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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

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

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

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

RESULTS

The Board hereby announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2018, together with the comparative figures of the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		For the three months ended 30 September		For the six months ended 30 September	
		2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)
	<i>Notes</i>				
Revenue	4	25,860	26,116	57,953	42,036
Cost of services rendered		<u>(18,510)</u>	<u>(18,778)</u>	<u>(41,549)</u>	<u>(29,478)</u>
Gross profit		7,350	7,338	16,404	12,558
Other income	5	1	6	23	33
General administrative expenses		(2,402)	(2,036)	(4,764)	(3,810)
Selling and distribution costs		(2,461)	(2,717)	(5,727)	(3,878)
Finance costs	6	(44)	(45)	(88)	(86)
Listing expenses		<u>(5,226)</u>	<u>–</u>	<u>(6,224)</u>	<u>–</u>
(Loss) Profit before taxation	6	(2,782)	2,546	(376)	4,817
Income tax expenses	7	<u>(469)</u>	<u>(1,078)</u>	<u>(1,084)</u>	<u>(1,350)</u>
(Loss) Profit for the period		<u>(3,251)</u>	<u>1,468</u>	<u>(1,460)</u>	<u>3,467</u>
Attributable to:					
Equity holders of the Company		<u>(3,251)</u>	<u>1,468</u>	<u>(1,460)</u>	<u>3,467</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss) Earnings per share attributable to equity holders of the Company					
Basic	8	<u>(0.43)</u>	0.20	<u>(0.19)</u>	0.46
Diluted	8	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
(Loss) Profit for the period	(3,251)	1,468	(1,460)	3,467
Other comprehensive (loss) income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of foreign subsidiaries	<u>479</u>	<u>284</u>	<u>(833)</u>	<u>493</u>
Total comprehensive (loss) income for the period	<u>(2,772)</u>	<u>1,752</u>	<u>(2,293)</u>	<u>3,960</u>
Total comprehensive (loss) income attributable to:				
Equity holders of the Company	<u>(2,772)</u>	<u>1,752</u>	<u>(2,293)</u>	<u>3,960</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

		At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
	Notes		
Non-current assets			
Property, plant and equipment	10	12,259	11,999
Intangible assets	11	1,383	1,335
Deferred tax assets	15	224	279
		<u>13,866</u>	<u>13,613</u>
Current assets			
Trade receivables	12	37,724	42,311
Other receivables	12	8,922	7,740
Income tax recoverable		959	666
Restricted funds	13	1,559	1,963
Bank balances and cash		17,884	21,664
		<u>67,048</u>	<u>74,344</u>
Current liabilities			
Trade payables	14	39,283	44,274
Other payables	14	4,986	2,650
Due to ultimate holding company	14	3,262	5,684
Withholding tax payable		–	582
		<u>47,531</u>	<u>53,190</u>
Net current assets		<u>19,517</u>	<u>21,154</u>
Total assets less current liabilities		<u>33,383</u>	<u>34,767</u>
Non-current liabilities			
Deferred tax liabilities	15	1,213	1,213
Other long-term liabilities	16	1,861	1,936
		<u>3,074</u>	<u>3,149</u>
NET ASSETS		<u><u>30,309</u></u>	<u><u>31,618</u></u>
Capital and reserves			
Share capital	17	–	–
Reserves	18	30,309	31,618
TOTAL EQUITY		<u><u>30,309</u></u>	<u><u>31,618</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Accumulated profits HK\$'000	
At 1 April 2017 (audited)	–	3,296	(717)	1,199	15,290	19,068
Profit for the period	–	–	–	–	3,467	3,467
Other comprehensive income						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign subsidiaries	–	–	493	–	–	493
Total comprehensive income for the period	–	–	493	–	3,467	3,960
At 30 September 2017 (unaudited)	–	3,296	(224)	1,199	18,757	23,028
At 1 April 2018 (audited)	–	14,422	1,801	1,199	14,196	31,618
Loss for the period	–	–	–	–	(1,460)	(1,460)
Other comprehensive loss						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign subsidiaries	–	–	(833)	–	–	(833)
Total comprehensive loss for the period	–	–	(833)	–	(1,460)	(2,293)
Transactions with owners						
<i>Contribution and distributions</i>						
Dividends to shareholders (Note 9)	–	–	–	–	(5,000)	(5,000)
Listing expenses borne by China Smartpay (as defined in note 1) (Note 18(a))	–	5,984	–	–	–	5,984
At 30 September 2018 (unaudited)	–	20,406	968	1,199	7,736	30,309

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

		For the six months ended 30 September	
	Note	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operations	20	2,740	6,639
Interest paid		–	(334)
Income tax paid		(1,935)	(1,531)
Net cash from operating activities		805	4,774
INVESTING ACTIVITIES			
Interest received		23	26
Purchase of property, plant and equipment		(2,603)	(3,150)
Purchase of intangible assets		(235)	(240)
Net cash used in investing activities		(2,815)	(3,364)
FINANCING ACTIVITIES			
Dividends paid		(1,500)	–
Net cash used in financing activities		(1,500)	–
Net (decrease) increase in cash and cash equivalents		(3,510)	1,410
Cash and cash equivalents at the beginning of the period		21,664	15,150
Effect on exchange rate changes		(270)	305
Cash and cash equivalents at the end of the period, represented by bank balances and cash		17,884	16,865

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at Unit 2606, 26/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in merchant acquiring business in Thailand.

In preparing for the initial listing of the shares of the Company (the "**Shares**") on GEM of the Stock Exchange (the "**Listing**"), the Group underwent a group reorganisation (the "**Reorganisation**") to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 18 September 2018. Details of the Reorganisation are more fully explained in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" of the prospectus of the Company dated 27 September 2018 (the "**Prospectus**"). The Group resulting from the Reorganisation is under the control of China Smartpay Group Holdings Limited ("**China Smartpay**") prior to and after the Reorganisation.

The unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2018 and 2017 have been prepared on the basis as if the current group structure has been in existence throughout the periods. The condensed consolidated statement of financial position of the Group as at 31 March 2018 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence as at that date.

The Shares were listed on GEM on 16 October 2018.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 (the "**Interim Financial Statements**") have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2018, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard (“**HKAS**”) and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s combined financial information for the year ended 31 March 2018 as included in the Accountants’ Report as set out in Appendix I of the Prospectus (the “**2018 Financial Information**”).

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

Except for HKFRS 9 and HKFRS 15 as set out below, the accounting policies and methods of computation applied in preparation of the Interim Financial Statements are consistent with those applied in preparing the 2018 Financial Information.

HKFRS 9 “Financial Instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is the impairment of financial assets, of which HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. In particular, the expected credit loss model may result in earlier recognition of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost.

Considered that the major debtor is an authorised financial institution with high credit ratings and there is no history of default or late payment, the directors assessed the implementation of the expected credit loss model would not result in any significant impact on the amounts reported in respect of the Group’s financial performance and position upon initial adoption of HKFRS 9.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group considered that the performance obligations that identified under HKFRS 15 are similar to the current identification of revenue components under the Group’s existing revenue recognition policy developed under HKAS 18 and therefore, the adoption of HKFRS 15 would have no significant impact on recognition of revenue.

2. ADOPTION OF NEW/REVISED HKFRSs

In addition to HKFRS 9 and HKFRS 15 as mentioned above, the adoption of the following new/revised HKFRSs that effective from the current period had no significant effects on the financial performance and financial position of the Group for the current and prior periods.

HK (IFRIC) – Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based</i>
	<i>Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4</i>
	<i>Insurance Contracts</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
Annual Improvement to HKFRSs	<i>2014-2016 Cycle: HKFRS 1 and HKAS 28</i>

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 April 2018.

3. SEGMENT INFORMATION

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

Geographical information

The Group's operation is mainly located in Thailand.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment 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).

Revenue from external customers

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Thailand	25,860	26,116	57,953	41,460
PRC	—	—	—	576
	<u>25,860</u>	<u>26,116</u>	<u>57,953</u>	<u>42,036</u>

Specified non-current assets

	At 30 September 2018 HK\$'000 (unaudited)	At 31 March 2018 HK\$'000 (audited)
Thailand	13,599	13,282
Hong Kong	<u>43</u>	<u>52</u>
	<u>13,642</u>	<u>13,334</u>

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	For the six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A and its affiliates	26,525	19,141
Customer B and its affiliates	<u>12,775</u>	<u>9,669</u>

4. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Merchant discount rate income	20,233	20,077	45,145	31,791
Foreign exchange rate discount income	5,594	6,039	12,775	9,669
Marketing service income	33	–	33	576
	<u>25,860</u>	<u>26,116</u>	<u>57,953</u>	<u>42,036</u>

5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	1	–	23	26
Other income	–	6	–	7
	<u>1</u>	<u>6</u>	<u>23</u>	<u>33</u>

6. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Finance costs				
Finance costs on other long-term liabilities	<u>44</u>	<u>45</u>	<u>88</u>	<u>86</u>
Staff costs, including key management's remuneration				
Salaries, allowances and other short-term employee benefits	993	838	1,968	1,717
Contribution to defined contribution plans	<u>23</u>	<u>20</u>	<u>46</u>	<u>43</u>
	<u>1,016</u>	<u>858</u>	<u>2,014</u>	<u>1,760</u>
Other items				
Amortisation of intangible assets (included in "selling and distribution costs")	72	57	134	103
Depreciation of property, plant and equipment	951	710	1,872	1,281
Exchange (gain) loss, net	(6)	45	9	48
Operating lease payments on premises	<u>190</u>	<u>180</u>	<u>378</u>	<u>352</u>

7. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)
Current tax				
Thailand Enterprise Income Tax	440	423	1,029	695
Withholding tax on dividend declared by a foreign subsidiary	—	655	—	655
	<u>440</u>	<u>1,078</u>	<u>1,029</u>	<u>1,350</u>
Deferred tax				
Utilisation of tax losses	29	—	55	—
	<u>29</u>	<u>—</u>	<u>55</u>	<u>—</u>
Income tax expenses for the period	<u>469</u>	<u>1,078</u>	<u>1,084</u>	<u>1,350</u>

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

Hong Kong Profits Tax at the rate of 16.5% (2017: 16.5%) has not been provided for the period as the estimated assessable profits arising in or derived from Hong Kong are wholly absorbed by unrelieved tax losses brought forward from previous years.

Thailand Enterprise Income Tax has been provided at the rate of 20% on the estimated assessable profits of the operation arising from Thailand.

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

8. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) Profit for the period attributable to equity holders of the Company	<u>(3,251)</u>	<u>1,468</u>	<u>(1,460)</u>	<u>3,467</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	<u>750,000,000</u>	<u>750,000,000</u>	<u>750,000,000</u>	<u>750,000,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Capitalisation Issue (as defined in note 17) as disclosed in note 17 had been effective on 1 April 2017.

No diluted (loss) earnings per share for both periods was presented as there were no potential ordinary shares in issue during both periods.

9. DIVIDENDS

On 18 September 2018, special dividends of HK\$5,000,000 were declared to the equity holders of the entities now comprising the Group prior to the completion of the Reorganisation. The amount was settled in full by cash and offsetting against the portion of listing expenses borne and to be borne by China Smartpay. No other dividend has been declared nor paid by the Group for the six months ended 30 September 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group incurred expenditures on property, plant and equipment with total cost of approximately HK\$2,603,000 (2017: approximately HK\$3,150,000) and no property, plant and equipment has been disposed or impaired by the Group for both periods.

11. INTANGIBLE ASSETS

During the six months ended 30 September 2018, the Group incurred expenditures on intangible assets with total cost of approximately HK\$235,000 (2017: approximately HK\$240,000) and no intangible assets has been disposed or impaired by the Group for both periods.

12. TRADE AND OTHER RECEIVABLES

		At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Trade receivables			
From third parties	12(a)	<u>37,724</u>	<u>42,311</u>
Other receivables			
Deposits		1,982	695
Prepayments		6,394	5,658
Other debtors		<u>546</u>	<u>1,387</u>
		<u>8,922</u>	<u>7,740</u>

12(a) Trade receivables

The Group normally allows a credit period up to 90 days to its trade debtors. The ageing analysis of trade receivables prepared based on transaction date is as follows:

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Within 30 days	<u>37,724</u>	<u>42,311</u>

13. 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 balance cannot be used by the Group for any other purposes. The restricted bank balances are denominated in Thai Baht (“**Baht**”).

14. TRADE AND OTHER PAYABLES

		At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Trade payables			
To third parties	<i>14(a)</i>	<u>39,283</u>	<u>44,274</u>
Other payables			
Accrued charges and other creditors		<u>4,986</u>	<u>2,650</u>
Due to ultimate holding company	<i>14(b)</i>	<u>3,262</u>	<u>5,684</u>

14(a) Trade payables

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

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Within 30 days	<u>39,283</u>	<u>44,274</u>

14(b) Due to ultimate holding company

The amount due to ultimate holding company is non-trade in nature, unsecured, interest-free and repayable on demand. The amount was subsequently settled before the Listing by offsetting against the portion of listing expenses borne by China Smartpay for the Listing.

15. DEFERRED TAXATION

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Assets		
Tax losses	<u>224</u>	<u>279</u>
Liabilities		
Withholding tax on undistributed earnings of a foreign subsidiary	<u>(1,213)</u>	<u>(1,213)</u>

Deferred tax assets are recognised in respect of the tax losses carried forward to the extent that it is probable that future taxable profit will be available to utilise such tax losses. During the six months ended 30 September 2018, approximately HK\$55,000 of deferred tax assets were utilised based on the estimation of assessable profit arising in or derived from Hong Kong.

Deferred tax liabilities of approximately HK\$1,213,000 has been recognised for the future withholding tax implications of the portion of undistributed earnings in Thailand that may be distributed in the foreseeable future. After considering the retained earnings available for distribution in the foreseeable future, no provision for additional deferred taxation has been provided for both periods.

16. OTHER LONG TERM LIABILITIES

Other long-term liabilities represent the preference shares issued by Oriental City Group (Thailand) Company Limited (“**OCG Thailand**”), which is one of the subsidiaries of the Group. The holders of such preference shares have the following rights:

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

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

At 30 September 2018, the Group had an outstanding amount due to a non-controlling shareholder of Baht 7,650,000 (equivalent to approximately HK\$1,861,000) (31 March 2018: Baht 7,650,000 (equivalent to approximately HK\$1,936,000) in respect of the issued and paid-up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% per annum (31 March 2018: 9.5% per annum), with an accrued dividend payable of approximately Baht 364,000 (equivalent to approximately HK\$88,000) (31 March 2018: Nil) as included in “Trade and Other payables”.

17. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 January 2018 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same day, 1 ordinary share of HK\$0.01 each was issued at par to the initial subscriber and transferred to Charm Act Group Limited. 69 ordinary Shares, 21 ordinary Shares and 9 ordinary Shares were further allotted and issued to Charm Act Group Limited, Straum Investments Limited and Original Fortune Group Limited respectively on the same day.

Pursuant to the resolutions in writing of the Company's shareholders passed on 18 September 2018, subject to the share premium account of the Company being credited as a result of the issue of the Company's new shares pursuant to the Listing, the directors of the Company were authorised to allot and issue a total of 749,999,800 Shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$7,499,998 standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**") and the Shares to be allotted and issued pursuant to this resolution shall carry the same rights as all Shares in issue (save for the rights to participate in Capitalisation Issue). The Capitalisation Issue was fully completed on 16 October 2018.

On 16 October 2018, the Shares of the Company were listed on GEM and 250,000,000 new shares were issued at HK\$0.22 per share by way of public offer and placing of the shares (the "**Share Offer**"). The gross proceeds for the Share Offer amounted to HK\$55,000,000.

18. RESERVES

(a) Capital Reserve

The capital reserve represents 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).

In addition, it was agreed with China Smartpay that 90% and 10% of the total listing expenses were borne by China Smartpay and the Group, respectively. Upon recognition of those expenses shared by China Smartpay, a capital contribution from China Smartpay was recorded in the Group's equity.

For the six months ended 30 September 2018, capital reserve of approximately HK\$5,984,000 (2017: Nil) has been recognised as capital contribution from China Smartpay.

(b) Exchange Reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries.

(c) 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.

19. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2018 and 2017, information of the related party transactions is set out below.

Remuneration for key management personnel (including directors) of the Group:

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and allowances	140	93	282	181
Contributions to defined contribution retirement schemes	3	1	6	1
	<u>143</u>	<u>94</u>	<u>288</u>	<u>182</u>

20. CASH GENERATED FROM OPERATIONS

	For the six months ended 30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss) Profit before taxation	(376)	4,817
Depreciation	1,872	1,281
Amortisation	134	103
Bank interest income	(23)	(26)
Exchange difference	38	(26)
Finance costs	88	86
Listing expenses borne by China Smartpay	5,984	–
Changes in working capital		
Restricted funds	328	(1,717)
Trade and other receivables	1,555	(22,939)
Trade and other payables	(6,860)	25,060
Cash generated from operations	<u>2,740</u>	<u>6,639</u>

21. OPERATING LEASE COMMITMENT

The Group leases a number of office premises under operating leases. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Within one year	489	20
In the second to fifth years inclusive	149	–
	<u>638</u>	<u>20</u>

22. EVENT AFTER THE REPORTING PERIOD

On 16 October 2018, the Shares were listed on GEM by way of Share Offer. 250,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.22 per share. On the same date, 749,999,800 ordinary Shares were issued through capitalisation of HK\$7,499,998 standing to the credit of share premium account of the Company.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 14 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

The Group is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand.

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

During the period, the Group faced the risks of uncertainties in Thailand’s economic outlook and its relationship with China, which would affect Chinese tourists’ spending sentiments in Thailand. The management would closely monitor the market conditions and adjust the Group’s business strategies to cope with the fluctuation in transaction value derived from its merchant network.

In July 2018, a boat carrying 105 people, mostly Chinese, sank on the way back from a popular snorkeling spot off the southern resort island of Phuket, causing a final death toll of 47 Chinese nationals. The situation worsened when the Deputy Prime Minister, General Prawit Wongsuwan, blamed Chinese tour operators in Phuket for the deadly accident. The speech caused rage among Chinese and a boycott was called. The Deputy Prime Minister then offered apology but not accepted by many Chinese. Our Directors are of the view that such incident had an adverse impact on our revenue and net profit for the respective periods.

The Group recorded transaction value of approximately Baht7,580 million for the three months ended 30 June 2018 as compared with Baht3,859 million for the same period in 2017. The significant increase in transaction value by approximately Baht3,721 million or approximately 96.4% for the first three months of the reporting period was mainly attributable to the marketing promotion and incentive campaigns launched to the key merchants for boosting their transaction value. Due to the aforementioned boat incident, the transaction value for July to September 2018 was adversely impacted and there was an insignificant decrease in transaction value by 0.9% when comparing with the same period in 2017. The Group recorded an overall transaction value of Baht13,910 million for the six months ended 30 September 2018 as compared with Baht10,243 million for the same period in 2017, representing an increase by approximately Baht3,667 million, or approximately 35.8%.

The Shares were successfully listed on GEM on 16 October 2018. The proceeds raised have strengthened the Group's cash flow and the Group will implement its future plans and business strategies as set out in the section headed "Business Objectives, Future Plans and Use of Proceeds" in the Prospectus.

Looking forward, the Group continues to remain cost conscious through stringent cost control measures in order to improve performance of the Group. The Group will proactively seek business opportunities that will contribute and sustain the Group's future development on generating better return to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2018, the Group recorded total revenue of approximately HK\$57.9 million (2017: approximately HK\$42.0 million), which included i) merchant discount rate income of approximately HK\$45.1 million (2017: approximately 31.8 million); ii) foreign exchange rate discount income of approximately HK\$12.8 million (2017: approximately HK\$9.7 million); and iii) marketing service income of approximately HK\$33,000 (2017: approximately HK\$576,000). There was an increase in merchant discount rate income and foreign exchange rate discount income by approximately HK\$13.4 million and HK\$3.1 million respectively when comparing with the same period in 2017. The increase in these two income streams was in line with the increase in transaction value processed by our Group by approximately Baht3,667 million for the period. The marketing service income remained insignificant to our Group's revenue for the period.

Cost of services rendered

Cost of services rendered of the Group includes the IT network service fee and franchise license fee for the merchant acquiring business. Total cost of services rendered for the six months ended 30 September 2018 amounted to approximately HK\$41.5 million (2017: approximately HK\$29.5 million). The increase in cost of services rendered by approximately 40.9% was in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit for the six months ended 30 September 2018 amounted to approximately HK\$16.4 million, representing an increase of approximately HK\$3.8 million or approximately 30.6% as compared to approximately HK\$12.6 million for the same period in 2017, which was in line with the increase in revenue. The gross profit margin dropped slightly to approximately 28.3% for the six months ended 30 September 2018 as compared with 29.9% for the same period in 2017. The slight decrease was due to the decrease in foreign exchange rate discount income to approximately 22.0% of total revenue for the six months ended 30 September 2018 as compared with 23.0% for the same period in 2017.

General administrative expenses

The general administrative expenses of the Group for the six months ended 30 September 2018 amounted to approximately HK\$4.8 million. (2017: approximately HK\$3.8 million) The increase in general administrative expenses by approximately 25.0% was mainly due to the aggregate effect of (i) increase in staff costs for administrative employees, (ii) the increase in the preliminary expenses including rental expenses and consulting fee for Cambodia office, (iii) the increase in office & utilities expenses, and (iv) the increase in withholding tax as a result of increase in franchise license fee charged by UPI, which is subject to withholding tax.

Selling and distribution costs

The Group recorded selling and distribution costs of approximately HK\$5.7 million (2017: approximately HK\$3.9 million) for the six months ended 30 September 2018. The increase in selling and distribution costs by approximately 47.7% was mainly due to the aggregate effect of (i) increase in depreciation and amortisation expenses, and (ii) the increase in our advertising and promotion expenses in providing incentives to our major merchants in boosting the transaction value.

Finance costs

The finance costs amounted to approximately HK\$88,000 for the six months ended 30 September 2018 (2017: approximately HK\$86,000). The amount represented the cumulative dividend accrued to a non-controlling shareholder in respect of the paid-up amount of the preference shares issued by OCG Thailand. There is no change in the paid-up amount of the preference shares and therefore no significant change in finance costs for both periods.

(Loss) Profit for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$1.5 million for the six months ended 30 September 2018 (2017: net profit of approximately HK\$3.5 million). The decrease in net profit was mainly attributable to the listing expenses incurred for the Listing.

Liquidity and financial resources

As at 30 September 2018, the Group had current assets of approximately HK\$67.0 million (31 March 2018: approximately HK\$74.3 million) including bank balances and cash of approximately HK\$17.9 million (31 March 2018: approximately HK\$21.7 million). Total assets and total liabilities were approximately HK\$80.9 million (31 March 2018: approximately HK\$88.0 million) and HK\$50.6 million (31 March 2018: approximately HK\$56.3 million) respectively as at 30 September 2018.

The gearing ratio, which is calculated by dividing total debt (amount due to ultimate holding company and other long-term liabilities) by total equity, was 16.9% as at 30 September 2018 (31 March 2018: 24.1%).

The Directors are of the view that the Group's financial resources are sufficient to support its business and operations.

Capital Structure

As at 30 September 2018, total equity attributable to equity holders of the Company amounted to approximately HK\$30.3 million (31 March 2018: approximately HK\$31.6 million).

Treasury policy

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

Foreign exchange exposure

The Group mainly operates in Thailand with transactions denominated in Baht. The Group exposed to foreign exchange risk as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As at 30 September 2018, the Group has outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$4.0 million (equivalent to approximately HK\$31.3 million) (31 March 2018: US\$6.0 million (equivalent to approximately HK\$47.1 million)). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as at 30 September 2018.

Significant investment, material acquisitions and disposals

During the six months ended 30 September 2018, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of listing of the Shares as set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

Segment information

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

Charges on the Group's assets

There was no charge on the Group's assets as at 30 September 2018.

Contingent liabilities

As at 30 September 2018, the Group did not have any significant contingent liabilities.

Interim dividend

For the six months ended 30 September 2018, special dividends of HK\$5.0 million (2017: Nil) were declared to the equity holders of the entities now comprising the Group prior to the completion of the Reorganisation. No other interim dividend declared for the six months ended 30 September 2018.

Employees information

As at 30 September 2018, the Group had a total of 21 employees (31 March 2018: 20 employees) of whom 4 (31 March 2018: 4) were based in Hong Kong, 17 were based in Thailand (31 March 2018: 16). For the six months ended 30 September 2018, the total staff costs, including key management's remuneration, amounted to approximately HK\$2.0 million (30 September 2017: approximately HK\$1.8 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.

Use of Proceeds

The Shares were listed on GEM on 16 October 2018 by way of Share Offer. The Directors intend to apply the net proceeds from the Share Offer in accordance with the proposed applications as set out in the section headed "Business Objectives, Future Plans and Use of Proceeds" in the Prospectus. There was no utilisation of the net proceeds as at 30 September 2018. The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$51.1 million. The Group intends to utilise the net proceeds allocated for the respective purposes according to the percentage of proceeds as disclosed in the Prospectus:

	HK\$ million	Total % of proceeds
Continuously improving the availability and enhancing functions of our stock of smart POS terminals	12.8	25.0
Developing our acquiring host system	8.1	15.9
Strengthening and broadening our marketing initiatives	1.2	2.3
Recruiting new talents	2.2	4.3
Extending our payment processing services to cover other payment network associations	15.1	29.6
Expanding to Cambodia	6.6	12.9
Working Capital	5.1	10.0
	<u>51.1</u>	<u>100.0</u>

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

As at 30 September 2018, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) 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:

Long position in the Shares, underlying shares and debentures of the Company and its associated corporations

Name of Directors and chief executive	Capacity/Nature Interest	Relevant company (including associated corporation)	Number of shares held/ interested in	Approximate percentage of issued share capital of the Company or associated corporation
Mr. Yu Chun Fai (“Mr. Yu”) (Note 2)	Interest in a controlled corporation	the Company	157,500,000	15.75% (Note 1)
	Beneficial owner	Straum Investments Limited (“Straum Investments”)	1	100%

Notes:

- (1) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 30 September 2018.
- (2) Mr. Yu holds the entire issued share capital of Straum Investments. Straum Investments, in turn, directly holds 157,500,000 Shares. Accordingly, Mr. Yu is deemed to be interested in the 157,500,000 Shares which Straum Investments is interested in by virtue of the disclosure requirements of the SFO.

Save as disclosed above, as at 30 September 2018, none of the other Directors nor chief executive of the Company have registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) pursuant to Rule 5.46 to 5.47 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 September 2018, so far as known to the Directors, the following persons/entities (other than the Directors and the chief executive of the Company) had interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Long position in Shares or underlying shares of the Company

Name	Capacity/ Nature of interest	Number of shares of HK\$0.01 each in the share capital of the Company ("Shares")	Approximate percentage of issued Shares (Note 1)
Charm Act Group Limited ("Charm Act") (Note 2)	Beneficial owner	525,000,000	52.50%
China Smartpay (Note 2)	Interest of a controlled corporation	525,000,000	52.50%
Straum Investments (Note 3)	Beneficial owner	157,500,000	15.75%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 4)	Interests of spouse	157,500,000	15.75%
Original Fortune Group Limited ("Original Fortune") (Note 5)	Beneficial owner	67,500,000	6.75%
Mr. Sung Hak Keung, Andy ("Mr. Sung") (Note 5)	Interest of a controlled corporation	67,500,000	6.75%

Notes:

- (1) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 30 September 2018.
- (2) China Smartpay holds the entire issued share capital of Charm Act. Charm Act, in turn, directly holds 525,000,000 Shares. Accordingly, China Smartpay is deemed to be interested in the 525,000,000 Shares which Charm Act is interested in by virtue of the disclosure requirements of the SFO.
- (3) Mr. Yu holds the entire issued share capital of Straum Investments. Straum Investments, in turn, directly holds 157,500,000 Shares. Accordingly, Mr. Yu is deemed to be interested in the 157,500,000 Shares which Straum Investments is deemed to be interested in by virtue of the disclosure requirements of the SFO.

- (4) Ms. Choi is the wife of Mr. Yu and Mr. Yu is deemed to be interested in the 157,500,000 Shares per Note (3) above. Accordingly, Ms. Choi is deemed to be interested in the 157,500,000 Shares which Mr. Yu is deemed to be interested in by virtue of the disclosure requirements of the SFO.
- (5) Mr. Sung holds the entire issued share capital of Original Fortune. Original Fortune, in turn, directly holds 67,500,000 Shares. Accordingly, Mr. Sung is deemed to be interested in the 67,500,000 Shares which Original Fortune is interested in by virtue of the disclosure requirements of the SFO.

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any other persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the review period.

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

There is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules.

CORPORATE GOVERNANCE

Our Company has adopted principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the “CG Code”). Except for the deviation from paragraph A.2.1 of the CG Code as stated below, our Company's corporate governance practises have complied with the CG Code.

Paragraph A.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. Mr. Yu is the Chairman and the chief executive officer of our Company. Taking into account that Mr. Yu is the founder of our Group and has been managing the business of our Group since its establishment, with the extensive experience and knowledge in the business of our Group, the Board believes that it is in the best interest of our Group to have Mr. Yu taking up both the roles of Chairman and chief executive officer for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code to be appropriate in such circumstance.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save and except for their respective interest in our Company, none of the Directors and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competed or might compete with the business of the Group up to the six months ended 30 September 2018.

DEED OF NON-COMPETITION

A deed of non-competition dated 18 September 2018 (the “**Deed of Non-competition**”) executed by China Smartpay and Charm Act in favour of the Company (for itself and for the benefit of its subsidiaries) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed “Relationship with Controlling Shareholders and Non-competition Undertaking – Deed of Non-competition” to the Prospectus.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard of dealing and the Company's code of conduct for securities transactions throughout the six months ended 30 September 2018.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Ample Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 24 September 2018, neither our compliance advisor nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) has been adopted by way of shareholder's written resolution passed on 18 September 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 September 2018.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. As at 30 September 2018, the audit committee comprised three independent non-executive Directors, namely Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po. Mr. Chung, Wai Chuen Alfred is the chairman of the audit committee.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2018 have been reviewed by the audit committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

By Order of the Board
Oriental Payment Group Holdings Limited
Yu Chun Fai
Chairman and Executive Director

Hong Kong, 14 November 2018

As at the date of this announcement, the executive Director is Mr. Yu Chun Fai; the non-executive Director is Mr. Xiong Wensen; and the independent non-executive Directors are Mr. Chung, Wai Chuen Alfred, Ms. Huang Ping and Mr. Ng Ka Po.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page and the website of the Company at www.ocg.com.hk for at least 7 days from the date of its publication.