (2022: approximately 14.9%) of the Group's total revenue and the revenue attributable to the Group's five largest customers accounted for approximately 48.5% (2022: approximately 45.7%) of the Group's total revenue.

During the Year, the costs incurred in respect of the Group's largest supplier accounted for approximately 53.9% (2022: approximately 50.5%) of the Group's total cost of services rendered and the costs incurred in respect of the Group's five largest suppliers accounted for approximately 83.9% (2022: five largest suppliers accounted for 97.7%) of the Group's total costs of services rendered.

None of the Directors or any of their close associates, or any shareholder of the Company (who to the knowledge of the Directors own 5% or more of the issued shares of the Company) had any beneficial interest in any of the Group's major customers or suppliers during the Year.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements.

### INTANGIBLE ASSETS

Details of the movements in the intangible assets of the Group during the Year are set out in Note 17 to the consolidated financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in Note 28 to the consolidated financial statements.

### DEBENTURES

Save as disclosed in Notes 23 and 27 to the consolidated financial statements, the Company did not issue any debentures during the Year.

### RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 83 to 84 and in Note 36(a) to the consolidated financial statements respectively.

## Report of the Directors

### DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements in the reserves available for distribution of the Company during the Year are set out in Note 36(a) to the consolidated financial statements. As at 31 March 2023, the Company had no reserves available for distribution as calculated in accordance with statutory provisions applicable in the Cayman Islands (2022: Nil).

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company (the "**Articles**") or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer shares on a pro rata basis to its existing shareholders of the Company.

### SHARE 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.

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up Options to subscribe for the shares in accordance with the terms of the Share Option Scheme and the GEM Listing Rules:

- (a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company or any of the subsidiaries;
- (b) any directors (including independent non-executive Directors) of the Company or any of the subsidiaries;
- (c) any supplier of goods or services to any member of the Group; and
- (d) any person or entity that provides research, development or other technological support to the Group.

Since the date of adoption of the Share Option Scheme and up to 31 March 2023, no Option has been granted by the Company. As at the beginning and the end of the Year and the date of this annual report, the Company has 100,000,000 shares available for issue under the Share Option Scheme (representing approximately (i) 10% of the total issued shares of the Company as at the Listing Date; (ii) 7.88% of the total number of the weighted average number of shares of the Company during the Year; and (iii) approximately 5.38% of the total number of the existing issued shares of the Company as at the date of this annual report) pursuant to the provisions of the Share Option Scheme.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of all Options granted under the Share Option Scheme (including both exercised and outstanding Options) to each participant in any 12-month period must not exceed 1% of the shares in issue (the "**Individual Limit**"). Any further grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders in compliance with the GEM Listing Rules and/or such other requirements as prescribed in the GEM Listing Rules and the approval of the shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

The Directors may, at their absolute discretion and in accordance with the GEM Listing Rules, fix any minimum period for which an Option must be held (i.e., the vesting period), any performance targets that must be achieved and any other conditions that must be fulfilled before the relevant Option can be exercised upon the grant of an Option to a participant. An Option may be exercised during a period not exceeding 10 years commencing on the date of grant of the relevant Option.

The subscription price of a share in respect of any Option granted under the Share Option Scheme, subject to any adjustments made in accordance with the Share Option Scheme, shall be such price as the Director at their absolute discretion shall determine, provided that such price shall not be less than the highest of:

- (a) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the Option (which must be a business day);
- (b) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option (which must be a business day); and
- (c) the par value of a share.

A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of an Option.

Unless terminated by the Company by resolution in a general meeting, the Share Option Scheme shall remain valid and effective for a period of 10 years until 17 September 2028. Accordingly, the remaining life of the Share Option Scheme is approximately 5 years.

### EQUITY-LINKED AGREEMENTS

Save and except for the Share Option Scheme as disclosed in the paragraph headed "Share Scheme" above, the Acquisition of the Assets relating to the bCode System as disclosed in the paragraph headed "Significant Investment, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies" above, and the Convertible Bonds and the entering into of the Addendum and the Second Addendum as disclosed in the paragraph headed "Use of Proceeds from the Placing of the Convertible Bonds" above, no equity-linked agreement that (i) will or may result in the Company issuing shares, or (ii) requires the Company to enter into any agreement that will or may result in the Company issuing shares, was entered into by the Company during the Year or subsisted at the end of the Year.

### DONATION

During the Year, the Group did not make any charitable donation with the amount not less than HK\$10,000 in accordance with the relevant disclosure requirement under Hong Kong Companies Ordinance (2022: Nil).

### USE OF PROCEEDS FROM THE LISTING

The net proceeds from the listing of shares of the Company on GEM (the "Listing"), after deduction of underwriting fees and other expenses payable by the Company in connection with the Listing, were approximately HK\$51.1 million. Details of the use of proceeds are set out in the section headed "Management Discussion and Analysis" of this annual report.

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

The net proceeds from the placing of the convertible bonds (the "Convertible Bonds") at the time of its completion under general mandate on 26 June 2020 were approximately HK\$11.5 million. Details of the use of proceeds are set out in the section headed "Management Discussion and Analysis" of this annual report.

## Report of the Directors

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

On 31 January 2022, 200,000,000 new shares of the Company were allotted and issued to Mr. Tsang Chi Kit who subsequently became the executive Director and the managing Director of the Company (the “**Subscription**”). The completion of the Subscription took place on 22 February 2022. The net proceeds from the Subscription were approximately HK\$15,453,000 (and the same amount was brought forward to the Year from the year ended 31 March 2022).

On 10 January 2023, a total of 34,900,000 ordinary shares (the “**Subscription Shares**”) of the Company were issued to Richard Severin Fuld, Jr. and Kailash Peak Trust (the “**Subscribers**”) for a total cash consideration of approximately HK\$4.65 million at a net subscription price of approximately HK\$0.133 per share, pursuant to the subscription agreements dated 21 December 2022 and the side letters dated 22 December 2022 entered into by the Company with each of the Subscribers, respectively. The aggregate nominal value of the Subscription Shares is HK\$349,000. The subscription price of HK\$0.134 per Subscription Share represents: (a) a discount of approximately 18.79% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 22 December 2022, the date on which the side letter was entered into; and (b) a discount of approximately 17.28% to the average closing price of HK\$0.162 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the side letter. The Subscription Shares were allotted and issued under the general mandate of granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022. The subscription enabled the Group to raise sufficient cash for satisfying the imminent cash flows needs of the Group in a timely manner with a view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs.

The net proceeds from the allotment and issue of new shares at the time of its completion under general mandate on 22 February 2022 and 10 January 2023 were approximately HK\$15.5 million and approximately HK\$4.6 million, respectively. Details of the use of proceeds are set out in the section headed “Management Discussion and Analysis” of this annual report.

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

On 7 October 2022, the Company entered into a placing agreement (the “**Placing Agreement**”) with SBI China Capital Financial Services Limited and Global Mastermind Securities Limited (the “**Placing Agents**”) in relation to the placing of up to a maximum of 240,000,000 new ordinary shares of the Company (the “**Placing Share(s)**”) at the placing price of HK\$0.1 per Placing Share (exclusive of any brokerage fee, SFC transaction levy, Stock Exchange trading fee and such other fee and levy as may be payable by the placee(s) in respect of the subscription of the Placing Shares) (the “**Placing Price**”) on the terms and conditions set out in the Placing Agreement (the “**Placing**”). The aggregate nominal value of the Placing Shares was HK\$2,400,000. The Placing Price of HK\$0.1 per Placing Share: (a) is equal to the closing price of HK\$0.1 per Share quoted on the Stock Exchange on the date of the Placing Agreement; and (b) represents a discount of approximately 1.57% to the average closing price of HK\$0.1016 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement.

The Placing was completed on 2 November 2022 (the “**Completion Date**”). A total of 148,000,000 Placing Shares have been successfully placed by the Placing Agents to not less than six placees at the Placing Price of HK\$0.1 per Placing Share pursuant to the terms and conditions of the Placing Agreement who are institutional, corporate or individual investors, representing approximately 10.98% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares as at the Completion Date. The Placing Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022. The Placing enabled the Group to raise sufficient cash for satisfying the imminent cash flows needs of the Group in a timely manner with a view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs.

The net proceeds from the allotment and issue of new shares at the time of its completion under general mandate on 2 November 2022 were approximately HK\$14.3 million. Details of the use of proceeds are set out in the section headed “Management Discussion and Analysis” of this annual report.

### CONNECTED TRANSACTIONS

On 18 October 2022, the Company executed the second addendum (the “**Second Addendum**”) to amend the terms and conditions of the convertible bonds (the “**Convertible Bonds**”) issued by the Company on 26 June 2020 with a 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 (the “**2nd Extended Maturity Date**”); (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.

On 19 October 2022, the Company was informed by the holders of the Convertible Bonds (the “**Bondholders**”) that the Bondholders entered into agreements to transfer the Convertible Bonds with an aggregate principal amount of HK\$6,380,000 to Metagate Investment SPC (“**Metagate**”) and HK\$5,470,000 to Mr. Choy Hok Man (“**Mr. Choy**”), respectively. Metagate is a substantial shareholder of the Company and is therefore a connected person of the Company. 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. Therefore, the entering into of the Second Addendum constitutes a connected transaction for the Company. The Second Addendum was approved by the Shareholders at the extraordinary general meeting of the Company held on 28 February 2023.

Details of the Second Addendum are set out in the announcements of the Company dated 18 October 2022 and 21 October 2022 and the circular of the Company dated 10 February 2023, respectively.

### DIRECTORS

The Directors during the Year and up to the date of this annual report are as follows:

#### Executive Directors

Dr. Ng Kit Chong (*Chairman*) (resigned on 10 November 2022)  
Mr. Lin Xiaofeng (*Chief Executive Officer*) (retired on 30 September 2022)  
Mr. Tsang Chi Kit (*Managing Director*) (redesignated as an executive Director on 6 April 2022)  
Mr. Yu Chun Fai (appointed on 31 October 2022 with effect from 1 November 2022)

#### Non-executive Directors

Mr. Xiong Wensen (retired on 30 September 2022)  
Mr. Shiu Shu Ming

#### Independent Non-executive Directors

Mr. Chung, Wai Chuen Alfred  
Ms. Huang Ping (resigned on 6 September 2022 with effect from 30 September 2022)  
Mr. Ng Ka Po  
Ir Dr. Ng Yu Ki (appointed on 31 October 2022 with effect from 1 November 2022)

## Report of the Directors

Profiles of the Directors as of the date of this annual report are set out in the section headed “**Profiles of Directors and Senior Management**” of this annual report.

Article 83(3) of the Articles states that “the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.”

Article 84(1) of the Articles states that “notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.”

Article 84(2) of the Articles also states that “any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

A retiring Director shall be eligible for re-election in the corresponding annual general meeting. Particulars of Directors seeking re-election at the forthcoming annual general meeting are set out in the related circular to shareholders.

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

Mr. Shiu Shu Ming, our non-executive Director, was appointed as an executive director of Town Health International Medical Group Limited (stock code: 3886) on 11 November 2022 and a non-executive director of Kingkey Intelligence Culture Holdings Limited (stock code: 550) on 6 January 2023. The shares of both companies are listed on the Main Board of the Stock Exchange. Mr. Shiu ceased to be the executive director of Town Health International Medical Group Limited with effect from the conclusion of its annual general meeting on 20 June 2023.

Save as disclosed in this annual report, the Company is not aware of any other changes in information of the Directors subsequent to the date of the interim report of the Company for the six months ended 30 September 2022 which are required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years and shall renew automatically thereafter unless and until terminated by (i) the Company giving to any such Director not less than three months' prior notice in writing or (ii) by any such Director giving to the Company not less than one month's prior notice in writing and is subject to termination provisions therein and in the Articles.

Each of the non-executive Directors (including the independent non-executive Directors) has entered into a letter of appointment with the Company for a term of three years which may be terminated by giving prior notice in writing to the other party subject to the prescribed terms as stated in the letter of appointment.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

### REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emolument of the Directors and five individuals with highest emoluments are set out in Notes 7 and 8 to the consolidated financial statements respectively.

### EMOLUMENT POLICY

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted the Share Option Scheme as an incentive to eligible employees, details of which are set out in the paragraph headed “Share Option Scheme” above.

The Directors’ fees are subject to shareholders’ approval at general meetings. Other emoluments are determined by the Board with reference to the Directors’ duties, responsibilities and performance, the results of the Group and comparable market practices.

### DEFINED CONTRIBUTION PLANS

The Group operates a mandatory provident fund scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) as retirement contribution plan for qualified employees in Hong Kong. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, both the employer and the employees are each required to make contributions to the plan at a rate of 5% of the employees’ relevant income, subject to a cap of contribution of HK\$1,500 per month. The Group also makes social security contributions for its employees in Thailand in accordance with the Social Security Act. Under such defined contribution scheme, both the employer and the employees are each required to make 5% of the employees’ salary, subject to a cap of contribution of 750 Baht per month. The contributions by the Group to the schemes vest immediately, and there were no forfeited contributions that could be utilised during the Year or may be used by the Group to reduce the existing level of contributions.

### DIRECTORS’ INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 7 to the consolidated financial statements, no transaction, arrangement or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or an entity associated with him/her has or had a material interest, whether directly or indirectly, subsisted at any time during the Year.

### PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty committed by the Director.

## Report of the Directors

### CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contracts of significance (including contracts of significance for the provision of services) between the Company or any of its subsidiaries and any controlling shareholder of the Company or its subsidiaries, whether directly or indirectly, subsisted at any time during the Year.

### CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

### ENVIRONMENTAL PROTECTION

The Group recognises its responsibility to protect the environment from its business activities. The Group has endeavored to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our staff and employees.

The Group is dedicated to minimising the environmental impact of our business operations by improving internal and external communication and implementing environmental measures to reduce our energy consumption and waste generation. We promote energy savings and carbon reduction and are committed to running our operations sustainably. In light of the Group's nature of business, its operations do not involve significant adverse impact on the environment. Indeed, most non-hazardous waste is generated from paper consumption for administrative tasks. As part of the Group's commitment to environmental sustainability, we strive to adopt other sustainable printing options such as double-sided printing and use of recycled paper instead of virgin paper.

Given the community's growing concern about greenhouse gas emissions and related issues, the Group is taking proactive steps to comply with local government initiatives and meet emission reduction requirements. This involves improving our energy efficiency and ensuring effective management support. Our business strategy incorporates action on climate change, and this is reflected in the governance and management processes of the Group.

Although the Group does not produce pollutants that directly impact the environment, we have implemented internal policies to decrease our carbon footprint. These include, but are not limited to, reducing energy consumption by:

- a) setting up a recycle corner in the office for used batteries, waste electronic equipment and printer cartridges;
- b) maintaining the air conditioning temperature at 25 degrees Celsius; and
- c) turning off electronic devices that are not in use.

Throughout the Year, the Group strictly adhered to all relevant laws and regulations in the countries and regions where we operate. This includes, but is not limited to, compliance with the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535535 in Thailand.

For further details of our efforts in environmental protection, please refer to the disclosure in the section headed "**Environmental, Social and Governance Report**" set out on pages 35 to 61 in this annual report.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is committed to complying with the laws and regulations of our operating locations. We have developed risk management internal control systems, the anti-corruption policy, the whistleblowing policy and other internal protocols in accordance with the relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), to continuously enhance our compliance and risk management capabilities and strengthen our ability to manage risks related to violations of laws and regulations. We actively respond to emerging risks, such as those related to network security, and regularly conduct anti-corruption and anti-money laundering training and awareness campaigns to ensure compliant operations and foster an honest, trustworthy, and ethical corporate culture. We aim to safeguard the sustainable development of the Company.

During the Year, to the best of knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

For further details on our compliance with the relevant laws and regulations, please refer to the disclosure in the section headed “**Environmental, Social and Governance Report**” set out on pages 35 to 61 in this annual report.

### KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

#### Employees

The Group’s management policies, working environment, career prospects and employees’ benefits have contributed to building good employee relations and employee retention for the Group. The Group considers its employees to be its most valuable asset and a key factor in its development. Our ability to attract, retain, and motivate talented personnel is critical to our success. We are dedicated to fostering an inclusive and diverse work environment that prohibits discrimination. In order to attract and retain employees, we offer competitive compensation packages that include various benefits such as medical insurance, annual bonuses, and night shift allowances. We regularly review our compensation packages to ensure that they align with prevailing market standards.

Our comprehensive training program, led by both internal and external speakers, provides regular training on topics such as technology, regulation, and management. We encourage employees to attend training programs to acquire the skills and knowledge necessary for their roles. During the Year, our Directors and senior management participated in training sessions to enhance and refresh their managerial and technical knowledge of the Group’s operations.

#### Suppliers

The Group endeavours to establishing strong and positive partnerships with its supply chain partners. We only collaborate with UnionPay International-certified suppliers from Thailand to ensure the quality of our main procurement, which is the POS terminals. When selecting new suppliers and evaluating existing ones, we consider environmental and social factors. We prioritise suppliers who offer environmentally friendly products and comply with human rights regulations.

To ensure a stable, cost-effective, and well-managed supply chain, the Group has developed procurement management rules and guidelines that include procedures for quality control, warehousing, and payment. We conduct regular evaluations of our approved suppliers to ensure that they provide high-quality products and services. The Group is committed to continuously monitoring and closely collaborating with our suppliers to ensure that they operate under environmentally sustainable and socially responsible practices.

## Report of the Directors

### Customers

Providing high-quality products and services to our customers is fundamental to the Group. Our customer base primarily consists of (i) our merchants; (ii) CUP; and (iii) coupon promotion platform developer. We are committed to improving the speed and operational efficiency of payment links to enhance the user experience and maintain customer satisfaction. To achieve this, we have established a customer service hotline and email to ensure that our customers have a timely channel to reach us.

With the aim of maintaining a mutually trusting relationship with our customers, the Group's primary focus is on data security and customer privacy protection. We have a code of conduct in place to safeguard the confidentiality of our customers and ensure that their information is properly protected throughout our business operations. We provide clear guidelines for information collection and entry, data maintenance and use, and have clearly defined levels of access to our information systems based on business needs. We also obtained a certificate of data destruction and recycling for reliable data destruction. Our confidentiality requirements remain effective even after the termination of employment of the employees.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the Year are set out in Note 31 to the consolidated financial statements. Save for the transactions contemplated under the entering into of the Second Addendum which constituted connected transactions subject to reporting, announcement and the approval of independent shareholders requirements pursuant to the GEM Listing Rules, those related party transactions either constituted fully-exempt connected transactions or did not constitute connected transactions under the GEM Listing Rules. The Company confirms that it has complied with the applicable disclosure and other requirements in respect of such connected transactions and continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2023, 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 its associated corporations (within the meaning under 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 Rule 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 ordinary shares (Note 1)	Approximate percentage of issued shares of the Company (Note 2)
Mr. Tsang Chi Kit ("Mr. Tsang")	Beneficial owner (Note 3)	4,880,000 (L)	0.26%
	Interest in a controlled corporation (Note 3)	200,000,000 (L)	10.76%
Mr. Yu Chun Fai ("Mr. Yu")	Interest in a controlled corporation (Note 4)	138,000,000 (L)	7.42%
Mr. Shiu Shu Ming ("Mr. Shiu")	Interest in a controlled corporation (Note 5)	41,000,000 (L)	2.20%

Notes:

- (1) “L” denotes long position.
- (2) The calculation is based on the total number of 1,859,566,667 shares of the Company in issue as at 31 March 2023.
- (3) These 4,880,000 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 is 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 March 2023, 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 March 2023, 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 or any associated corporations (within the meaning under 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 Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

### ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed “Directors’ and Chief Executives’ Interests in Securities” and “Share Option Scheme” above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director, their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was each of the Company, its holdings company, or and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of shares in or debentures of the Company and/or its associated corporations (within the meaning under the SFO) or any other body corporate.

## Report of the Directors

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

As at 31 March 2023, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity/Nature of interest	Number of ordinary shares (Note 1)	Approximate percentage of issued shares of the Company (Note 2)
Mobile Technology Holdings Limited ("MTHL") (Note 3)	Beneficial owner	476,666,667 (L)	25.63%
Mr. Choy Hok Man ("Mr. Choy") (Note 4)	Beneficial owner	86,004,684 (L)	4.62%
	Interest in a controlled corporation	303,585,316 (L)	16.33%
Rainbow Capital Limited ("Rainbow Capital") (Note 4)	Interest in a controlled corporation	303,585,316 (L)	16.33%
Metagate Investment SPC ("Metagate") (Note 4)	Beneficial owner	303,585,316 (L)	16.33%
Gold Track (Note 5)	Beneficial owner	200,000,000 (L)	10.76%
Straum Investments (Note 6)	Beneficial owner	138,000,000 (L)	7.42%
Ms. Choi Hiu Wa (Note 6)	Interest of spouse	138,000,000 (L)	7.42%

#### Notes:

- (1) "L" denotes long position.
- (2) The calculation is based on the total number of 1,859,566,667 shares of the Company in issue as at 31 March 2023.
- (3) These 476,666,667 shares were directly held by MTHL.
- (4) These 303,585,316 shares were held by Metagate, which was in turn wholly-owned by Rainbow Capital. As at 31 March 2023, Rainbow Capital was ultimately and beneficially wholly-owned by Mr. Choy. Accordingly, each of Rainbow Capital and Mr. Choy was deemed to be interested in such 303,585,316 shares held by Metagate pursuant to Part XV of the SFO.
- (5) These 200,000,000 shares were held by Gold Track which was in turn wholly-owned by Mr. Tsang, an executive Director and the managing Director of the Group.
- (6) These 138,000,000 shares were held by Straum Investments which was in turn wholly-owned by Mr. Yu, an executive Director. Ms. Choi Hiu Wa is 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.

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any other persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

### COMPETING INTERESTS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 31 March 2023 which may, directly or indirectly, compete with the Group's business.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float under the GEM Listing Rules since the Listing Date and up to the latest practicable date prior to the issue of this annual report.

### AUDITOR

The consolidated financial statements for the Year were audited by Mazars CPA Limited, Certified Public Accountants. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as the auditor of the Company.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 13 April 2023, the Company entered into a share sale agreement with an independent third party to sell the entire issued share capital of Global Principal Investment Limited (the "**Target Company**") at a total cash consideration of HK\$1 (the "**Disposal**"). Upon completion of the Disposal, the Group would no longer hold any equity interest in the Target Company, and the Target Company and its subsidiaries would cease to be accounted as subsidiaries of the Company. The Disposal was completed on 18 April 2023.

For details of the Disposal, please refer to the announcement of the Company dated 13 April 2023.

Save as disclosed herein, no important subsequent event was undertaken by the Group after 31 March 2023 and up to the date of this annual report.

On behalf of the board

**Mr. Tsang Chi Kit**

*Executive Director*

Hong Kong, 21 June 2023

# Independent Auditor's Report

**mazars**

**MAZARS CPA LIMITED**

**中審眾環(香港)會計師事務所有限公司**

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To the members of  
**Oriental Payment Group Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Oriental Payment Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 81 to 149, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*” section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the “Going concern” section in note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred loss of approximately HK\$32,231,000 for the year ended 31 March 2023 and, as at that date, the Group had net current liabilities of approximately HK\$5,589,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “*Material Uncertainty Related to Going Concern*” section, we have determined the matters described below to be the key audit matter to be communicated in our report.

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### ***Acquisition of assets and related impairment assessment***

*Refer to significant accounting policy and critical accounting estimate and judgement in Note 2 and the disclosures of the property, plant and equipment in Note 15 to the consolidated financial statements respectively*

During the year, the Group completed the major transaction in relation to the acquisition of assets (the “**Assets**”) (the “**Acquisition**”) at consideration of US\$6,050,000 (equivalent to approximately HK\$47,505,000) which is settled in cash consideration of US\$550,000 (equivalent to approximately HK\$4,317,000) and allotment of 476,666,667 ordinary shares of the Company, for the purpose of expanding the merchant acquiring business in the Philippines. The Acquisition was completed on 30 March 2023.

Upon the completion of the Acquisition which constituted the equity-settled share-based payment transaction, the Company measured the Assets received and the corresponding increase in equity directly at the fair value of the assets received. The fair value of the Assets was supported by the valuation using income approach. The Company recognised approximately HK\$47,505,000 as property, plant and equipment with reference to the valuation while the corresponding amount for share-based payment of approximately HK\$4,767,000 and approximately HK\$38,133,000 were recognised as share capital and share premium (before deduction of related expenses for the allotment of shares) respectively.

Our key procedures, among others, included:

- a) evaluated management’s assessment of the terms of the acquisition agreement;
- b) assessed the appropriateness of accounting treatments of the Acquisition and allotment of ordinary shares of the Company;
- c) understood the valuation processes and methodology, significant assumptions adopted and key inputs used in the fair value measurement of Assets received at completion date;
- d) assessed the appropriateness of the impairment model applied by the management in estimating the recoverable amount contributed to the CGU;
- e) verified the mathematical accuracy of the valuation in relation to the i) fair value of the Assets received; and ii) impairment assessment of the CGU and challenging the reasonableness of key assumptions;

# Independent Auditor's Report

## Key Audit Matter

At 31 March 2023, the Group had the property, plant and equipment with carrying amount of approximately HK\$49,465,000 which mainly deployed for the expansion of the merchant acquiring business in the Philippines. For the purpose of impairment assessment, related assets being deployed for the merchant acquiring business in the Philippines were identified as a cash generating unit (the "CGU") and its recoverable amount was determined by the management based on value-in-use calculation using discounted cash flow projections.

We have identified the above matter as a key audit matter because of its significance to the consolidated financial statements and the estimation of the fair value of the Assets received and the recoverable amount of the CGU for impairment assessment involved a significant degree of judgement and estimation therefore was subject to an inherent risk of error.

### **Preference shares structure**

*Refer to significant accounting policy and critical accounting estimate and judgement in Note 2 and the disclosures of the relevant entity in Note 12 to the consolidated financial statements respectively*

At 31 March 2023, Oriental City Group (Thailand) Co., Ltd. ("**OCG Thailand**") had issued 2,500,000 ordinary shares and 2,550,000 preference shares (the "**Preference Shares Structure**").

With reference to the Preference Shares Structure of OCG Thailand, all the OCG Thailand's issued preference share capital is owned by a Thai citizen. However, the Group is able to exercise majority voting power in any shareholders' meeting of OCG Thailand. Therefore the Group is able to control the operations of OCG Thailand by exercising its majority voting power in any shareholders' meeting of OCG Thailand.

We have identified the above matter as a key audit matter because OCG Thailand is material to the Group and the determination of whether the Group has control over OCG Thailand under the Preference Shares Structure involves a significant degree of management judgement.

## How our audit addressed the Key Audit Matter

- f) reconciled input data to supporting evidence, such as future operation plans and approved budgets and assessing the reasonableness and feasibility of such plans and budgets, if applicable; and
- g) considered the adequacy of the Group's disclosure in respect of the impairment assessment.

Our key procedures, among others, included:

- a) enquired of the management whether OCG Thailand received any queries and objections regarding material offences, violations or breaches of laws or regulations in Thailand in respect of the Preference Shares Structure;
- b) assessed the management's monitoring of all applicable laws and regulations in Thailand to ensure the compliance of the Preference Shares Structure with those laws and regulations;
- c) obtained an updated advice from the Company's legal counsel whether the Preference Shares Structure is still in compliance with the relevant laws and regulations in Thailand; and
- d) evaluated the competence, capabilities and objectivity of the Company's legal counsel.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2022/2023 annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Mazars CPA Limited**  
*Certified Public Accountants*  
Hong Kong, 21 June 2023

The engagement director on the audit resulting in this independent auditor's report is:

**Fong Chin Lung**  
Practising Certificate number: P07321

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	4	8,379	3,891
Cost of services rendered		(7,735)	(3,602)
<b>Gross profit</b>		644	289
Other income	5	2,970	1,695
General administrative expenses		(22,142)	(18,552)
Selling and distribution costs		(11,379)	(13,225)
Loss on modification of convertible bonds	27	(1,100)	–
Gain on extinguishment of convertible bonds	27	5,216	–
Impairment loss on other receivables	32	–	(2,990)
Finance costs	6	(5,555)	(6,074)
Share of results of an associate	13	(355)	(625)
<b>Loss before tax</b>	6	(31,701)	(39,482)
Income tax (expense) credit	9	(530)	976
<b>Loss for the year</b>		(32,231)	(38,506)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign subsidiaries		(351)	(851)
Derecognition of exchange reserve upon disposal of an associate		(20)	–
<b>Other comprehensive loss for the year, net of tax</b>		(371)	(851)
<b>Total comprehensive loss for the year</b>		(32,602)	(39,357)
<b>Loss per share</b>			
Basic	10	HK cents (2.54)	HK cents (3.77)
Diluted	10	(2.54)	(3.77)

# Consolidated Statement of Financial Position

At 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Interest in an associate	13	–	355
Financial asset at FVPL	14	300	300
Property, plant and equipment	15	52,948	4,981
Right-of-use assets	16	1,557	1,626
Intangible assets	17	9,709	4,153
Prepayment for software development expenditure	19	–	12,000
Deferred tax assets	25	–	530
		<b>64,514</b>	<b>23,945</b>
<b>Current assets</b>			
Trade receivables	18	8,326	519
Other receivables	18	24,378	23,611
Income tax recoverable		2,560	2,440
Restricted funds	20	669	75
Bank balances and cash	21	11,015	31,410
		<b>46,948</b>	<b>58,055</b>
<b>Current liabilities</b>			
Trade payables	22	8,614	1,852
Other payables	22	18,109	18,986
Bond payable	23	13,004	16,274
Lease liabilities	24	975	1,356
Liability component of convertible bonds	27	11,835	13,669
		<b>52,537</b>	<b>52,137</b>
Net current (liabilities) assets		<b>(5,589)</b>	<b>5,918</b>
Total assets less current liabilities		<b>58,925</b>	<b>29,863</b>
<b>Non-current liabilities</b>			
Lease liabilities	24	653	279
Deferred tax liabilities	25	40	40
Other long term liabilities	26	5,880	6,000
		<b>6,573</b>	<b>6,319</b>
<b>NET ASSETS</b>		<b>52,352</b>	<b>23,544</b>
<b>Capital and reserves</b>			
Share capital	28	18,596	12,000
Reserves		33,756	11,544
<b>TOTAL EQUITY</b>		<b>52,352</b>	<b>23,544</b>

These consolidated financial statements on pages 81 to 149 were approved and authorised for issue by the Board of Directors on 21 June 2023 and signed on its behalf by

**Tsang Chi Kit**  
Director

**Yu Chun Fai**  
Director

# Consolidated Statement of Changes in Equity

At 31 March 2023

	Share capital HK\$'000 (Note 28)	Share premium HK\$'000 (Note 29(a))	Capital reserve HK\$'000 (Note 29(b))	Convertible bonds reserve HK\$'000 (Note 27)	Exchange reserve HK\$'000 (Note 29(c))	Statutory reserve HK\$'000 (Note 29(d))	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 April 2021</b>	10,000	31,510	37,529	876	1,473	1,199	(35,139)	47,448
Loss for the year	-	-	-	-	-	-	(38,506)	(38,506)
<b>Other comprehensive loss</b> <i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(851)	-	-	(851)
Total comprehensive loss for the year	-	-	-	-	(851)	-	(38,506)	(39,357)
<b>Transaction with owners</b> <i>Contributions and distributions</i>								
Issue of share capital (Note 28)	2,000	13,453	-	-	-	-	-	15,453
Total transaction with owners	2,000	13,453	-	-	-	-	-	15,453
<b>At 31 March 2022</b>	12,000	44,963	37,529	876	622	1,199	(73,645)	23,544

## Consolidated Statement of Changes in Equity

At 31 March 2023

	Share capital HK\$'000 (Note 28)	Share premium HK\$'000 (Note 29(a))	Capital reserve HK\$'000 (Note 29(b))	Convertible bonds reserve HK\$'000 (Note 27)	Exchange reserve HK\$'000 (Note 29(c))	Statutory reserve HK\$'000 (Note 29(d))	Other reserve HK\$'000 (Note 29(e))	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>	12,000	44,963	37,529	876	622	1,199	-	(73,645)	23,544
Loss for the year	-	-	-	-	-	-	-	(32,231)	(32,231)
<b>Other comprehensive loss</b> <i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(351)	-	-	-	(351)
Derecognition of exchange reserve upon disposal of an associate	-	-	-	-	(20)	-	-	-	(20)
Total comprehensive loss for the year	-	-	-	-	(371)	-	-	(32,231)	(32,602)
<b>Transaction with owners</b> <i>Contributions and distributions</i>									
Issue of share capital (Note 28)	6,596	54,814	-	-	-	-	-	-	61,410
Extinguishment of convertible bonds (Note 27)	-	-	-	11,252	-	-	(11,252)	-	-
Total transaction with owners	6,596	54,814	-	11,252	-	-	(11,252)	-	61,410
<b>At 31 March 2023</b>	18,596	99,777	37,529	12,128	251	1,199	(11,252)	(105,876)	52,352

# Consolidated Statement of Cash Flows

Year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Cash used in operations	30(a)	(29,255)	(13,612)
Income tax paid		(168)	(70)
Interest paid		(562)	(1,133)
Interest received		634	1,682
<b>Net cash used in operating activities</b>		<b>(29,351)</b>	<b>(13,133)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,345)	(1,149)
Prepayment for software development expenditure		–	(12,000)
<b>Net cash used in investing activities</b>		<b>(3,345)</b>	<b>(13,149)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of lease liabilities	30(c)	(1,239)	(1,337)
Issue of bond	30(c)	–	15,000
Repayment of bond payable	30(c)	(4,500)	–
Issue of share capital, net of issue costs	28	18,510	15,453
<b>Net cash from financing activities</b>		<b>12,771</b>	<b>29,116</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(19,925)</b>	<b>2,834</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>31,410</b>	<b>29,237</b>
Effect on exchange rate changes		(470)	(661)
<b>Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash</b>	21	<b>11,015</b>	<b>31,410</b>

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 1. CORPORATE INFORMATION

Oriental Payment Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2018. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The Company’s principal place of business has been changed 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 and the Philippines. The Group was engaged in payment processing services to merchants in Singapore through an associate up to 18 November 2022. Details of the principal subsidiaries of the Company and their principal activities are disclosed in Note 12 to the consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021/2022 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year.

### Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018–2020 Cycle

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Adoption of new/revised HKFRSs (Continued)*

#### ***Amendments to HKAS 16: Proceeds before Intended Use***

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### ***Amendments to HKAS 37: Cost of Fulfilling a Contract***

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### ***Amendments to HKFRS 3: Reference to the Conceptual Framework***

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### ***Annual Improvements Project – 2018-2020 Cycle***

##### *HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities*

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

##### *HKFRS 16: Lease Incentives*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Going concern

The consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The Group incurred loss of approximately HK\$32,231,000 for the year ended 31 March 2023 and, as at that date, the Group had net current liabilities of approximately HK\$5,589,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the followings:

- (i) the Group is actively negotiating and discussing with major creditors, bondholder and convertible bondholders to consider future settlement/schedule plan and actively identifying any other possible financing options and debt restructuring exercises as and when appropriate;
- (ii) the Company is expected to contemplate other fund-raising activities, including both equity and debt financing, and apply the net proceeds from such fund-raising exercise for general working capital of the Group; and
- (iii) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future.

The board of Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 March 2023. They, having considered the above plans and measures being taken by the Group, are of opinion that the Group would be able to continue as a going concern.

Notwithstanding the above, since the execution of the above plans and measures is in progress, uncertainties exist as to whether the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would also depend on its ability to generate adequate cash flows for its operation.

Should the Group fail to achieve the above-mentioned plans and measures, it might be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial asset at FVPL, which are measured at fair value as explained in the accounting policies set out below.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

### Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Changes in ownership interests

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when the control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in Note 36 to the consolidated financial statements, investment in a subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

### Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in an associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate. Such goodwill is included in interest in an associate. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

In the Company's statement of financial position which is presented within these notes, investment in an associate is accounted for using the equity method.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Office equipment, including POS terminals and bCode scanners	3 – 5 years
Leasehold improvements	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

### Intangible assets

#### *Computer software*

Computer software represents costs incurred for the development of the technology systems. Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on the straight-line basis over the estimated useful lives of 5 years.

#### *Payment network membership*

The initial cost of payment network membership is capitalised. Payment network membership with indefinite useful lives is carried at cost less accumulated impairment losses as the Directors consider that there is no foreseeable limit on the period of time over which the payment network membership can be used to generate economic benefits.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Financial instruments

#### *Financial assets*

##### *Recognition and derecognition*

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**Mandatory FVOCI**"); (iii) equity investment measured at fair value through other comprehensive income ("**Designated FVOCI**"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "**reclassification date**").

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### **Financial assets** *(Continued)*

##### *Recognition and derecognition (Continued)*

#### 1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade receivables, other receivables, restricted funds and bank balances and cash.

#### 2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

The Group's financial asset mandatorily measured at FVPL includes unlisted equity investment in Hong Kong.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### *Financial liabilities*

##### *Recognition and derecognition*

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different when i) the terms and conditions of the financial liability has significant change with no additional quantitative analysis or ii) the terms and conditions of the financial liability has no significant change while the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, the difference of the derecognition of the original liability and a recognition of a new liability together with any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10%.

##### *Classification and measurement*

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, other payables, bond payable, lease liabilities, other long term liabilities and liability component of convertible bonds. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

##### *Impairment of financial assets and other items*

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### ***Impairment of financial assets and other items (Continued)***

##### *Measurement of ECL*

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) nature of collateral
- (iv) industry of debtors
- (v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, except in the case of Mandatory FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### *Impairment of financial assets and other items (Continued)*

##### *Assessment of significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

##### *Low credit risk*

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All financial assets are determined to have low credit risk.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### **Impairment of financial assets and other items** *(Continued)*

##### *Simplified approach of ECL*

For trade receivables without a significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### *Credit-impaired financial asset*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Write-off*

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Convertible bond

Convertible bonds that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transactions costs that related to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of the proceeds.

The liability component is subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in a separate reserve until either the convertible bonds are converted or redeemed.

If the convertible bonds are converted, the amount previously recognised in equity, together with the carrying amount of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued.

If the convertible bonds are redeemed, any difference between the redemption consideration allocated to the liability component and the net carrying amount of the liability component is recognised in profit or loss while the amount previously recognised in equity and the redemption consideration allocated to the equity component are recognised directly to accumulated losses.

### Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities if they are redeemable at a specific date or at the shareholders' option; or if dividend payments are not discretionary. Preference shares that are not redeemable, or are redeemable only at the Group's option; and any dividend payments are discretionary, are classified as equity.

### Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Revenue recognition

#### *Revenue from contracts with customers within HKFRS 15*

##### *Nature of goods or services*

The nature of the goods or services provided by the Group is as follows:

Business A:	Merchant acquiring service in Thailand and the Philippines
Business B:	Marketing service in Thailand and the Philippines
Business C:	Preparation of the Environmental, Social and Governance (“ <b>ESG</b> ”) Reports (“ <b>ESG Reporting Services</b> ”)
Business D:	Consultancy services on ESG (“ <b>ESG Consultancy Services</b> ”)

##### *Identification of performance obligations*

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

##### *Timing of revenue recognition*

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Revenue recognition *(Continued)*

#### *Revenue from contracts with customers within HKFRS 15 (Continued)*

##### *Timing of revenue recognition (Continued)*

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Merchant acquiring transaction fee income ("**MDR income**") and marketing and distribution service income are recognised at a point in time at which the service is provided, which generally coincides with the time when the transactions are approved and executed.

ESG Reporting Services income and ESG Consultancy Services income are recognised over time when services are rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The following output methods are applied:

- ESG Reporting Services: services completed to date
- ESG Consultancy Services: time elapsed for the service

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Revenue recognition *(Continued)*

#### **Revenue from contracts with customers within HKFRS 15 *(Continued)***

##### *Variable consideration*

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

##### **Income from financial assets**

Foreign exchange rate discount income is recognised when the foreign currency denominated funds are received from the merchant acquiring business partner who offered a favourable exchange rate in settling its outstanding payable to the Group and converted into local currency which is usually on every business day.

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

##### **Foreign currency translation**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Hong Kong Dollars ("**HK\$**") is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Foreign currency translation *(Continued)*

The results and financial position of all the group entities that have a functional currency different from the presentation currency (“**foreign operations**”) are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates;
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity;
- On the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- On the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

### Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, right-of-use assets and intangible assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that have indefinite useful lives and intangible assets that are not yet available for use for impairment by estimating their recoverable amount on an annual basis and whenever there is an indication that those assets may be impaired. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Impairment of non-financial assets** *(Continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as an income in profit or loss immediately.

### **Borrowing costs**

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### **Leases**

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### ***As lessee***

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### Leases (Continued)

##### As lessee (Continued)

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	Over the term of lease
Machinery	Over the term of lease

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Leases *(Continued)*

#### *As lessee (Continued)*

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Leases (Continued)*

#### *As lessee (Continued)*

The Group has applied the practical expedient provided in Amendments to HKFRS 16: *Covid-19-Related Rent Concessions Beyond 30 June 2021* and does not assess whether eligible rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

### **Employee benefits**

#### *Short term employee benefits*

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

#### *Defined contribution plans*

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group's entities established in Hong Kong in an independently administered fund.

In accordance with the rules and regulations in Thailand, the employees of Oriental City Group (Thailand) Co., Ltd. ("**OCG Thailand**") are required to participate in defined contribution retirement plans organised by local governments. Contributions to those plans are expensed as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

#### *Long service payments*

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Employee benefits *(Continued)*

#### **Termination benefits**

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

#### **Share-based payment transactions**

##### **Equity-settled transactions**

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

#### **Taxation**

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **Related parties**

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Related parties *(Continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Operating segments that meet the quantitative thresholds are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Other operating segments may be aggregated if they share a majority of these criteria.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

#### **(a) Critical judgements made in applying accounting policies**

##### *(i) Subsidiary – OCG Thailand*

According to the relevant laws and regulations in Thailand, in particular the Foreign Business Act (the "FBA"), OCG Thailand, being a company engaged in third party merchant acquiring business in Thailand, must be owned as to more than 50% by Thai citizens.

With reference to the capital and voting rights structure of ordinary shares and preference shares (together the "Preference Shares Structure") of OCG Thailand as described in Note 12 to the consolidated financial statements, all the OCG Thailand's issued preference share capital is owned by a Thai citizen. However, the Company is able to exercise majority voting power in any shareholders' meeting of OCG Thailand.

The Company's legal counsel have confirmed that the Preference Shares Structure is still in compliance with all existing laws and regulations in Thailand, in particular the FBA. In light of no previous supreme court judgement ruling the invalidity of capital structure similar to that of OCG Thailand as opposed to the FBA and related interpretations, after due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Preference Shares Structure is valid, legal and enforceable in Thailand.

Based upon the management's judgement on the Preference Shares Structure, the Company accounts for OCG Thailand as a subsidiary on the ground that it is able to control OCG Thailand by exercising its majority voting power in any shareholders' meetings of OCG Thailand.

#### **(b) Key sources of estimation uncertainty**

##### *(i) Useful lives of property, plant and equipment and intangible assets*

The management determines the estimated useful lives of the Group's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation and amortisation charges included in profit or loss.

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Critical accounting estimates and judgements *(Continued)*

#### **(b) Key sources of estimation uncertainty *(Continued)***

##### *(ii) Impairment of property, plant and equipment, right-of-use assets, and intangible assets*

The management determines whether the Group's property, plant and equipment, right-of-use assets, and intangible assets are impaired when an indication of impairment exists or when annual impairment testing is required. This requires an estimation of the recoverable amount of the property, plant and equipment, right-of-use assets and intangible assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment, right-of-use assets and intangible assets, and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

##### *(iii) Discount rates for calculating lease liabilities – as lessee*

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

##### *(iv) Loss allowance for ECL of trade and other receivables*

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in Note 32 to the consolidated financial statements.

##### *(v) Income tax*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will result in additional income tax and deferred tax provision in the period in which such determination is made.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued a number of the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Disclosure of Accounting Policies <sup>(1)</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>(1)</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(1)</sup>
HKFRS 17	Insurance Contracts <sup>(1)</sup>
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>(1)</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>(2)</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>(2)</sup>
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>(2)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>(3)</sup> The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements.

## 3. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on merchant acquiring business during the years ended 31 March 2023 and 2022. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the executive Directors, the chief operating decision maker. They review the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment and no further analysis of this single segment is presented.

### Geographical information

The Group's operation is mainly located in Thailand and the Philippines.

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

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

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

#### Geographical information *(Continued)*

##### (a) Revenue from external customers

	2023 HK\$'000	2022 HK\$'000
Thailand	6,926	3,038
The Philippines	–	–
Unallocated <Note>	1,453	853
Segment result	<b>8,379</b>	<b>3,891</b>

##### (b) Specified Non-current Assets

	2023 HK\$'000	2022 HK\$'000
Hong Kong	1,630	1,491
Thailand	13,087	9,241
The Philippines	49,465	–
Unallocated <Note>	32	28
	<b>64,214</b>	<b>10,760</b>

<Note>

ESG Reporting Services and ESG Consultancy Services are not considered as a reportable operating segment.

#### Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the years ended 31 March 2023 and 2022 is as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A and its affiliates	Note	580
Customer B and its affiliates	1,914	503

<Note>

The customer contributed less than 10% of the total revenue of the Group for the respective year.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 4. REVENUE

	Note	2023 HK\$'000	2022 HK\$'000
<b>Revenue from contracts with customers within HKFRS 15</b>			
MDR income	(a)	6,013	2,429
Marketing and distribution service income	(a)	201	29
ESG Reporting Services income	(b)	800	653
ESG Consultancy Services income	(b)	653	200
		<b>7,667</b>	<b>3,311</b>
<b>Revenue from other sources</b>			
Foreign exchange rate discount income		712	580
		<b>8,379</b>	<b>3,891</b>

(a) Revenue recognised during the year is based on standard rates and recognised at a point in time from contracts with customers within HKFRS 15.

(b) Revenue recognised during the year is based on fixed price and recognised over time from contracts with customers within HKFRS 15.

### 5. OTHER INCOME

	Note	2023 HK\$'000	2022 HK\$'000
Bank interest income		118	25
Exchange gain, net		418	30
HKSAR Government subsidies	(a)	336	–
Other interest income		729	1,603
Write-off of trade payables		1,066	–
Gain on disposal of an associate		20	–
Sundry income		283	37
		<b>2,970</b>	<b>1,695</b>

(a) The amount represented subsidies from the 2022 Employment Support Scheme (the “Scheme”) under the Anti-epidemic Fund which was launched by the HKSAR Government. The purpose of the Scheme was to provide financial support to enterprises to retain their staff or even employ more staff when the business revives as soon as the epidemic situation permits.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 6. LOSS BEFORE TAX

This is stated after charging (crediting):

	2023 HK\$'000	2022 HK\$'000
<b>Finance costs</b>		
Effective interest expenses on convertible bonds	3,112	2,637
Finance charges on lease liabilities	27	28
Interest expenses for financial liabilities at amortised cost	1,186	2,135
Interest expenses on bond payable	1,230	1,274
	<b>5,555</b>	<b>6,074</b>
<b>Staff costs, including key management's remuneration</b>		
Salaries, allowances and other short-term employee benefits	12,232	13,420
Discretionary bonus	1,548	–
Contributions to defined contribution plans	278	255
	<b>14,058</b>	<b>13,675</b>
<b>Other items</b>		
Auditor's remuneration	727	638
Amortisation of intangible assets (included in "Selling and distribution costs")	1,570	1,785
Depreciation of property, plant and equipment	2,692	3,488
Depreciation of right-of-use assets	1,280	1,315
Exchange gain, net	(418)	(30)

## 7. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

## (a) Directors' remuneration

The aggregate amounts of remuneration received and receivable by the Directors are as follows:

## Year ended 31 March 2023

	Directors' fees HK\$'000	Salaries, allowances and other short-term employee benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Lin Xiaofeng (i)	-	600	24	9	633
Ng Kit Chong (ii)	-	(178)	24	11	(143)
Tsang Chi Kit (iii)	-	1,182	1,200	18	2,400
Yu Chun Fai (iv)	-	750	-	8	758
	-	2,354	1,248	46	3,648
<i>Non-executive directors</i>					
Shiu Shu Ming	120	-	-	-	120
Tsang Chi Kit (iii)	2	-	-	-	2
Xiong Wensen (v)	60	-	-	-	60
	182	-	-	-	182
<i>Independent non-executive Directors</i>					
Chung, Wai Chuen Alfred	120	-	-	-	120
Ng Ka Po	120	-	-	-	120
Ng Yu Ki (vi)	50	-	-	-	50
Huang Ping (vii)	60	-	-	-	60
	350	-	-	-	350
	532	2,354	1,248	46	4,180

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 7. INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(Continued)*

#### (a) Directors' remuneration *(Continued)*

Year ended 31 March 2022

	Directors' fees HK\$'000	Salaries, allowances and other short-term employee benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Lin Xiaofeng	-	1,200	-	18	1,218
Ng Kit Chong	-	1,200	-	18	1,218
	-	2,400	-	36	2,436
<i>Non-executive directors</i>					
Shiu Shu Ming	37	-	-	-	37
Tsang Chi Kit	12	-	-	-	12
Xiong Wensen	120	-	-	-	120
	169	-	-	-	169
<i>Independent non-executive directors</i>					
Chung, Wai Chuen Alfred	120	-	-	-	120
Huang Ping	120	-	-	-	120
Ng Ka Po	120	-	-	-	120
	360	-	-	-	360
	529	2,400	-	36	2,965

- (i) Mr. Lin Xiaofeng retired as an executive director on 30 September 2022.
- (ii) Dr. Ng Kit Chong resigned as an executive director on 10 November 2022. The credit amount of salaries, allowances and other short-term employee benefits of approximately HK\$178,000 consisted of salaries of approximately HK\$601,000 entitled during the year and waiver of HK\$779,000 on the accrued salaries which was entitled in previous years.
- (iii) Mr. Tsang Chi Kit was redesignated as an executive director on 6 April 2022.
- (iv) Mr. Yu Chun Fai was appointed as an executive director on 1 November 2022.
- (v) Mr. Xiong Wensen retired as a non-executive director on 30 September 2022.
- (vi) Ir Dr. Ng Yu Ki was appointed as an independent non-executive director on 1 November 2022.
- (vii) Ms. Huang Ping resigned as an independent non-executive director on 30 September 2022.

**7. INFORMATION ABOUT THE BENEFITS OF DIRECTORS** *(Continued)***(a) Directors' remuneration** *(Continued)*

During the year ended 31 March 2023, there was arrangement under which Dr. Ng Kit Chong agreed to waive a total of approximately HK\$779,000 (2022: Nil). In addition, no emoluments were paid by the Group to or receivable by any of the Directors or former Directors as an inducement to join or upon joining the Group, or as a compensation for loss of office for the years ended 31 March 2023 and 2022.

**(b) Consideration provided to third parties for making available directors' services**

There were no consideration provided to or receivable by third parties for making available Directors' services during the years ended 31 March 2023 and 2022.

**(c) Loans, quasi-loans and other dealings in favour of directors**

There were no other loans, quasi-loans or other dealings in favour of the Directors, controlled bodies corporate by and connected entities with such Directors that were entered into or subsisted during the years ended 31 March 2023 and 2022.

**(d) Directors' material interests in transactions, arrangements or contracts**

After consideration, the Directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or an entity connected with the Directors, had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2023 and 2022.

**8. FIVE HIGHEST PAID INDIVIDUALS**

An analysis of the five highest paid individuals during the years ended 31 March 2023 and 2022 is as follows:

	Number of individuals	
	2023	2022
Director	1	2
Non-director <Note>	4	3
	5	5

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 8. FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and other short-term employee benefits	4,006	3,360
Discretionary bonus	188	–
Contributions to defined contribution plans	66	54
	<b>4,260</b>	<b>3,414</b>

The number of highest paid non-director individuals whose remuneration fell within the following bands:

Band	Number of employees	
	2023	2022
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	3	–
HK\$1,500,001 to HK\$2,000,000	–	1
	<b>4</b>	<b>3</b>

During the years ended 31 March 2023 and 2022, no remuneration was paid by the Group to or receivable by any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office.

There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any remuneration during the years ended 31 March 2023 and 2022.

#### <Note>

Included in the remuneration of the highest paid non-director individuals was the remuneration paid to Mr. Yu Chun Fai, an employee of the Group for the period from 1 April 2022 to 31 October 2022. Mr. Yu was subsequently appointed as an executive Director on 1 November 2022.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 9. TAXATION

	2023 HK\$'000	2022 HK\$'000
<b>Current tax</b>		
Thailand Enterprise Income Tax		
Current year	-	-
Under provision in prior years	-	-
	-	-
<b>Deferred tax (Note 25)</b>		
Benefit of tax losses recognised	-	(248)
Reversal of tax losses recognised	530	-
Reversal of withholding tax on undistributed earnings of a foreign subsidiary	-	(728)
	530	(976)
Income tax expense (credit) for the year	530	(976)

#### (a) Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% has not been provided as the Group incurred a loss for taxation purpose for the years ended 31 March 2023 and 2022.

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

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

Thailand Enterprise Income Tax at the rate of 20% has not been provided as the Group's operation in Thailand incurred a loss for taxation purpose for the years ended 31 March 2023 and 2022.

Cambodia Corporate Income Tax at the rate of 20% has not been provided as OCGC Payment Co., Ltd. ("**OCGC Payment**") has not yet commenced its business.

Dividends payable by a foreign invested enterprise in Thailand to its foreign investors are subject to a 10% (2022: 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% (2022: 14%) withholding tax.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 9. TAXATION (Continued)

#### Reconciliation of income tax expense (credit)

	2023 HK\$'000	2022 HK\$'000
Loss before tax	(31,701)	(39,482)
Income tax at applicable tax rate	(5,440)	(6,904)
Non-deductible expenses	1,832	1,844
Tax exempt revenue	(1,369)	(3)
Unrecognised tax losses	10,539	4,319
Unrecognised temporary differences	(5,562)	521
Reversal of tax losses recognised	530	–
Recognition of previously unrecognised deferred tax assets	–	(25)
Reversal of withholding tax on undistributed earnings of a foreign subsidiary	–	(728)
Income tax expense (credit) for the year	530	(976)

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group's entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries which the Group operates.

### 10. LOSS PER SHARE

Basic loss per share is calculated on the loss for the year ended 31 March 2023 attributable to the equity holders of the Company of approximately HK\$32,231,000 (2022: approximately HK\$38,506,000) and on the weighted average number of approximately 1,269,777,000 ordinary shares (2022: approximately 1,020,822,000 ordinary shares) in issue during the year ended 31 March 2023.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares has anti-dilutive effects during the years ended 31 March 2023 and 2022.

### 11. DIVIDENDS

The Directors of the Company did not recommend a payment of a dividend for the year ended 31 March 2023 (2022: Nil).

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 12. SUBSIDIARIES

The particulars of the Company's principal subsidiaries, which are private limited liability companies, of which the Company has direct/indirect interests are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities/ place of operation
			31 March 2023	31 March 2022	
<b>Directly held by the Company</b>					
Global Principal Investment Limited ("Global Principal") <Note a>	The BVI, 3 December 2020	Ordinary, United States Dollars ("US\$") 100	100%	100%	Investment holding/ Hong Kong
Oriental City Group Thailand Limited ("OCG Thailand (BVI)")	The BVI, 7 May 2007	Ordinary, US\$100	100%	100%	Investment holding/ Hong Kong
Newtech Asia Pacific Limited	Hong Kong, 1 November 2021	Ordinary, HK\$1	100%	100%	Investment holding/ Hong Kong
<b>Indirectly held by the Company</b>					
Baylight Consulting Limited ("Baylight") <Note a>	Hong Kong, 22 January 2021	Ordinary, HK\$100	100%	100%	ESG Reporting Services and ESG Consultancy Services/Hong Kong
OCGC Payment	Cambodia, 18 July 2017	Ordinary, Cambodian Riels ("Riels") 40,000,000	100%	100%	Not yet commence business/Cambodia
OCG Hong Kong Limited ("OCG HK")	Hong Kong, 6 November 2013	Ordinary, HK\$10,000	100%	100%	Marketing and administrative services/Hong Kong
Oriental City Group Asia Pacific Limited ("OCG Asia Pacific")	The BVI, 8 September 2011	Ordinary, US\$1	100%	100%	Investment holding/ Hong Kong
OCG Thailand	Thailand, 27 September 2004	Ordinary, Thai Baht ("Baht") 25,000,000	100%	100%	Merchant acquiring business/Thailand
		Preference, Baht 25,500,000 <Note b>	0%	0%	

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 12. SUBSIDIARIES *(Continued)*

The above information of ownership interests is presented as if the current group structure had always been in existence throughout the years ended 31 March 2023 and 2022 or since the respective date of establishment or incorporation where applicable.

All entities comprising the Group have adopted 31 March as their financial period end date.

Except for the preference share capital as issued by OCG Thailand, none of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the reporting period.

### <Note a>

Global Principal, the wholly owned subsidiary of the Company, was subsequently disposed to the independent third party at consideration of HK\$1 on 18 April 2023. The Group has no further control on Global Principal and its wholly owned subsidiary, Baylight, from 18 April 2023.

### <Note b>

At the end of the reporting period, OCG Thailand's share capital is comprised of 2,500,000 ordinary shares with paid up amount of Baht 25,000,000 (equivalent to approximately HK\$5,857,000) (2022: Baht 25,000,000 (equivalent to approximately HK\$5,857,000)) and 2,550,000 preference shares with paid up amount of Baht 25,500,000 (equivalent to approximately HK\$5,880,000) (2022: Baht 25,500,000 (equivalent to approximately HK\$6,000,000)).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on any resolution of OCG Thailand.

The holder of preference shares, who is a Thai citizen, has the following rights:

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

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

Therefore, the results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the preference shares issued and its related cumulative dividend, to the extent of 100% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares indirectly held by the Company through OCG Thailand (BVI) and OCG Asia Pacific.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 13. INTEREST IN AN ASSOCIATE

	2023 HK\$'000	2022 HK\$'000
Share of net assets	–	–
Goodwill	–	355
	–	355

Details of the associate at the end of the reporting period were as follows:

Name of associate	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered capital directly held by the Company		Principal activities
			31 March 2023	31 March 2022	
Alldebit Pte. Ltd. (“Alldebit”)	Singapore	Singapore dollar 715,000	–	33%	Development of e-commerce applications, and software and programmes

The associate is accounted for using the equity method in the consolidated financial statements. During the year, the Company entered into two sale and purchase agreements with two independent third parties for the disposal of 33% equity interests in Alldebit at a total of the cash consideration of HK\$2. Upon the completion of the above disposals in November 2022, gain on disposal of an associate of approximately HK\$20,000 was recognised in profit or loss and recorded as “Other income”. Details of the disposal were set out in the announcement of the Company dated 18 November 2022.

### 14. FINANCIAL ASSET AT FVPL

	2023 HK\$'000	2022 HK\$'000
<b>Unlisted equity investment in Hong Kong</b>		
Mandatorily measured at FVPL	300	300

The amount represents 5.0332% (2022: 5.0332%) interest in a private entity incorporated in Hong Kong (the “Investee”). Its principal activities are sales of point of sales machines and provision of internet payment services.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 15. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Reconciliation of carrying amount – Year ended 31 March 2022			
At 1 April 2021	7,662	–	7,662
Additions	1,149	–	1,149
Depreciation	(3,488)	–	(3,488)
Exchange realignments	(342)	–	(342)
<b>At 31 March 2022</b>	<b>4,981</b>	<b>–</b>	<b>4,981</b>
Reconciliation of carrying amount – Year ended 31 March 2023			
At 1 April 2022	4,981	–	4,981
Additions	50,850	–	50,850
Depreciation	(2,692)	–	(2,692)
Exchange realignments	(191)	–	(191)
<b>At 31 March 2023</b>	<b>52,948</b>	<b>–</b>	<b>52,948</b>
At 31 March 2022			
Cost	32,761	193	32,954
Accumulated depreciation	(27,780)	(193)	(27,973)
<b>Net carrying amount</b>	<b>4,981</b>	<b>–</b>	<b>4,981</b>
At 31 March 2023			
Cost	78,626	189	78,815
Accumulated depreciation	(25,678)	(189)	(25,867)
<b>Net carrying amount</b>	<b>52,948</b>	<b>–</b>	<b>52,948</b>

## 15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

On 27 September 2022, the Company and Mobile Technology Holdings Limited (“MTHL”) entered into an asset acquisition agreement, pursuant to which the Company agreed to acquire 14,396 bCode scanners and any firmware designed for use thereon to decode bCode and other barcode formats and support the use of the bCode system (the “Assets”). In relation to the acquisition of Assets (the “Acquisition”), MTHL agreed to:

- i) provide the Company with tailor-made top-up enhancement to bCode scanners to support the bCode system and other payment technology system which is applicable in the settlement of financial transaction through the transfer of monetary value;
- ii) provide the Company with two-year after-sale services (including but not limited to an extended warranty commencing on the completion date of the Acquisition and programming services etc.);
- iii) grant the royalty-free bCode licence to the Company for its use for 20 years; and
- iv) grant a call option to the Company to acquire the intellectual property rights in the bCode system at a consideration of US\$1 in which the exercise period of the call option shall be last for 20 years commencing from the completion date of the Acquisition.

The consideration for the Acquisition was US\$6,050,000 (equivalent to approximately HK\$47,505,000), which was settled in:

- i) cash consideration of US\$550,000 (equivalent to approximately HK\$4,317,000); and
- ii) issue and allotment of 476,666,667 ordinary shares (“Consideration Shares”) of the Company at the issue price of HK\$0.09 per share at the completion date.

The Acquisition was completed on 30 March 2023. The cash consideration was settled against the deposit of US\$550,000 (equivalent to approximately HK\$4,317,000) which was paid by the Company to MTHL in the financial year 2021/2022 pursuant to the terms and conditions of the memorandum of understanding dated 28 January 2022 in relation to the possible acquisition of the 100% equity interest in Transit Limited from MTHL by the Company. On the other hand, a total of 476,666,667 Consideration Shares were allotted and issued to MTHL in which MTHL became the shareholder of the Company since 30 March 2023. Details of the Acquisition are set out in the announcement of the Company dated 27 September 2022, 13 March 2023 and 30 March 2023 and in the circular of the Company date 23 February 2023.

On 30 March 2023, the Company received the Assets which constituted the equity-settled share-based payment transaction. The Company measured the Assets received and the corresponding increase in equity directly at the fair value of the Assets received. The fair value of the Assets, tailor-made top-up enhancement, bCode licence and call option was supported by the valuation using income approach. The income approach involved the calculation of discounted cash flows method covering 5 years period with the key assumptions used including i) average gross profit margin of 16%; and ii) pre-tax discount rate of 12%. The Company recognised approximately HK\$47,505,000 as property, plant and equipment with reference to the valuation which included the Assets, tailor-made top-up enhancement, bCode licence and call option while the corresponding amount of approximately HK\$4,767,000 and approximately HK\$38,133,000 were recognised as share capital and share premium (before deduction of related expenses for the allotment of Consideration Shares) respectively as disclosed in the note 28 of the consolidated financial statements. On 31 March 2023, the Company did not exercise the call option to acquire the intellectual property rights in the bCode system.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 16. LEASES

#### Right-of-use assets

	Office premises HK\$'000	Machinery HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 March 2022			
At 1 April 2021	825	20	845
Additions	889	–	889
Contract modification	1,211	–	1,211
Depreciation	(1,306)	(9)	(1,315)
Exchange differences	(3)	(1)	(4)
<b>At 31 March 2022</b>	<b>1,616</b>	<b>10</b>	<b>1,626</b>
Reconciliation of carrying amount – year ended 31 March 2023			
At 1 April 2022	1,616	10	1,626
Additions	1,589	–	1,589
Early termination	(371)	–	(371)
Depreciation	(1,272)	(8)	(1,280)
Exchange differences	(6)	(1)	(7)
<b>At 31 March 2023</b>	<b>1,556</b>	<b>1</b>	<b>1,557</b>
At 31 March 2022			
Cost	5,712	37	5,749
Accumulated depreciation	(4,096)	(27)	(4,123)
<b>Net carrying amount</b>	<b>1,616</b>	<b>10</b>	<b>1,626</b>
At 31 March 2023			
Cost	6,402	36	6,438
Accumulated depreciation	(4,846)	(35)	(4,881)
<b>Net carrying amount</b>	<b>1,556</b>	<b>1</b>	<b>1,557</b>

The Group leases office premises and machinery for its daily operations with lease terms of 1 to 5 years (2022: 1 to 5 years). Most of the lease contracts contain an option to renew the lease when all terms are renegotiated.

**16. LEASES (Continued)****Restrictions or covenants**

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The interest expenses and total cash flow on lease liabilities are set out in Notes 6 and 30 to the consolidated financial statements respectively.

**17. INTANGIBLE ASSETS**

	Computer software <Note (a)> HK\$'000	Payment network membership <Note (b)> HK\$'000	Total HK\$'000
Reconciliation of carrying amount – Year ended 31 March 2022			
At 1 April 2021	5,666	323	5,989
Amortisation	(1,785)	–	(1,785)
Exchange realignments	(35)	(16)	(51)
<b>At 31 March 2022</b>	<b>3,846</b>	<b>307</b>	<b>4,153</b>
Reconciliation of carrying amount – Year ended 31 March 2023			
At 1 April 2022	3,846	307	4,153
Additions	6,770	376	7,146
Amortisation	(1,570)	–	(1,570)
Exchange realignments	(13)	(7)	(20)
<b>At 31 March 2023</b>	<b>9,033</b>	<b>676</b>	<b>9,709</b>
At 31 March 2022			
Cost	16,993	307	17,300
Accumulated amortisation and impairment loss	(13,147)	–	(13,147)
Net carrying amount	3,846	307	4,153
At 31 March 2023			
Cost	23,723	676	24,399
Accumulated amortisation and impairment loss	(14,690)	–	(14,690)
Net carrying amount	9,033	676	9,709

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 17. INTANGIBLE ASSETS (Continued)

<Note>

- (a) Computer software mainly represents enhancement of host system to extend the payment processing services to cover other payment network associations and computer softwares for merchant acquiring business with carrying amount of HK\$2,100,000 (2022: HK\$3,500,000) and HK\$6,500,000 respectively. At the end of the reporting period, the remaining amortisation period of these computer software are 1.5 years (2022: 2.5 years) and 5 years respectively.
- (b) The useful life of the payment network membership is determined to be indefinite because the Group is able to renew the payment network membership without incurring significant cost that there is no foreseeable limit to the period over which the payment network membership is expected to generate net cash inflows for the Group.

### 18. TRADE AND OTHER RECEIVABLES

	Note	2023 HK\$'000	2022 HK\$'000
<b>Trade receivables</b>			
Trade receivables from third parties	18(a)	8,326	519
<b>Other receivables</b>			
Deposits		3,073	4,173
Deposits for acquisition of assets (note 19)		4,000	4,528
Prepayments		8,712	3,451
Other debtors	18(b)	8,593	11,459
		<b>24,378</b>	<b>23,611</b>

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 32 to the consolidated financial statements.

#### (a) Trade receivables

Included in trade receivables are the following amounts denominated in a currency other than the respective functional currency of the Group's entities:

	2023 HK\$'000	2022 HK\$'000
US\$	5,113	304
RMB	68	–
	<b>5,181</b>	<b>304</b>

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

### (b) Other debtors

Included in other debtors are:

- (i) advance to the Investee of HK\$4,700,000 (2022: HK\$4,700,000) which is unsecured, interest-bearing at 8% per annum and repayable on demand (2022: 31 December 2022 and subject to a "repayable on demand" clause);
- (ii) loans to independent third parties of approximately HK\$2,260,000 (2022: approximately HK\$3,874,000) which are unsecured, interest-bearing at 15% (2022: 12%) per annum and repayable on demand (2022: repayable within one year);
- (iii) interest receivables of approximately HK\$1,018,000 (2022: approximately HK\$805,000) which are unsecured, interest-free and repayable on demand; and
- (iv) the remaining items of other debtors are unsecured, interest-free and have no fixed repayment term.

At the date of authorisation for issue of the consolidated financial statements, loans to independent third parties and interest receivables with a total of approximately HK\$250,000 at 31 March 2023 have been settled.

## 19. PREPAYMENT FOR SOFTWARE DEVELOPMENT EXPENDITURE

The amount represents the prepayments for the research and design services on the development of payment-related software for expansion of merchant acquiring business in Asia Pacific Region pursuant to the agreements signed with various information technology companies. At the end of the reporting period, the development of payment-related softwares were completed on 31 March 2023 in which HK\$6,500,000 was recognised as intangible assets and HK\$1,500,000 was recognised as prepayment for the two-year software maintenance and after-sale services related to the payment-related softwares which were completed during the year. The remaining balance of HK\$4,000,000 should be refunded to the Company which was recognised as "Other receivables" at 31 March 2023.

## 20. RESTRICTED FUNDS

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

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 21. BANK BALANCES AND CASH

	2023 HK\$'000	2022 HK\$'000
Short-term time deposits	6,731	5,116
Cash at banks and in hand	4,284	26,294
	<b>11,015</b>	<b>31,410</b>

Cash at banks earns interest at floating rates based on daily floating bank deposit rates. Short-term time deposits are made between two months to three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing fixed deposit rates.

	2023 HK\$'000	2022 HK\$'000
Bank balances and cash are denominated in:		
HK\$	9,911	19,402
Baht	844	4,924
US\$	260	7,084
	<b>11,015</b>	<b>31,410</b>

### 22. TRADE AND OTHER PAYABLES

	Note	2023 HK\$'000	2022 HK\$'000
<b>Trade payables</b>			
Trade payables to third parties	22(a)	8,614	1,852
<b>Other payables</b>			
Accruals and other payables	22(b)	18,109	18,986

#### (a) Trade payables

The creditors allow a credit period up to 30 days to the Group. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	2023 HK\$'000	2022 HK\$'000
Less than 1 month	8,612	637
1 month to 3 months	2	–
Over 3 months	–	1,215
	<b>8,614</b>	<b>1,852</b>

**22. TRADE AND OTHER PAYABLES** *(Continued)***(b) Accruals and other payables**

Included in accruals and other payables are:

- (i) other payable to a third party guaranteed by a former director of the Company of approximately HK\$1,500,000 which bears interest at 12% per annum and repayable on demand *(2022: approximately HK\$6,000,000 which bears interest at 12% per annum and repayable on 5 September 2022)*;
- (ii) other borrowings from a third party of approximately HK\$2,325,000 *(2022: approximately HK\$2,325,000)* which is unsecured, interest bearing at 12% per annum and repayable on demand;
- (iii) interest payables of approximately HK\$3,860,000 *(2022: approximately HK\$2,254,000)* which are unsecured, interest-free and repayable within one year; and
- (iv) the remaining items of accruals and other payables are unsecured, interest-free and have no fixed repayment term.

**23. BOND PAYABLE**

The amounts represent the bond issued to a third party with the outstanding principal of approximately HK\$12,029,000 *(2022: HK\$15,000,000)* and accrued bond interest of approximately HK\$975,000 *(2022: HK\$1,274,000)*, which is unsecured, bears interest of 10% per annum and repayable on demand *(2022: 24 May 2022)*. A supplementary agreement was entered to extend the maturity date of the bond to 30 September 2023 subsequent to the end of the reporting period.

**24. LEASE LIABILITIES**

	2023 HK\$'000	2022 HK\$'000
<b>Lease liabilities</b>		
Current portion	975	1,356
Non-current portion	653	279
	<b>1,628</b>	<b>1,635</b>

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 25. DEFERRED TAXATION

The movement in the Group's deferred tax (assets) liabilities for the years ended 31 March 2023 and 2022 was as follows:

#### Withholding tax on undistributed earnings of a foreign subsidiary

	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	40	768
Credit to profit or loss (Note 9)	–	(728)
<b>At the end of the reporting period</b>	<b>40</b>	<b>40</b>

#### Tax losses

	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	(530)	(282)
Charge (Credit) to profit or loss (Note 9)	530	(248)
<b>At the end of the reporting period</b>	<b>–</b>	<b>(530)</b>

Recognised deferred tax (assets) liabilities at the end of each reporting period represent the following:

	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>		
Tax losses	–	(530)
<b>Liabilities</b>		
Withholding tax on undistributed earnings of a foreign subsidiary	40	40

At the end of the reporting period, deferred tax liabilities of approximately HK\$40,000 (2022: approximately HK\$40,000) has been recognised for the future withholding tax implications of the portion of undistributed earnings of OCG Thailand that may be distributed in the foreseeable future. Started from 1 April 2016, certain retained earnings of OCG Thailand are kept for financing the continuing operations with reference to the working capital level. After considering the remaining retained earnings available for distribution in the foreseeable future, no (2022: approximately HK\$728,000) reversal of deferred tax liabilities has been made for the year ended 31 March 2023.

**25. DEFERRED TAXATION** *(Continued)***Tax losses** *(Continued)*

For those retained earnings required for financing the continued operation, such retained earnings would be subject to additional taxation if they are distributed. At the end of the reporting period, no (2022: approximately HK\$27,000) estimated withholding tax effect was identified on the distribution of further retained earnings of OCG Thailand.

At the end of the reporting period, no deferred tax assets (2022: approximately HK\$530,000) were recognised in respect of the entire tax losses of certain subsidiaries of the Company carried forward (2022: approximately HK\$3,215,000). The tax losses do not expire under current tax legislation.

**Unrecognised deferred tax assets**

	2023 HK\$'000	2022 HK\$'000
Before multiplied by the applicable tax rates:		
Deductible temporary differences	–	3,175
Tax losses	<b>109,228</b>	40,855
	<b>109,228</b>	44,030

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses will expire as follows:

	2023 HK\$'000	2022 HK\$'000
Year 2027	<b>8,291</b>	8,460
Year 2028	<b>10,568</b>	10,783
Year 2029	<b>5,964</b>	–
No expiry	<b>84,405</b>	21,612
	<b>109,228</b>	40,855

**26. OTHER LONG-TERM LIABILITIES**

Other long-term liabilities represent preference shares issued by OCG Thailand and the major terms are set out in Note 12 to the consolidated financial statements.

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of OCG Thailand amounted to Baht 25,500,000 (equivalent to approximately HK\$5,880,000) (2022: Baht 25,500,000 (equivalent to approximately HK\$6,000,000)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% (2022: 9.5%) per annum, with accrued dividend payable of approximately Baht 7,268,000 (equivalent to approximately HK\$1,676,000) (2022: approximately Baht 4,845,000 (equivalent to approximately HK\$1,140,000)).

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 27. 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). 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 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 Maturity Date. Bondholders will be entitled to receive an additional interest at the rate of 10% per annum from the Bond Issue Date up to and including the Maturity Date chargeable on the principal amount of the Convertible Bonds, which will be payable by the Company on the Maturity Date, if they have not converted any of their Convertible Bonds into new shares of the Company.

The Convertible Bonds were separated into a liability component and an equity component at initial recognition and subsequent measured in accordance with the relevant accounting policies as disclosed in note 2 of the consolidated financial statements.

On 24 June 2022, the Company executed the addendum (the “**First Addendum**”) to amend the terms and conditions of the Convertible Bonds with a 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. The First Addendum has taken effect on 20 September 2022, with the original Maturity Date of the Convertible Bonds being extended to 23 December 2022 (the “**1st Extended Maturity Date**”). Details of the Addendum 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.

When the First Addendum taken effective which considered as non-substantial modification in accordance with HKFRS 9 and 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 the terms and conditions of the Convertible Bonds with a 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 (the “**2nd Extended Maturity Date**”); (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. Details of the Second Addendum are set out in the announcements of the Company dated 18 October 2022, 21 October 2022 and 28 February 2023 and in the circular of the Company dated 10 February 2023 respectively.

**27. CONVERTIBLE BONDS** *(Continued)*

On 19 October 2022, the Company was informed by the Bondholders that the Bondholders was entered into agreements to transfer the Convertible Bonds with an aggregate principal amount of HK\$6,380,000 to Metagate Investment SPC (“**Metagate**”) and HK\$5,470,000 to Mr. Choy Hok Man (“**Mr. Choy**”) respectively and such transfer was completed during the year.

On 6 March 2023, the Second Addendum and the terms and conditions of the Convertible Bonds (as amended by the Second Addendum) has been passed and taken effect. The Second Addendum was considered as significant modification resulting in the extinguishment of the original Convertible Bonds and the recognition of the new Convertible Bonds. The new Convertible Bonds were separated into a liability component and an equity component representing the conversion options of the bondholders. The fair value of the liability component was calculated using market interest rate of 9.25% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by an independent professionally qualified valuer. The residual amount, representing the value of the equity conversion component, has been included in the convertible bonds reserve. As a result, the liability components was adjusted by approximately HK\$5,216,000 which was recognised as gain on extinguishment of convertible bonds. The convertible bonds reserve was adjusted by approximately by HK\$11,252,000 which was recognised in equity under other reserve as owner’s transaction.

At 31 March 2023, Metagate and Mr. Choy are shareholders of the Company and the balance of Convertible Bonds of approximately HK\$11,835,000 are considered as related party balances while the relevant interest expenses on Convertible bonds are considered as related party transactions which are disclosed in Note 31 of the consolidated financial statements.

The Convertible Bonds recognised at the end of the reporting period are calculated as follows:

	<b>Liability component</b>	<b>Equity component</b>	<b>Total</b>
	HK\$’000	HK\$’000	HK\$’000
At 31 March 2021	11,859	876	12,735
Effective interest expenses	2,637	–	2,637
Interest accrued	(827)	–	(827)
As at 31 March 2022 and 1 April 2022	13,669	876	14,545
Effective interest expenses	3,112	–	3,112
Interest accrued	(830)	–	(830)
Loss on non-substantial modification of Convertible Bonds	1,100	–	1,100
(Gain) Loss on extinguishment of old Convertible Bonds	(5,216)	11,252	6,036
<b>At 31 March 2023</b>	<b>11,835</b>	<b>12,128</b>	<b>23,963</b>

The effective interest rates of the liability component of the original Convertible Bonds and the new Convertible Bonds are 21.93% and 8.85% respectively.

No Convertible Bonds were exercised during the reporting period (2022: nil).

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Year ended 31 March 2023

### 28. SHARE CAPITAL

	2023		2022	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
<b>Authorised:</b>				
<i>Ordinary shares of HK\$0.01 each</i>				
At the beginning and the end of the reporting period	10,000,000,000	100,000	10,000,000,000	100,000
<b>Issued and fully paid:</b>				
<i>Ordinary shares of HK\$0.01 each</i>				
At the beginning of the year	1,200,000,000	12,000	1,000,000,000	10,000
New shares issued on 22 February 2022	–	–	200,000,000	2,000
New shares issued on 2 November 2022				
<Note a>	148,000,000	1,480	–	–
New shares issued on 10 January 2023				
<Note a>	34,900,000	349	–	–
Consideration Shares issued on 30 March 2023				
<Note b>	476,666,667	4,767	–	–
At the end of the reporting period	1,859,566,667	18,596	1,200,000,000	12,000

#### <Note a>

On 2 November 2022 and 10 January 2023, the Company issued 148,000,000 and 34,900,000 new ordinary shares under the general mandate at a subscription price of HK\$0.1 and HK\$0.134 per subscription share to independent third parties. The net proceeds from the subscription of shares after deducting related expenses were approximately HK\$14,295,000 and approximately HK\$4,645,000 respectively, which are intended to be utilised for any investment as identified by the Group and general working capital of the Group. These shares rank pari passu with the existing shares in all respects.

#### <Note b>

On 30 March 2023, the Company issued 476,666,667 new ordinary shares under the specific mandate at the issue price of HK\$0.09 per Consideration Share which were considered as Consideration Shares of the Acquisition as detailed in note 15 of the consolidated financial statements. The amounts from allotment of shares after deducting related expenses were approximately HK\$42,470,000. These shares rank pari passu with the existing shares in all respects.

### 29. RESERVES

#### 29(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.

## 29. RESERVES (Continued)

### 29(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 Group Holdings Limited (“**China Smartpay**”), the former ultimate holding company, as a capital contribution from China Smartpay, which was recorded in the Group’s equity.

### 29(c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group’s subsidiaries and an associate. The reserve is dealt with in accordance with the accounting policies as set out in Note 2 to the consolidated financial statements.

### 29(d) Statutory reserve

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

### 29(e) Other reserve

The amount represents the difference between the carrying amount of the equity component of the old Convertible Bonds and the new Convertible bonds at the date of significant modification as owners’ transaction as set out in Note 27 of the consolidated financial statements.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 30. OTHER CASH FLOW INFORMATION

#### 30(a) Cash used in operations

	2023 HK\$'000	2022 HK\$'000
Loss before tax	(31,701)	(39,482)
Amortisation	1,570	1,785
Depreciation of property, plant and equipment	2,692	3,488
Depreciation of right-of-use assets	1,280	1,315
Loss on modification of convertible bonds	1,100	–
Gain on extinguishment of convertible bonds	(5,216)	–
Impairment loss on other receivables	–	2,990
Foreign exchange differences	(57)	146
Bank interest income	(118)	(25)
Gain on disposal of an associate	(20)	–
Early termination of the lease	(6)	–
Other interest income	(729)	(1,603)
Share of results of an associate	355	625
Write-off of trade payables	(1,066)	–
Finance costs	5,555	6,074
Operating cash flow before changes in working capital	(26,361)	(24,687)
Changes in working capital		
Trade and other receivables	(7,843)	5,008
Due from the former ultimate holding company	–	2,375
Restricted funds	(595)	(4)
Trade and other payables	5,544	3,696
Cash used in operations	(29,255)	(13,612)

#### 30(b) Major non-cash transactions

In addition to the transactions disclosed elsewhere in the consolidated financial statements, during the year, the Group had the following major non-cash transactions:

- i) acquired assets by means of lease arrangements in respect of assets with a total capital value at the inception of the lease of approximately HK\$1,589,000 (2022: HK\$889,000); and
- ii) early terminated the leases and derecognised right-of-use assets and lease liabilities of approximately HK\$371,000 (2022: Nil) and HK\$377,000 (2022: Nil) respectively.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 30. OTHER CASH FLOW INFORMATION (Continued)

#### 30(c) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

##### Year ended 31 March 2023

	Lease liabilities HK\$'000	Other long term liabilities HK\$'000	Bond payable HK\$'000	Liability component of convertible bonds HK\$'000	Total HK\$'000
At the beginning of the reporting period	1,635	6,000	16,274	13,669	37,578
<i>Cash flows</i>	(1,239)	-	(4,500)	-	(5,739)
<i>Non-cash changes</i>					
New leases	1,589	-	-	-	1,589
Early termination	(377)	-	-	-	(377)
Loss on modification of Convertible Bonds	-	-	-	1,100	1,100
Gain on extinguishment of Convertible Bonds	-	-	-	(5,216)	(5,216)
Interest expenses	27	539	1,230	3,112	4,908
Interest accrued	-	(539)	-	(830)	(1,369)
Exchange realignments	(7)	(120)	-	-	(127)
<b>At the end of the reporting period</b>	<b>1,628</b>	<b>5,880</b>	<b>13,004</b>	<b>11,835</b>	<b>32,347</b>

##### Year ended 31 March 2022

	Lease liabilities HK\$'000	Other long term liabilities HK\$'000	Bond payable HK\$'000	Liability component of convertible bonds HK\$'000	Total HK\$'000
At the beginning of the reporting period	848	6,327	-	11,859	19,034
<i>Cash flows</i>	(1,337)	-	15,000	-	13,663
<i>Non-cash changes</i>					
New leases	889	-	-	-	889
Contract modification	1,211	-	-	-	1,211
Interest expenses	28	578	1,274	2,637	4,517
Interest accrued	-	(578)	-	(827)	(1,405)
Exchange realignments	(4)	(327)	-	-	(331)
<b>At the end of the reporting period</b>	<b>1,635</b>	<b>6,000</b>	<b>16,274</b>	<b>13,669</b>	<b>37,578</b>

Details of convertible bonds are disclosed in Note 27 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 31. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related party relationship	Nature of transaction	2023 HK\$'000	2022 HK\$'000
Key management personnel, including directors	Salaries and allowances	5,905	6,175
	Discretionary bonus	1,460	–
	Contributions to defined contribution retirement schemes	90	74
		7,455	6,249
Close family member of key management personnel	Salaries and allowance	300	300
	Discretionary bonus	24	–
	Contributions to defined contribution retirement schemes	18	15
		342	315
Metagate, substantial shareholder	Interest expenses on convertible bonds	445	–
Mr. Choy, substantial shareholder	Interest expenses on convertible bonds	382	–
China Smartpay, former ultimate holding company	ESG Reporting Services income	–	70

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of restricted and unrestricted bank balances and cash, convertible bonds and preference shares issued by OCG Thailand. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) foreign currency risk, (ii) interest rate risk, (iii) credit risk and (iv) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the management identifies and evaluates risks and generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum as follows:

#### (i) Foreign currency risk

The Group mainly operates in Hong Kong and Thailand with majority of business transactions being denominated and settled in HK\$ and Baht which are the functional currencies of the relevant group entities.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)***(i) Foreign currency risk** *(Continued)*

However, as disclosed in Note 18(a) to the consolidated financial statements, the Group's trade receivables arising from the operation of merchant acquiring business in Thailand are mainly denominated in US\$. The management monitors the related foreign currency risk exposure closely on daily basis and, pursuant to a written foreign currency hedging policy as approved by the management, the Group would enter into foreign currency forward contracts should the needs arise. At 31 March 2023, the Group had outstanding foreign currency forward contracts for the exchange of US\$ with Baht of approximately US\$1,451,000 (equivalent to approximately HK\$11,392,000) (2022: nil).

At the end of the reporting period, the following table indicates the approximate change in the Group's loss before tax, mainly as a result of translation of the US\$ denominated financial assets in Baht with a corresponding credit/charge to profit or loss, if exchange rate of US\$ had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant:

	2023 HK\$'000	2022 HK\$'000
US\$	256	15

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at end of the reporting period and had been applied to each of the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In addition, as detailed in Notes 20 and 21 to the consolidated financial statements, part of the restricted and unrestricted bank balances and cash are denominated in Baht. The conversion of Baht into foreign currencies, including HK\$, is subject to the rules and regulations of foreign exchange control promulgated by the Thailand government.

**(ii) Interest rate risk**

The Group's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including restricted and unrestricted bank balance and cash as detailed in Notes 20 and 21 to the consolidated financial statements.

At the end of the reporting period, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before tax for both years would have been approximately HK\$108,000 (2022: approximately HK\$133,000) lower/higher.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

#### (ii) Interest rate risk *(Continued)*

The Group's sensitivity to interest rates would change in the same direction as the changes in its interest-bearing balances of financial assets as mentioned above.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the reporting period and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing financial assets in existence during the reporting period. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

#### (iii) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Credit risk mainly arises from trade and other receivables, restricted funds and bank balances and cash. The Group limits its exposure to credit risk by rigorously selecting the counterparties with reference to their past credit history and/or market reputation. The Group's exposure to the maximum credit risk is summarised as follows:

	2023 HK\$'000	2022 HK\$'000
Trade receivables	8,326	519
Other receivables	15,666	20,160
Restricted funds	669	75
Bank balances and cash	11,015	31,410

#### *Trade receivables from third parties*

The Group trades only with recognised, creditworthy third parties. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a credit policy in place and exposures to credit risks are monitored on an ongoing basis. The Group allows a credit period up to 90 days to its trade debtors.

At the end of the reporting period, there were only eight (2022: five) trade debtors accounted for all of the total outstanding trade receivables. As at 31 March 2023, the Group had a concentration of credit risk as 61% (2022: 59%) of the total trade receivables made up by the Group's largest trade receivables.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)***(iii) Credit risk** *(Continued)****Trade receivables from third parties*** *(Continued)*

The management considers the credit risk in respect of the largest customer is minimal because it is an authorised financial institution in the People's Republic of China (the "PRC") with high credit ratings and there is no history of default or late payment. For other customers, the management of the Group considers the ECL of this balance to be minimal after taking into account the actual credit loss experience during the year and adjusted for the current and forward-looking factors over the recoverability of the receivables. No loss allowance was recognised for the balance for year ended 31 March 2023 *(2022: Nil)*.

There was no change in the estimation techniques or significant assumptions made during the year.

At the end of each reporting period, the ageing analysis of the trade receivables prepared based on transaction date or date of service rendered, is as follows:

	2023 HK\$'000	2022 HK\$'000
Less than 1 month	8,326	519

At the end of each reporting period, the ageing analysis of the trade receivables by due date, prepared based on contractual due date, is as follows:

	2023 HK\$'000	2022 HK\$'000
Current	7,945	337
Past due:		
Less than 1 month	381	182
	8,326	519

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (iii) Credit risk (Continued)

##### **Other receivables**

Other receivables include deposits and other receivables. Impairment on other receivables is measured on lifetime ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Group has taken into account the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default. There was no change in the estimation techniques or significant assumptions made during the year.

At the end of the reporting period, the Group considered the credit quality of debtors are not significantly deteriorated and therefore no additional loss allowance was recognised for the year (2022: HK\$2,990,000) on the credit-impaired other receivable. The movement in the loss allowance for other receivables is summarised below.

	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	2,990	–
Increase in allowance	–	2,990
<b>At the end of the reporting period</b>	<b>2,990</b>	<b>2,990</b>

The Group considers that the remaining other receivables have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on the remaining other receivables is measured on 12-month ECL and reflects the short maturities of the exposures. At 31 March 2023, the additional loss allowance for provision of the remaining other receivables was insignificant.

##### **Restricted funds and bank balances and cash**

The credit risk on restricted funds and bank balances and cash is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance is recognised based on the measurement on 12-month ECL.

There was no change in the estimation techniques or significant assumptions made during the year.

None of the Group's financial assets are securitised by collateral or other credit enhancements at the end of the reporting period.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)***(iv) Liquidity risk**

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment and intangible assets. The Group finances its working capital requirements mainly by the funds generated from operations.

The Group's non-derivative financial liabilities at the end of each reporting period based on contractual undiscounted payments are summarised below:

	Within 1 year or on demand HK\$'000	After 1 year but within 5 years HK\$'000	Upon winding up of OCG Thailand <Remark 1> HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
<b>At 31 March 2023</b>					
Trade payables	8,614	-	-	8,614	8,614
Other payables	18,109	-	-	18,109	18,109
Bond payable	13,004	-	-	13,004	13,004
Lease liabilities	935	730	-	1,665	1,628
Other long-term liabilities <Remark 2>	-	-	5,880	5,880	5,880
Liability component of convertible bonds	13,289	-	-	13,289	11,835
	<b>53,951</b>	<b>730</b>	<b>5,880</b>	<b>60,561</b>	<b>59,070</b>
<b>At 31 March 2022</b>					
Trade payables	1,852	-	-	1,852	1,852
Other payables	18,986	-	-	18,986	18,986
Bond payable	16,500	-	-	16,500	16,274
Lease liabilities	1,363	297	-	1,660	1,635
Other long-term liabilities <Remark 2>	-	-	6,000	6,000	6,000
Liability component of convertible bonds	16,234	-	-	16,234	13,669
	<b>54,935</b>	<b>297</b>	<b>6,000</b>	<b>61,232</b>	<b>58,416</b>

**<Remark 1>**

In case of the winding up of OCG Thailand, the holder of preference shares has the right to the distribution of the residual assets of OCG Thailand prior to the ordinary shares, but limited to the paid up amount of the preference shares.

**<Remark 2>**

The estimated annual finance cost of other long-term liabilities approximates to Baht 2,423,000 (equivalent to approximately HK\$539,000) (2022: Baht 2,423,000 (equivalent to approximately HK\$578,000)), which is not included in the above summary.

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 33. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability

#### a) Assets and liabilities measured at fair value

	Level 2	
	2023 HK\$'000	2022 HK\$'000
Financial asset measured at FVPL		
Unlisted equity investment (Note 14)	300	300

The fair value of the unlisted equity investment is determined with reference to its net asset value.

During the years ended 31 March 2023 and 2022, there were no transfer between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

#### b) Assets and liabilities not measured at fair value

The carrying amounts of financial assets and liabilities not measured at fair value are carried at amounts not materially different from their fair values at 31 March 2023 and 2022.

### 34. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The management considers the total equity as disclosed in the consolidated statement of financial position as the Group's capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2023 and 2022.

### 35. CAPITAL EXPENDITURE COMMITMENTS

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for, net of deposits paid – acquisition of property, plant and equipment and intangible assets	579	338

## Notes to the Consolidated Financial Statements

Year ended 31 March 2023

### 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirements of the Companies Ordinance, the statement of financial position of the Company and the movements in its reserves are set out below:

	Note	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Investment in subsidiaries	12	2	2
Interest in an associate		–	355
Financial asset at FVPL		300	300
Property, plant and equipment		49,508	41
Right-of-use assets		–	630
Intangible assets		8,600	3,500
Prepayment for software development expenditure		–	12,000
		<b>58,410</b>	<b>16,828</b>
<b>Current assets</b>			
Other receivables		19,859	19,290
Due from subsidiaries		6,774	20,770
Bank balances and cash		729	5,619
		<b>27,362</b>	<b>45,679</b>
<b>Current liabilities</b>			
Other payables		9,847	16,881
Bond payable		13,004	16,274
Due to subsidiaries		3,771	3,341
Lease liabilities		–	446
Liability component of convertible bonds		11,835	13,669
		<b>38,457</b>	<b>50,611</b>
<b>Net current liabilities</b>		<b>(11,095)</b>	<b>(4,932)</b>
<b>Total assets less current liabilities</b>		<b>47,315</b>	<b>11,896</b>
<b>Non-current liabilities</b>			
Lease liabilities		–	189
		–	189
<b>NET ASSETS</b>		<b>47,315</b>	<b>11,707</b>
<b>Capital and reserves</b>			
Share capital	28	18,596	12,000
Reserves	36(a)	28,719	(293)
<b>TOTAL EQUITY</b>		<b>47,315</b>	<b>11,707</b>

The statement of financial position was approved and authorised for issue by the Board of Directors on 21 June 2023 and signed on its behalf by

Tsang Chi Kit  
Director

Yu Chun Fai  
Director

# Notes to the Consolidated Financial Statements

Year ended 31 March 2023

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

### (a) Movements of the reserves

	Share premium HK\$'000 (Note 29(a))	Capital reserve HK\$'000 (Note 29(b))	Convertible bonds reserve HK\$'000 (Note 27)	Exchange reserve HK\$'000 (Note 29(c))	Other reserve HK\$'000 (Note 29(e))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021	31,510	23,107	876	20	-	(45,973)	9,540
Loss for the year and total comprehensive loss for the year	-	-	-	-	-	(23,286)	(23,286)
<b>Transaction with owners</b>							
<i>Contributions and distributions</i>							
Issue of share capital (Note 28)	13,453	-	-	-	-	-	13,453
<b>Total transaction with owners</b>	13,453	-	-	-	-	-	13,453
<b>At 31 March 2022</b>	44,963	23,107	876	20	-	(69,259)	(293)
At 1 April 2022	44,963	23,107	876	20	-	(69,259)	(293)
Loss for the year	-	-	-	-	-	(25,782)	(25,782)
Other comprehensive loss							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Derecognition of exchange reserve upon disposal of an associate	-	-	-	(20)	-	-	(20)
Total comprehensive loss for the year	-	-	-	(20)	-	(25,782)	(25,802)
<b>Transaction with owners</b>							
<i>Contributions and distributions</i>							
Issue of share capital (Note 28)	54,814	-	-	-	-	-	54,814
Extinguishment of convertible bonds (Note 27)	-	-	11,252	-	(11,252)	-	-
<b>Total transaction with owners</b>	54,814	-	11,252	-	(11,252)	-	54,814
<b>At 31 March 2023</b>	99,777	23,107	12,128	-	(11,252)	(95,041)	28,719

## Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years. The financial information for the years ended/as at 31 March 2019, 2020, 2021, 2022 and 2023 are extracted from the consolidated financial statements in the respective annual reports.

### Results of the Group for the year ended 31 March

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	8,379	3,891	12,369	80,845	111,802
Loss before taxation	(31,701)	(39,482)	(31,117)	(4,418)	(5,659)
Income tax (expense) credit	(530)	976	462	(1,157)	(2,446)
<b>Loss for the year</b>	<b>(32,231)</b>	<b>(38,506)</b>	<b>(30,655)</b>	<b>(5,575)</b>	<b>(8,105)</b>

### Assets and liabilities of the Group as at 31 March

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Non-current assets	64,514	23,945	16,058	29,778	25,005
Current assets	46,948	58,055	66,609	64,325	112,043
<b>Total assets</b>	<b>111,462</b>	<b>82,000</b>	<b>82,667</b>	<b>94,103</b>	<b>137,048</b>
Current liabilities	(52,537)	(52,137)	(16,254)	(11,005)	(46,873)
Non-current liabilities	(6,573)	(6,319)	(18,965)	(7,304)	(7,548)
<b>Net assets</b>	<b>52,352</b>	<b>23,544</b>	<b>47,448</b>	<b>75,794</b>	<b>82,627</b>