

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



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 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Oriental Payment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2023. This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany the preliminary announcement of the interim results.

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

Hong Kong, 9 November 2023

As at the date of this announcement, the Board comprises Mr. Tsang Chi Kit as executive Director, Mr. Shiu Shu Ming as non-executive Director and Ir Dr. Ng Yu Ki and Mr. Tong Tsz Kwan as independent non-executive Directors.

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

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



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

INTERIM REPORT



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

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

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

RESULTS

The board (the “Board”) of Directors hereby announces the unaudited condensed consolidated financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023 (the “Reporting Period”), together with the comparative figures of the corresponding period in 2022 (the “Corresponding Period” or “2022”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	5,159	1,054	10,537	3,517
Cost of services rendered		(4,101)	(1,148)	(8,006)	(2,922)
Gross profit (loss)		1,058	(94)	2,531	595
Other income	4	174	413	4,690	777
General administrative expenses		(4,858)	(4,951)	(14,878)	(12,876)
Selling and distribution costs		(6,901)	(1,348)	(8,845)	(4,695)
Loss on modification of convertible bonds	18	–	(1,100)	–	(1,100)
Finance costs	5	(769)	(766)	(1,572)	(2,243)
Share of results of an associate		–	(355)	–	(355)
Loss before tax	5	(11,296)	(8,201)	(18,074)	(19,897)
Income tax expenses	6	–	–	–	–
Loss for the period		(11,296)	(8,201)	(18,074)	(19,897)
Attributable to:					
Equity holders of the Company		(11,296)	(8,201)	(18,074)	(19,897)
		HK cents	HK cents	HK cents	HK cents
Loss per share attributable to equity holders of the Company					
Basic	7	(0.60)	(0.68)	(0.97)	(1.66)
Diluted	7	(0.60)	(0.68)	(0.97)	(1.66)

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

For the six months ended 30 September 2023

Notes	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period	(11,296)	(8,201)	(18,074)	(19,897)
Other comprehensive loss				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of foreign subsidiaries	(133)	(254)	(126)	(606)
Other comprehensive loss for the period, net of tax	(133)	(254)	(126)	(606)
Total comprehensive loss for the period	(11,429)	(8,455)	(18,200)	(20,503)
Total comprehensive loss attributable to:				
Equity holders of the Company	(11,429)	(8,455)	(18,200)	(20,503)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Non-current assets			
Financial asset at fair value through profit or loss		300	300
Property, plant and equipment	10	47,950	52,948
Right-of-use assets		1,116	1,557
Intangible assets	11	7,984	9,709
		57,350	64,514
Current assets			
Trade receivables	12	13,320	8,326
Other receivables	12	11,432	24,378
Income tax recoverable		2,380	2,560
Restricted funds	13	205	669
Bank balances and cash		6,907	11,015
		34,244	46,948
Current liabilities			
Trade payables	14	13,421	8,614
Other payables	14	15,695	18,109
Bond payable	15	3,898	13,004
Lease liabilities		961	975
Liability component of convertible bonds	18	11,865	11,835
		45,840	52,537
Net current liabilities		(11,596)	(5,589)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2023

	Notes	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Total assets less current liabilities		45,754	58,925
Non-current liabilities			
Lease liabilities		212	653
Deferred tax liabilities	16	40	40
Other long-term liabilities	17	5,467	5,880
		5,719	6,573
NET ASSETS		40,035	52,352
Capital and reserves			
Share capital	19	18,981	18,596
Reserves	20	21,054	33,756
TOTAL EQUITY		40,035	52,352

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000 (Note 19)	Share premium HK\$'000 (Note 20(a))	Capital reserve HK\$'000 (Note 20(b))	Convertible bonds reserve HK\$'000 (Note 18)	Exchange reserve HK\$'000 (Note 20(c))	Statutory reserve HK\$'000 (Note 20(d))	Accumulated losses HK\$'000	
At 1 April 2022 (audited)	12,000	44,963	37,529	876	622	1,199	(73,645)	23,544
Loss for the period	-	-	-	-	-	-	(19,897)	(19,897)
Other comprehensive loss <i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(606)	-	-	(606)
Total comprehensive loss for the period	-	-	-	-	(606)	-	(19,897)	(20,503)
At 30 September 2022 (unaudited)	12,000	44,963	37,529	876	16	1,199	(93,542)	3,041

	Attributable to equity holders of the Company								Total HK\$'000
	Share capital HK\$'000 (Note 19)	Share premium HK\$'000 (Note 20(a))	Capital reserve HK\$'000 (Note 20(b))	Convertible bonds reserve HK\$'000 (Note 18)	Exchange reserve HK\$'000 (Note 20(c))	Statutory reserve HK\$'000 (Note 20(d))	Other reserve HK\$'000 (Note 20(e))	Accumulated losses HK\$'000	
At 1 April 2023 (audited)	18,596	99,777	37,529	12,128	251	1,199	(11,252)	(105,876)	52,352
Loss for the period	-	-	-	-	-	-	-	(18,074)	(18,074)
Other comprehensive loss <i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(126)	-	-	-	(126)
Total comprehensive loss for the period	-	-	-	-	(126)	-	-	(18,074)	(18,200)
Transaction with owners <i>Contributions and distributions</i>									
Issue of share capital (Note 19)	385	5,498	-	-	-	-	-	-	5,883
Total transaction with owners	385	5,498	-	-	-	-	-	-	5,883
At 30 September 2023 (unaudited)	18,981	105,275	37,529	12,128	125	1,199	(11,252)	(123,950)	40,035

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Note	For the six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from (used in) operations	22	141	(10,964)
Interest paid		(1,147)	(358)
Interest received		1,091	509
Net cash from (used in) operating activities		85	(10,813)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,257)	(954)
Disposal of subsidiaries	9	(147)	–
Net cash used in investing activities		(1,404)	(954)
FINANCING ACTIVITIES			
Repayment of leases liabilities		(451)	(744)
Repayment of bond		(8,162)	(4,500)
Issue of share capital, net of issue costs	19	5,883	–
Net cash used in financing activities		(2,730)	(5,244)
Net decrease in cash and cash equivalents		(4,049)	(17,011)
Cash and cash equivalents at the beginning of the reporting period		11,015	31,410
Effect on exchange rate changes		(59)	(577)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash		6,907	13,822

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Oriental Payment Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company’s shares were listed on GEM of 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 in Hong Kong is situated at Room 5, 17/F, 80 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in merchant acquiring business in Thailand and the Philippines.

The unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the Hong Kong Accounting Standards 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, incomes 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 2023, 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 audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Audited Consolidated Financial Statements**”).

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2023 Audited Consolidated Financial Statements.

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.

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

For the six months ended 30 September 2023

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

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

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

The Interim Financial Statements have been reviewed by the audit committee of the Board but have not been reviewed or audited by the Company's auditor.

Going Concern

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$11,596,000 at 30 September 2023. In addition, the Group incurred a loss of approximately HK\$18,074,000 for the period ended 30 September 2023. There is a material uncertainty related to these matters 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.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the Interim Financial Statements, after taking into consideration of 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.

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

For the six months ended 30 September 2023

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

Going Concern *(Continued)*

The Directors are of the opinion that, in light of the measures taken to date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The Directors believe that the aforementioned measures will be effective, with the continuous efforts of the management of the Group. Accordingly, the Directors consider that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

2. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on merchant acquiring business in Thailand and the Philippines during the Reporting Period. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs that are regularly reviewed by the executive Directors, the chief operating decision makers of the Group. 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

2. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenue from external customers

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Thailand	5,134	904	10,368	3,099
The Philippines	25	–	139	–
Unallocated <Note>	–	150	30	418
	5,159	1,054	10,537	3,517

(b) Specified non-current assets

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Hong Kong	1,212	1,630
Thailand	5,608	13,087
The Philippines	50,230	49,465
Unallocated <Note>	–	32
	57,050	64,214

<Note>

Preparation of the Environmental, Social and Governance (“ESG”) Reports (“ESG Reporting Services”) and consultancy services on ESG (“ESG Consultancy Services”) are not considered as a reporting operating segment.

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

For the six months ended 30 September 2023

2. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the periods ended 30 September 2023 and 2022 is as follows:

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Customer A and its affiliates	2,174	<i>Note</i>
Customer B and its affiliates	1,454	<i>Note</i>
Customer C and its affiliates	<i>Note</i>	633
Customer D and its affiliates	<i>Note</i>	398

<Note>

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

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

For the six months ended 30 September 2023

3. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from contracts with customers within HKFRS 15				
Merchant discount rate income ("MDR income")	4,773	701	9,102	2,441
Marketing and distribution service income	370	15	930	25
ESG Consultancy Services income	–	150	30	300
ESG Reporting Services income	–	–	–	118
	5,143	866	10,062	2,884
Revenue from other sources				
Foreign exchange rate discount income	16	188	475	633
	5,159	1,054	10,537	3,517

4. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Bank interest income	44	8	102	14
Gain on disposal of subsidiaries (Note 9)	–	–	4,296	–
HKSAR Government subsidies	–	166	–	302
Other interest income	130	178	290	365
Sundry income	–	61	2	96
	174	413	4,690	777

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

For the six months ended 30 September 2023

5. LOSS BEFORE TAX

This is stated after charging:

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Finance costs				
Effective interest expenses				
on convertible bonds	279	64	526	816
Finance charges on lease liabilities	8	7	18	16
Interest expenses for financial liabilities at amortised cost	246	317	492	659
Interest expenses on bond payable	236	378	536	752
	769	766	1,572	2,243
Staff costs, including key management's remuneration				
Salaries, allowances and other short-term employee benefits	1,429	3,964	3,739	7,754
Contributions to defined contribution plans	40	71	85	134
	1,469	4,035	3,824	7,888
Other items				
Amortisation of intangible assets (included in "Selling and distribution costs")	701	391	1,415	792
Depreciation of property, plant and equipment	2,785	759	5,826	1,535
Depreciation of right-of-use assets	217	373	437	747

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

For the six months ended 30 September 2023

6. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Income tax expenses for the period	-	-	-	-

(a) Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% (2022: 16.5%) has not been provided as the Group incurred a loss for taxation purpose for the Reporting Period and the Corresponding Period.

(b) Income taxes outside Hong Kong

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

Thailand Corporate Income Tax at the rate of 20% (2022: 20%) has not been provided as the Group's operation in Thailand incurred a loss for taxation purposes for the Reporting Period and the Corresponding Period.

Corporate income tax in the Philippines at the rate of 25% (2022: 25%) has not been provided as the Group's operation in the Philippines has commenced and has incurred a loss for taxation purpose during the Reporting Period.

Corporate income tax in Cambodia at the rate of 20% (2022: 20%) has not been provided as the Group's operation in Cambodia has not yet commenced its business for the Reporting Period and the Corresponding Period.

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.

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

For the six months ended 30 September 2023

6. INCOME TAX EXPENSES *(Continued)*

(b) Income taxes outside Hong Kong *(Continued)*

Dividends payable by a foreign invested enterprise in the Philippines to its foreign investors are subject to a 25% (2022: 25%) withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the Philippines 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, unless any foreign investor's jurisdiction of incorporation has a tax treaty with Cambodia that provides for a different withholding arrangement.

7. LOSS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period attributable to equity holders of the Company	(11,296)	(8,201)	(18,074)	(19,897)

	For the three months ended 30 September		For the six months ended 30 September	
	2023 Number of Shares	2022 Number of Shares	2023 Number of Shares	2022 Number of Shares
Weighted average number of ordinary shares	1,884,701,000	1,200,000,000	1,872,203,000	1,200,000,000

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 Reporting Period and the Corresponding Period.

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

For the six months ended 30 September 2023

8. DIVIDENDS

The Directors did not recommend a payment of dividend for the six months ended 30 September 2023 (2022: Nil).

9. DISPOSAL OF SUBSIDIARIES

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 (one of which was principally engaged in the ESG consultancy and reporting business) 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.

The following summarises the aggregate consideration received and the carrying amount of the assets and liabilities at the date of the Disposal:

	Total HK\$'000
Net liabilities disposed of:	
Property, plant and equipment	31
Trade receivables	362
Other receivables	410
Bank balances and cash	147
Other payables	(5,246)
	(4,296)
Gain on disposal of subsidiaries (Note 4)	4,296
Cash consideration received	—*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

9. DISPOSAL OF SUBSIDIARIES (Continued)

Analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries:

	HK\$'000
Cash consideration	—*
Cash and cash equivalents disposed	(147)
Net outflow of cash and cash equivalents	(147)

* Represent the cash consideration of HK\$1.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group incurred expenditures on property, plant and equipment with a total cost of approximately HK\$1,257,000 (2022: approximately HK\$954,000) and no property, plant and equipment has been disposed of or impaired by the Group for both periods.

11. INTANGIBLE ASSETS

During the six months ended 30 September 2023, the Group did not incur any expenditures on intangible assets (2022: Nil) and no intangible assets has been disposed of or impaired by the Group for both periods.

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

For the six months ended 30 September 2023

12. TRADE AND OTHER RECEIVABLES

	Note	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade receivables			
Trade receivables from third parties	12(a)	13,320	8,326
Other receivables			
Deposits		3,048	3,073
Deposits for acquisition of assets <Note>		242	4,000
Prepayments		4,390	8,712
Other debtors	12(b)	3,752	8,593
		11,432	24,378

<Note>

The amount represented the deposits paid for acquisition of tangible and intangible assets.

(a) Trade receivables

The Group normally allows a credit period of 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 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Less than 1 month	13,075	8,326
Over 3 months	245	–
	13,320	8,326

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

For the six months ended 30 September 2023

12. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other debtors

The advance of HK\$4,700,000 was settled during the Reporting Period. At the end of the Reporting Period, other debtors included:

- (i) loans to independent third parties of a total of approximately HK\$2,048,000 (31 March 2023: approximately HK\$2,260,000) which are unsecured, interest-bearing at 12% per annum and repayable on 31 March 2024 (31 March 2023: unsecured, interest bearing at 15% per annum and repayable on demand);
- (ii) interest receivables of a total of approximately HK\$319,000 (31 March 2023: approximately HK\$1,018,000) which are unsecured, interest-free and repayable on 31 March 2024 (31 March 2023: approximately HK\$1,018,000, interest-free and repayable on demand); and
- (iii) the remaining items of other debtors, which are unsecured, interest-free and have no fixed repayment term.

13. RESTRICTED FUNDS

	Note	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Bank balance in Thailand	13(a)	105	669
Bank balance in Hong Kong	13(b)	100	-
		205	669

(a) The amount represents bank balance in Thailand maintained solely for the purpose of settlement of the outstanding trade payables for the merchant acquiring business pursuant to the agreements signed with a merchant acquiring business partner and the balances are restricted from use by the Group for any other purposes. The restricted bank balances are denominated in Thai Baht ("Baht").

(b) The amount represents bank balance in Hong Kong deposited in and charged to a financial institution in relation to credit card limit of HK\$100,000 for business operation purpose.

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

For the six months ended 30 September 2023

14. TRADE AND OTHER PAYABLES

	Note	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade payables			
Trade payables to third parties	14(a)	13,421	8,614
Other payables			
Accruals and other payables	14(b)	15,695	18,109

(a) Trade payables

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

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Less than 1 month	13,175	8,612
1 month to 3 months	–	2
Over 3 months	246	–
	13,421	8,614

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

For the six months ended 30 September 2023

14. TRADE AND OTHER PAYABLES *(Continued)*

(b) Accruals and other payables

At the end of the Reporting Period, accruals and other payables included:

- (i) other payable to a third party guaranteed by a former director of the Company of approximately HK\$1,281,000 which bears interest at 12% per annum and repayable on demand (31 March 2023: approximately HK\$1,500,000 which bears interest at 12% per annum and repayable on demand);
- (ii) other borrowings from a third party of approximately HK\$2,325,000 which is unsecured, interest bearing at 12% per annum and repayable on demand (31 March 2023: approximately HK\$2,325,000 which is unsecured, interest bearing at 12% per annum and repayable on demand);
- (iii) interest payables of approximately HK\$4,685,000 (31 March 2023: approximately HK\$3,860,000), which is unsecured, interest-free and repayable within one year; and
- (iv) the remaining items of accruals and other payables, which are unsecured, interest-free and have no fixed repayment term.

15. BOND PAYABLE

The amounts represent the bond issued to a third party with a coupon rate of 10% per annum in the principal amount of HK\$3,866,000 and accrued bond interest of approximately HK\$32,000 (31 March 2023: HK\$12,029,000 and accrued bond interest of approximately HK\$975,000) which is repayable on 31 March 2024.

16. DEFERRED TAXATION

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Liabilities		
Withholding tax on undistributed earnings of a foreign subsidiary	40	40

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

For the six months ended 30 September 2023

16. DEFERRED TAXATION *(Continued)*

At 30 September 2023, deferred tax liabilities of approximately HK\$40,000 (31 March 2023: approximately HK\$40,000) has been recognised for the future withholding tax implications of the portion of undistributed earnings of Oriental City Group (Thailand) Co., Ltd. ("**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 retained earnings available for distribution in the foreseeable future, no provision for additional deferred taxation has been provided for both periods.

17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent the preference shares issued by OCG Thailand, which is one of the subsidiaries of the Group. The holder of such 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 holders of 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 holders of 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 the applicable accounting standards because, although they are not redeemable, their holder is 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 the holder is only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

As at 30 September 2023, the Group had an outstanding amount due to a non-controlling shareholder of OCG Thailand amounted to Baht25,500,000 (equivalent to approximately HK\$5,467,000) (31 March 2023: Baht25,500,000 (equivalent to approximately HK\$5,880,000)) 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 2023: 9.5% per annum), with accrued dividend payable of approximately Baht8,482,000 (equivalent to approximately HK\$1,819,000) as included in "Trade and other payables" (31 March 2023: approximately Baht7,268,000 (equivalent to approximately HK\$1,676,000)).

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

For the six months ended 30 September 2023

18. 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 initially mature on the date (the “**Maturity 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 subsequently measured in accordance with the relevant accounting policies as consistent with those applied in the preparation of the 2023 Audited Consolidated Financial Statements.

On 24 June 2022, the Company executed an 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 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 First 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 took effect on 20 September 2022, it was considered as a 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.

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

For the six months ended 30 September 2023

18. CONVERTIBLE BONDS *(Continued)*

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 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 the circular of the Company dated 10 February 2023.

On 19 October 2022, the Company was informed by the bondholders that they had 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.

The Second Addendum took effect on 6 March 2023 and was considered as a 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 component 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 HK\$11,252,000 which was recognised in equity under other reserve as owner's transaction.

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

For the six months ended 30 September 2023

18. CONVERTIBLE BONDS *(Continued)*

The Convertible Bonds recognised at the end of the Reporting Period are calculated as follows:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
As at 31 March 2022 and 1 April 2022 (audited)	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
At 31 March 2023 and 1 April 2023 (audited)	11,835	12,128	23,963
Effective interest expenses	526	–	526
Interest accrued	(496)	–	(496)
At 30 September 2023 (unaudited)	11,865	12,128	23,993

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).

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

For the six months ended 30 September 2023

19. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 30 September 2023 and 31 March 2023	10,000,000,000	100,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 31 March 2023 and 1 April 2023 (audited)	1,859,566,667	18,596
New shares issued on 2 August 2023 <Note>	38,540,000	385
At 30 September 2023	1,898,106,667	18,981

<Note>

On 2 August 2023, the Company issued a total of 38,540,000 new ordinary shares under general mandate at a subscription price of HK\$0.153 per subscription share to two independent third parties. The net proceeds from the subscription of shares after deducting related expenses were approximately HK\$5.88 million, which are intended to be utilised for general working capital of the Group. These shares rank *pari passu* with the existing shares of the Company in all respects.

20. RESERVES

(a) Share premium

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

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

For the six months ended 30 September 2023

20. RESERVES *(Continued)*

(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 of the Company, as a capital contribution from China Smartpay, which was recorded in the Group's equity.

(c) Exchange reserve

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

(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.

(e) Other reserve

The amount represents the difference between the carrying amount of the equity component of the Convertible Bonds before and after the date of significant modification as owners' transaction by virtue of the Second Addendum taking effect as set out in Note 18 of the Interim Financial Statements.

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

For the six months ended 30 September 2023

21. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2023 and 2022, information of the related party transactions is set out below.

Remuneration for key management personnel of the Group (including Directors) and their close family member is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Key management personnel				
Salaries and allowances	835	1,920	2,065	3,763
Contributions to defined contribution retirement schemes	14	18	27	36
	849	1,938	2,092	3,799
Close family member of key management personnel				
Salaries and allowances	75	91	150	166
Contributions to defined contribution retirement schemes	4	4	8	8
	79	95	158	174
	928	2,033	2,250	3,973
Substantial shareholders				
Interest expenses on convertible bonds	208	208	416	416

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

For the six months ended 30 September 2023

22. CASH GENERATED FROM (USED IN) OPERATIONS

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss before tax	(18,074)	(19,897)
Amortisation	1,415	792
Depreciation of property, plant and equipment	5,826	1,535
Depreciation of right-of-use assets	437	747
Foreign exchange differences	301	140
Loss on modification of convertible bonds	–	1,100
Gain on disposal of subsidiaries	(4,296)	–
Bank interest income	(102)	(14)
Other interest income	(290)	(365)
Share of results of an associate	–	355
Finance costs	1,572	2,243
Changes in working capital		
Trade and other receivables	5,643	3,733
Restricted funds	456	7
Trade and other payables	7,253	(1,340)
Cash generated from (used in) operations	141	(10,964)

23. CAPITAL EXPENDITURE COMMITMENTS

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Contracted but not provided for, net of deposits paid – acquisition of tangible and intangible assets	932	579

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

For the six months ended 30 September 2023

24. EVENTS AFTER THE REPORTING PERIOD

There has been no material event after the Reporting Period.

25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 9 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

The Group is an established merchant acquirer engaging in the provision of a suite of comprehensive payment processing and related services to merchants of all sizes frequently visited by Chinese tourists in Thailand and merchants in the Philippines.

The Group has three main income streams derived from the merchant acquiring business, including (i) the MDR income; (ii) the foreign exchange rate discount income; and (iii) the marketing and distribution service income. For each successful transaction processed by the Group via its point-of-sale terminals, the MDR income is generated from its merchants based on certain percentage of the transaction value. The Group's foreign exchange rate discount income is derived from its daily settlement with UnionPay International (“UPI”) whereby a favourable spot exchange rate of Baht to United States dollars (“US\$”) is offered by UPI 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 Reporting Period, the relief of policies of the mainland of the People's Republic of China (the “PRC”) and Hong Kong in relation to the coronavirus disease 2019 (“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.

Despite the lifting of travel restrictions in the PRC in early 2023, travelling for trips abroad from the PRC at that time had still not yet fully recovered and the spending power of visitors in Thailand was not as high as compared with that in the pre-COVID-19 level. Hence, the Group's business in Thailand continued to face challenges from the residual effects from the COVID-19 pandemic, as well as competition from other neighbouring travel cities and limited airline capability. Further, it is observed that “zero fare” tour groups by Chinese travel agencies have resurged. These factors have collectively contributed to lower transaction volumes and in turn lower revenue during the Reporting Period as compared with that of the corresponding period in the financial years ended 31 March 2020 (at the beginning of the outbreak of the COVID-19 pandemic) and 2019 (before the outbreak of the COVID-19 pandemic). The Board believes that the post-COVID-19 recovery process involves a transitional phase, during which the Group's revenue is still being affected.

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 would be able to extend its service offerings by providing merchants in the Philippines with the bCode optical scanning technology which could help them build their loyalty program e-tools and offer promotional tools such as spending credit and rewards programme, promoting marketing strategy with coupon promotion platform developers and analysing consumer behaviours and designing tailor-made marketing solutions for merchants, 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 point-of-sale terminals of its major retailer customers in the Philippines.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group recorded a total revenue of approximately HK\$10,537,000 (2022: approximately HK\$3,517,000) derived from the merchant acquiring business and the ESG consultancy and reporting business, which included (i) the MDR income of approximately HK\$9,102,000 (2022: approximately HK\$2,441,000); (ii) the foreign exchange rate discount income of approximately HK\$475,000 (2022: approximately HK\$633,000); (iii) the ESG Consultancy Services income of approximately HK\$30,000 (2022: approximately HK\$300,000); and (iv) the marketing and distribution service income of approximately HK\$930,000 (2022: approximately HK\$25,000). There was no ESG Reporting Services income for the Reporting Period (2022: approximately HK\$118,000). The MDR income increased by approximately HK\$6,661,000 when compared with that in the Corresponding Period due to the relief of policies of the PRC and Hong Kong in relation to the COVID-19 pandemic and the reopening of the mainland-Hong Kong border in January 2023. Some Chinese tourists have resumed travelling to Thailand and the spending of Chinese tourists and the transaction volume via UnionPay processed by the Group have gradually increased since January 2023. The increase in marketing and distribution service income by approximately HK\$905,000 as compared with that in the Corresponding Period was mainly due to the reopening of the mainland-Hong Kong border in January 2023 as mentioned above, and also the commencement of bCode business and operation in the Philippines since April 2023. The decrease in the foreign exchange rate discount income by approximately HK\$158,000 was noted during the Reporting Period. There was a significant decrease in the ESG Consultancy Services income and the ESG Reporting Services income by approximately HK\$270,000 and HK\$118,000, respectively, as the disposal of subsidiaries (one of which was principally engaged in the ESG consultancy and reporting business) was completed on 18 April 2023. Please refer to Note 9 to the Interim Financial Statements for details.

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 consultancy and reporting business. The total cost of services rendered for the Reporting Period amounted to approximately HK\$8,006,000 (2022: approximately HK\$2,922,000). The increase in cost of services rendered of approximately 174.0% was mainly in line with the increase in revenue for the Reporting Period.

Gross profit and gross profit margin

The gross profit for the Reporting Period amounted to approximately HK\$2,531,000, representing an increase of approximately HK\$1,936,000 or approximately 325.4% as compared with that of approximately HK\$595,000 for the Corresponding Period, as a result of the increase in revenue for the Reporting Period. The gross profit margin increased from approximately 16.9% for the Corresponding Period to approximately 24.0% for the Reporting Period which was mainly due to gross loss on the ESG consultancy and reporting businesses in the Corresponding Period.

Other income

The other income for the Reporting Period mainly represented the gain on disposal of subsidiaries of approximately HK\$4,296,000 (2022: Nil). Please refer to Note 9 to the Interim Financial Statements for details.

General administrative expenses

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$14,878,000 (2022: approximately HK\$12,876,000). The increase in general administrative expenses by approximately 15.6% was mainly due to the increment in the technical support expenses since the commencement of operation of the bCode business in April 2023.

Selling and distribution costs

The Group recorded selling and distribution costs of approximately HK\$8,845,000 for the Reporting Period (2022: approximately HK\$4,695,000). The increase in selling and distribution costs was mainly due to the increment in the depreciation expenses since the commencement of operation of the bCode business in April 2023.

Finance costs

The finance costs amounted to approximately HK\$1,572,000 for the Reporting Period (2022: approximately HK\$2,243,000). The amount represented (i) the effective interest expenses on 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. Details of the finance costs are set out in Note 5 to the Interim Financial Statements.

Loss for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$18,074,000 for the Reporting Period (2022: approximately HK\$19,897,000). The decrease in net loss was mainly attributable to the net effect of (i) the increase in revenue and gross profit, other income, selling and distribution costs and general administrative expenses, and (ii) the decrease in finance costs and absent of the loss on modification of convertible bonds during the Reporting Period.

Liquidity and financial resources

As at 30 September 2023, the Group had current assets of approximately HK\$34.2 million (31 March 2023: approximately HK\$46.9 million) including bank balances and cash of approximately HK\$6.9 million (31 March 2023: approximately HK\$11.0 million), which are denominated in HK\$ and Baht. Total assets and total liabilities were approximately HK\$91.6 million (31 March 2023: approximately HK\$111.5 million) and HK\$51.6 million (31 March 2023: approximately HK\$59.1 million), respectively, as at 30 September 2023.

The gearing ratio, which was calculated by dividing other long-term liabilities and convertible bonds by total equity, was approximately 43.3% as at 30 September 2023 (31 March 2023: approximately 33.8%). Other long-term liabilities represent preference shares issued by OCG Thailand, a wholly-owned subsidiary of the Company. For details of these liabilities and other borrowings (e.g., dividend/interest rate, maturity date) as at 30 September 2023, which were denominated in HK\$ and Baht, please refer to Notes 15, 17 and 18 of the Interim Financial Statements. The increase in the gearing ratio was mainly due to the impact of the COVID-19 pandemic aftershocks facing the Group which caused a net loss attributable to owners of the Company of approximately HK\$18.1 million for the Reporting Period, thereby decreasing the total equity as at 30 September 2023.

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 to ensure that the Group is well-positioned to achieve its business objectives and strategies.

Capital structure

As at 30 September 2023, total equity attributable to equity holders of the Company, which constituted the Group's capital, amounted to approximately HK\$40.0 million (31 March 2023: approximately HK\$52.4 million). The decrease in total equity attributable to equity holders of the Company was mainly due to the impact of the COVID-19 pandemic aftershocks to the Group which caused a net loss attributable to owners of the Company of approximately HK\$18.1 million for the Reporting Period.

Dividend policy

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

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

Details of the dividend are set out in Note 8 to the Interim Financial Statements.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the Reporting Period. To manage liquidity risks, the Board closely monitors the Group's liquidity position and actively reviews its capital structure 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 and the Philippines with transactions denominated in Baht and Philippine Peso, respectively. 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 30 September 2023, the Group had outstanding foreign currency forward contracts of approximately US\$400,000 (equivalent to approximately HK\$3,132,000) (31 March 2023: approximately US\$1,451,000 (equivalent to approximately HK\$11,392,000)) for the exchange of US\$ with Baht. 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 30 September 2023.

Significant investment, material acquisitions and disposals

During the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries, associates, joint ventures and affiliated companies (2022: Nil).

Future plans for material investments and capital assets

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

Segment information

Details of the Group's segment information are set out in Note 2 to the Interim Financial Statements.

Charges on the Group's assets

Save for the charge over deposit with a financial institution in Hong Kong as disclosed in Note 13 to the Interim Financial Statements, there was no charge on the Group's assets as at 30 September 2023 (2022: Nil).

Contingent liabilities

As at 30 September 2023, the Group did not have any material contingent liabilities (2022: Nil).

Employee and remuneration policies

As at 30 September 2023, the Group had a total of 22 employees (31 March 2023: 27 employees) among whom 9 (31 March 2023: 12) were based in Hong Kong, 13 were based in Thailand (31 March 2023: 13) and no employees were based in China (31 March 2023: 2). For the Reporting Period, the total staff costs, including key management's remuneration, amounted to approximately HK\$3.8 million (2022: approximately HK\$7.9 million).

The salaries and benefits of the Group's employees were kept at a market level and directors 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks involved in its operations, many of which are beyond its control. Please refer to the section headed "Principal Risks and Uncertainties" in the annual report dated 21 June 2023.

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on GEM of the Stock Exchange on 16 October 2018 with a total of 250,000,000 ordinary shares issued at HK\$0.22 each by way of share offer (the “**Share Offer**”). The Directors intended to apply the net proceeds from the Share Offer in accordance with the proposed applications as set out in the prospectus of the Company dated 27 September 2018 (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 Share Offer, 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 six months ended 30 September 2023 from the year ended 31 March 2023 was approximately HK\$5.7 million. Up to 30 September 2023, the net proceeds from the Share Offer had been applied as follows:

	Amount unutilised as at 31 March 2022 HK\$ million <i>(Approximately)</i>	Revised allocation of the unutilised net proceeds HK\$ million <i>(Approximately)</i>	Amount utilised during the year ended 31 March 2023 HK\$ million <i>(Approximately)</i>	Amount utilised during the six months ended 30 September 2023 HK\$ million <i>(Approximately)</i>	Amount unutilised as at 30 September 2023 HK\$ million <i>(Approximately)</i>	Amount unutilised as at 30 September 2023 HK\$ million <i>(Approximately)</i>	
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	1.2	2.4
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	-	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	1.2	4.5

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 Reporting Period, 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 Reporting Period had not bounced back from the anti-COVID 19 quarantine measures 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 Share Offer are set out in the Change in Use of Proceeds Announcement.

As at the date of this report, the unutilised net proceeds from the Share Offer amounting to a total of approximately HK\$4.5 million were placed in interest-bearing deposits with authorised financial institutions or licensed banks.

For the unutilised net proceeds from the Share Offer, 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. The Board estimated that the remaining unutilised net proceeds from the Share Offer will be fully utilised by 20 June 2024.

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

January 2023 Subscription

References are 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 “**January 2023 Subscription**”).

On 10 January 2023, a total of 34,900,000 ordinary shares of the Company were issued to Richard Severin Fuld, Jr. and Kailash Peak Trust 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 granted by the shareholders of the Company at the annual general meeting of the Company held on 30 September 2022. The January 2023 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 January 2023 Subscription were approximately HK\$4,645,000. The amount of unutilised net proceeds brought forward to the six months ended 30 September 2023 from the year ended 31 March 2023 was approximately HK\$1.9 million. As at 30 September 2023, the net proceeds from the Subscription had been applied as follows:

Intended use of net proceeds	Amount	Amount	Amount
	unutilised as at 31 March 2023	utilised during the Reporting Period	unutilised as at 30 September 2023
HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
			(Note)

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	1,919	1,919	-
-------	-------	-------	---

Note:

During the Reporting Period, approximately HK\$1.9 million of the net proceeds from the January 2023 Subscription were utilised for the Group's general working capital in accordance with the intended use previously disclosed.

August 2023 Subscription

On 2 August 2023, a total of 38,540,000 ordinary shares of the Company were issued to two independent subscribers, namely Mr. Wu Yao and Ocean Line Holdings Limited, a company incorporated in Hong Kong with limited liability, for a total cash consideration of approximately HK\$5.90 million at a net subscription price of approximately HK\$0.152 per share, pursuant to the subscription agreements dated 19 July 2023 entered into by the Company with each of the subscribers (the “**August 2023 Subscription**”). The aggregate nominal value of the subscription shares is HK\$385,400. The subscription price of HK\$0.153 per subscription share represents (a) a discount of approximately 14.53% to the closing price of HK\$0.179 per share as quoted on the Stock Exchange on 18 July 2023, the last trading day immediately preceding the date of the subscription agreements; and (b) a discount of approximately 13.27% to the average closing price of HK\$0.1764 per share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the subscription agreements. The subscription shares were allotted and issued under the general mandate granted by the shareholders of the Company 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 August 2023 Subscription were approximately HK\$5,883,000. As at 30 September 2023, the net proceeds from the August 2023 Subscription had been applied as follows:

	Intended use of net proceeds	Amount utilised up to 30 September 2023	Amount unutilised as at 30 September 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i> (Note)
General working capital of the Group	5,883	3,898	1,985

Note:

During the Reporting Period, approximately HK\$3.9 million of the net proceeds from the August 2023 Subscription were utilised for the Group's general working capital in accordance with the intended use previously disclosed.

For the unutilised net proceeds from the August 2023 Subscription, the Company intends to use them for the same intended purposes as previously planned and disclosed. The Company has decided to stay prudent in applying the net proceeds, and the Company has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. The Board estimated that the remaining unutilised net proceeds from the August 2023 Subscription will be fully utilised within one year from the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 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/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity/ Nature of interest	Number of ordinary shares of the Company (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)	10.53%
		204,880,000 (L)	10.79%
Mr. Shiu Shu Ming ("Mr. Shiu")	Interest in a controlled corporation (Note 4)	41,000,000 (L)	2.16%

Notes:

(1) "L" denotes long position.

- (2) The calculation is based on the total number of shares of the Company in issue as at 30 September 2023, being 1,898,106,667.
- (3) 4,880,000 shares were directly held by Mr. Tsang, an executive Director and the managing Director of the Company, 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) 41,000,000 shares had been pledged to Best Practice Limited (“**Best Practice**”) pursuant to a 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 30 September 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 30 September 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 and/or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

At no time during the Reporting Period was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements which enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares, underlying shares, or debentures of the Company and/or its associated corporations (within the meaning of the SFO).

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

As at 30 September 2023, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests and/or short positions in the shares 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 or underlying shares of the Company (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)	25.11%
Mr. Choy Hok Man (" Mr. Choy ") (Note 4)	Beneficial owner	19,880,000 (L)	1.05%
	Interest in a controlled corporation	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Beneficial owner	66,124,684 (L)	3.48%
	Interest in a controlled corporation	77,125,316 (L)	4.06%
		467,590,000 (L)	24.63%
Rainbow Capital Limited (" Rainbow Capital ") (Note 4)	Interest in a controlled corporation	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Interest in a controlled corporation	77,125,316 (L)	4.06%
		381,585,316 (L)	20.10%

Name	Capacity/ Nature of interest	Number of ordinary shares or underlying shares of the Company (Note 1)	Approximate percentage of issued shares of the Company (Note 2)
Metagate Investment SPC ("Metagate") (Note 4)	Beneficial owner	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Beneficial owner	77,125,316 (L)	4.06%
		381,585,316 (L)	20.10%
Gold Track (Note 5)	Beneficial owner	200,000,000 (L)	10.53%
Straum Investments Limited ("Straum Investments") (Note 6)	Beneficial owner	138,000,000 (L)	7.27%
Mr. Yu Chun Fai ("Mr. Yu") (Note 6)	Interest in a controlled corporation	138,000,000 (L)	7.27%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 6)	Interest of spouse	138,000,000 (L)	7.27%

Notes:

- (1) "L" denotes long position.
- (2) The calculation is based on the total number of shares of the Company in issue as at 30 September 2023, being 1,898,106,667.
- (3) These 476,666,667 shares were directly held by MTHL.
- (4) 19,880,000 shares were directly held by Mr. Choy and 304,460,000 shares were held by Metagate, which was in turn wholly-owned by Rainbow Capital. The unlisted Convertible Bonds with 66,124,684 underlying shares and 77,125,316 underlying shares were held by Mr. Choy and Metagate, respectively. As at 30 September 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 304,460,000 shares and the 77,125,316 shares underlying the Convertible Bonds 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 Company.
- (6) These 138,000,000 shares were held by Straum Investments which was in turn wholly-owned by Mr. Yu. Ms. Choi is the wife of Mr. Yu, and hence Ms. Choi 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 30 September 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

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

The Board is of the view that during the Reporting Period and up to the date of this report, the Company has complied with all applicable code provisions as set out in the CG Code, save for the deviation from code provision C.2.1.

Pursuant to C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the retirement of the then executive Director and chief executive officer of the Company (“**CEO**”), Mr. Lin Xiaofeng, on 30 September 2022, and the retirement of the then executive Director and chairman of the Board (the “**Chairman**”), Dr. Ng Kit Chong, on 10 November 2022, Mr. Tsang Chi Kit, the executive Director and the Managing Director of the Company (the “**Managing Director**”), has continued the duties of (i) the CEO since 1 October 2022, and (ii) the Chairman since 11 November 2022, respectively. In the opinion of the Board, the roles of the Managing Director and the CEO 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.

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code, the Board comprises three other experienced and high-calibre individuals including one non-executive Director and two 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 CEO/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 and the CEO at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

NON-COMPLIANCE WITH RULES 5.05(1), 5.05(2), 5.28 AND 5.34 OF THE GEM LISTING RULES AND TERMS OF REFERENCE OF COMMITTEES

At the annual general meeting of the Company held on 21 July 2023, each of Mr. Yu Chun Fai, the then executive Director, and Mr. Chung, Wai Chuen Alfred and Mr. Ng Ka Po, the then independent non-executive Directors, did not offer themselves for re-election as they would like to devote more time to their other commitments, and accordingly, have retired as an executive Director and independent non-executive Directors, respectively, upon the conclusion of the meeting. Since the conclusion of the meeting and up to the end of the Reporting Period, no independent non-executive Directors had been appointed in place of Mr. Chung, Wai Chuen Alfred and Mr. Ng Ka Po, and therefore as at the end of the Reporting Period:

- (i) the number of independent non-executive Directors fell below the minimum number as required under Rule 5.05(1) of the GEM Listing Rules which requires the Board to comprise at least three independent non-executive Directors;
- (ii) the composition of the Board would not meet the requirements under Rule 5.05(2) of the GEM Listing Rules which requires at least one of the independent non-executive Directors to have appropriate professional qualifications or accounting or related financial management expertise;
- (iii) the number of members of the audit committee of the Board (the “**Audit Committee**”) (which comprised one independent non-executive Director, namely Ir Dr. Ng Yu Ki) fell below the minimum number as required under Rule 5.28 of the GEM Listing Rules which requires the Audit Committee to comprise a minimum of three members;
- (iv) the composition of the Audit Committee would not meet the requirements under Rule 5.28 of the GEM Listing Rules which requires the Audit Committee to be chaired by an independent non-executive Director and to comprise a majority of independent non-executive Directors;
- (v) the composition of the remuneration committee of the Board (the “**Remuneration Committee**”) would not meet the requirements under Rule 5.34 of the GEM Listing Rules which requires the Remuneration Committee be chaired by an independent non-executive Director and to comprise a majority of independent non-executive Directors; and

- (vi) the number of members of each of the Audit Committee, the Remuneration Committee and the nomination committee of the Board (the “**Nomination Committee**”) fell below the minimum number as required under the respective terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee.

With effect from 20 October 2023, Mr. Tong Tsz Kwan (“**Mr. Tong**”), who has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules, has been appointed as an independent non-executive Director, the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. For Mr. Tong’s biographical details, please refer to the announcement of the Company dated 20 October 2023. On the same date, Mr. Tsang Chi Kit, the executive Director, was appointed as a member of each of the Remuneration Committee and Nomination Committee, and Mr. Shiu Shu Ming, the non-executive Director, was appointed as a member of the Audit Committee.

Following the above appointments, the Company has fulfilled the requirements under Rules 5.05(2), 5.28, 5.34 and 5.36A of the GEM Listing Rules and the minimum number of members as required under the respective terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee.

As at the date of this report, there were two independent non-executive Directors on the Board, and the number of independent non-executive Directors still fell below the minimum number as required under Rule 5.05(1) of the GEM Listing Rules. The Company has identified one suitable independent non-executive Director candidate who has verbally agreed to take up the offer but the candidate has requested that the Company wait for him to obtain approval/clearance from the various private or public companies of which he is a director or independent non-executive director in relation to his new independent non-executive Director role with the Company before signing any formal appointment documents with the Company. The Board has obtained waiver from the Stock Exchange to extend the grace period for complying with Rule 5.05(1) of the GEM Listing Rules to 20 December 2023 and will continue to endeavour to complete the appointment and fill the vacancy as soon as practicable. For details, please refer to the Company’s announcement dated 20 October 2023.

CHANGE OF DIRECTOR'S INFORMATION SINCE THE DATE OF LAST ANNUAL REPORT

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the Directors' information since the date of the last annual report of the Company are set out as follows:

Mr. Tsang Chi Kit, the executive Director, was appointed as a member of each of the Remuneration Committee and Nomination Committee with effect from 20 October 2023.

Mr. Shiu Shu Ming, the non-executive Director, (i) was appointed as a member of the Audit Committee with effect from 20 October 2023; (ii) resigned as an executive director of Town Health International Medical Group Limited (the "**Town Health**") (stock code: 3886) on 20 June 2023; and (iii) resigned as a non-executive director of Kingkey Intelligence Culture Holdings Limited (the "**Kingkey Intelligence**") (stock code: 550) on 24 September 2023. The shares of both the Town Health and Kingkey Intelligence are listed on the Main Board of the Stock Exchange.

Mr. Tong Tsz Kwan was appointed as an independent non-executive Director of the Company, the chairman of each of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee, with effect from 20 October 2023.

Mr. Yu Chun Fai has retired as an executive Director with effect from 21 July 2023, however, he remains as a director of certain subsidiaries of the Company.

Mr. Chung Wai Chuen Alfred has retired as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee, with effect from 21 July 2023.

Mr. Ng Ka Po has retired as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee, with effect from 21 July 2023.

Save as disclosed above in this report, the Company is not aware of any other changes in information of the Directors subsequent to the date of the annual report of the Company for the year ended 31 March 2023 which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 September 2023 which competed or may compete, directly or indirectly, with the Group's business.

DIRECTORS' SECURITIES TRANSACTIONS

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

SHARE OPTION SCHEME

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

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 18 September 2018. Since the date of adoption of the Share Option Scheme and up to 30 September 2023, no Option has been granted by the Company. As at the beginning and the end of the Reporting Period and the date of this report, the Company has 100,000,000 shares available for issue under the Share Option Scheme (representing (i) 10% of the total issued shares of the Company as at the listing date of the Company (i.e., 16 October 2018); and (ii) approximately 5.3% of the total number of the existing issued shares of the Company as at the date of this report) pursuant to the provisions of the Share Option Scheme. Details of the Share Option Scheme are set out in the Prospectus.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2023.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place since the interim period for the six months ended 30 September 2023.

REVIEW BY THE AUDIT COMMITTEE

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

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

Hong Kong, 9 November 2023

As at the date of this report, the Board comprises Mr. Tsang Chi Kit as executive Director, Mr. Shiu Shu Ming as non-executive Director, and Ir Dr. Ng Yu Ki and Mr. Tong Tsz Kwan as independent non-executive Directors.