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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

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**ORIENTAL PAYMENT GROUP**  
**ORIENTAL PAYMENT GROUP HOLDINGS LIMITED**  
**東方支付集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8613)**

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

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**元庫證券有限公司**  
**SILVERBRICKS SECURITIES CO., LTD.**  
**Silverbricks Securities Company Limited**

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

A letter from the Board is set out on pages 8 to 36 of this circular. A letter from the Independent Board Committee is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 74 of this circular.

A notice convening the EGM to be held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Friday, 8 March 2024 at 11:00 a.m. or any adjournment thereof (as the case may be) is set out on pages 85 to 88 of this circular. A form of proxy for use in connection with the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk).

Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.

This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of seven days from the date of its publication. This circular will also be published on the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk).

21 February 2024

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## CHARACTERISTICS OF GEM

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

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

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:–*

“2022 Subscribers”	Richard Severin Fuld, Jr. and Kailash Peak Trust
“2022 Subscription”	subscription of 34,900,000 new Shares by the 2022 Subscribers pursuant to the 2022 Subscription Agreements dated 21 December 2022 entered into between the Company and the 2022 Subscribers (as amended by the side letters entered into between the Company and the 2022 Subscribers dated 22 December 2022) (details of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023)
“2022 Subscription Agreements”	the subscription agreements dated 21 December 2022 entered into between the Company and the 2022 Subscribers in respect of the 2022 Subscription
“2023 Subscribers”	Wu Yao and Ocean Line Holdings Limited
“2023 Subscription”	subscription of 38,540,000 new Shares by the 2023 Subscribers pursuant to the 2023 Subscription Agreements (details of which are set out in the announcements of the Company dated 19 July 2023 and 2 August 2023)
“2023 Subscription Agreements”	the subscription agreements dated 19 July 2023 entered into between the Company and the 2023 Subscribers
“Acquisition”	the acquisition by the Company of such right, title, interest, benefit and claim as the Vendor and its subsidiaries may have in the Assets in accordance with the terms of the conditional asset acquisition agreement dated 27 September 2022 entered into between the Company and the Vendor, details of which are set out in the Company’s announcement dated 27 September 2022
“Assets”	all rights, title, interest and benefits to or in the 13,235 live-network optical scanners with model number bCode 435U and 1,161 live-network optical scanners with model number bCode 435E and any firmware designed for use thereon to decode bCode and other barcode formats and support the use of the bCode System
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules

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## DEFINITIONS

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“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	a day (other than a Saturday, Sunday, public holiday, and days on which a tropical cyclone warning signal no. 8 or above or “black rainstorm warning signal” is hoisted or in effect in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“CB Terms and Conditions”	the terms and conditions of the Convertible Bonds (as amended and supplemented from time to time)
“Company”	Oriental Payment Group Holdings Limited (東方支付集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM with stock code 8613
“Conditions Precedent”	conditions precedent set out in the Third Addendum which shall be fulfilled in order for the Third Addendum and the CB Terms and Conditions (as amended by the First Addendum, the Second Addendum and the Third Addendum) to take effect
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Date”	the date on which the Bondholder exercises its/his Conversion Rights by delivering to the principal place of business of the Company a written notice stating its/his intention to convert, together with the Convertible Bonds certificate
“Conversion Period”	any Business Day falling the period commencing from the day falling the expiry of 6 months after the date of issue of the Convertible Bonds and up to and including the New Maturity Date
“Conversion Rights”	rights attached to the Convertible Bonds to convert the whole or any part thereof into Conversion Shares in accordance with the CB Terms and Conditions
“Conversion Share(s)”	new Share(s) to be allotted and issued by the Company upon exercise of the Conversion Rights in accordance with the CB Terms and Conditions

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## DEFINITIONS

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“Convertible Bonds”	the interest-bearing convertible bonds issued by the Company on 26 June 2020 in an aggregate principal amount of HK\$11,850,000, where a maximum of 185,492,601 Shares shall fall to be allotted and issued upon exercise of the Conversion Rights by the Bondholders in full (without taking into account any Default Interest accrued after the New Maturity Date)
“Default Interest”	the penalty interest payable by the Company to the Bondholders in the event of default in payment of any accrued interest on the interest payment dates and payment of the outstanding principal on the New Maturity Date in accordance with the CB Terms and Conditions (as amended by the Third Addendum)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong, on Friday, 8 March 2024 at 11:00 a.m. for the Independent Shareholders for the purpose of considering and, if thought fit, approving the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders
“First Addendum”	the addendum dated 24 June 2022 executed by the Company and supplemental to the CB Terms and Conditions
“First Amendments”	the amendments to the CB Terms and Conditions as provided under the First Addendum, details of which are set out in the announcements of the Company dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022
“First Placing”	placing of 148,000,000 Shares by Global Mastermind and SBI, together as the placing agents, in accordance with the terms of the First Placing Agreement, which was completed on 2 November 2022 (details of which are set out in the announcements of the Company dated 7 October 2022 and 2 November 2022)
“First Placing Agreement”	the placing agreement dated 7 October 2022 entered into among the Company, Global Mastermind and SBI in respect of the First Placing

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## DEFINITIONS

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“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Global Mastermind”	Global Mastermind Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising Ir Dr. Ng Yu Ki, Mr. Tong Tsz Kwan and Ms. Liao Pui Yee Bonnie (all of whom are independent non-executive Directors) to consider and give recommendations to the Independent Shareholders on the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders
“Independent Financial Adviser”	Silverbricks Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed, with the approval of the Independent Board Committee, by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders
“Independent Shareholders”	the Shareholders other than those who are required under the GEM Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM (i.e., Metagate and Mr. Choy)

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## DEFINITIONS

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“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of and not connected with the Company and its connected persons
“Latest Practicable Date”	15 February 2024, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Metagate”	Metagate Investment SPC, a private company limited by shares incorporated in Cayman Islands and a wholly-owned subsidiary of Rainbow Capital Limited, which is in turn ultimately and beneficially wholly-owned by Mr. Choy
“Mr. Choy”	Mr. Choy Hok Man
“New Maturity Date”	the date falling upon the expiry of four years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day (i.e., 24 December 2024)
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Proposed Third Amendments”	the proposed amendments to the CB Terms and Conditions as provided under the Third Addendum, details of which are set out in the announcement of the Company dated 2 January 2024, details of which are set out in the paragraphs headed “Proposed Third Amendments” under the section headed “THE THIRD ADDENDUM” in the letter from the Board of this circular
“Revised Conversion Price”	HK\$0.088 per Conversion Share, subject to adjustments set out in the CB Terms and Conditions
“SBI”	SBI China Capital Financial Services Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Second Addendum”	the addendum dated 18 October 2022 executed by the Company and supplemental to the CB Terms and Conditions (as amended by the First Addendum)



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## DEFINITIONS

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“Second Amendments”	the amendments to the CB Terms and Conditions as provided under the Second Addendum, details of which 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
“Second Placing”	placing of a maximum of 35,000,000 new Shares by SBI as placing agent in accordance with the terms of the Second Placing Agreement (as amended by the side letters entered into between the Company and SBI dated 22 December 2022 and 9 January 2023, which lapsed on 30 January 2023) (details of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022, 9 January 2023 and 30 January 2023)
“Second Placing Agreement”	the placing agreement dated 21 December 2022 entered into between the Company and SBI in respect of the Second Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to authorise the Board to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders to be proposed for the Independent Shareholders’ approval as an ordinary resolution at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Codes”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong as may be amended and supplemented from time to time
“Third Addendum”	the addendum to the CB Terms and Conditions dated 2 January 2024 executed by the Company and supplemental to the CB Terms and Conditions (as amended by the First Addendum and the Second Addendum)

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## DEFINITIONS

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“Transfer”	the transfer of the Convertible Bonds in accordance with the terms of the Transfer Agreement(s)
“Transfer Agreements”	the sale and purchase agreements dated 19 October 2022 entered into between the initial Bondholders and the existing Bondholders (namely Metagate and Mr. Choy) in relation to the Transfer
“Vendor”	Mobile Technology Holdings Limited, a company incorporated in the Isle of Man with limited liability
“%”	per cent

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## LETTER FROM THE BOARD

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**ORIENTAL PAYMENT GROUP**  
**ORIENTAL PAYMENT GROUP HOLDINGS LIMITED**  
**東方支付集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8613)**

*Executive Director:*

Mr. Tsang Chi Kit

*Non-executive Director:*

Mr. Shiu Shu Ming

*Independent non-executive Directors*

Ir Dr. Ng Yu Ki

Mr. Tong Tsz Kwan

Ms. Liao Pui Yee Bonnie

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal place of business*

*in Hong Kong:*

Room 5, 17/F

80 Gloucester Road

Wanchai

Hong Kong

21 February 2024

*To the Independent Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the announcement of the Company dated 2 January 2024 in relation to, among others, the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders.

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## LETTER FROM THE BOARD

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

### BACKGROUND

Reference is made to (i) the joint announcements of the Company and China Smartpay Group Holdings Limited dated 10 June 2020 and 26 June 2020 in relation to, among others, the placing of the Convertible Bonds under the general mandate by the Company; (ii) the announcements of the Company dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022 in relation to, among others, the First Amendments; (iii) 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 in relation to the Second Amendments; and (iv) the announcement of the Company dated 19 October 2022 in relation to the transfer of the Convertible Bonds to Metagate and Mr. Choy.

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

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

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

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## LETTER FROM THE BOARD

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On 19 October 2022, the Company was informed by the then Bondholders that they had entered into the Transfer Agreements with, and transferred the Convertible Bonds to, Metagate and Mr. Choy.

Pursuant to the CB Terms and Conditions (as amended by the Second Amendments under the Second Addendum), the Convertible Bonds shall mature on 22 December 2023.

On 2 January 2024, by virtue of the written resolutions signed and passed by all the existing Bondholders holding 100% of the aggregate outstanding principal amount of the Convertible Bonds, the Bondholders have conditionally agreed to the Proposed Third Amendments. The existing Bondholders have also unconditionally confirmed to the Company that:

- (i) the Company is not required to redeem the Convertible Bonds in full on the maturity date (as extended by the Second Addendum); and
- (ii) the Company will not be in breach of any of the CB Terms and Conditions as a result of not redeeming or converting the Convertible Bonds.

As at the Latest Practicable Date, an aggregate principal amount of the Convertible Bonds of HK\$11,850,000 (the “**Outstanding Principal Amount**”) and an aggregate accrued interest of the Convertible Bonds of approximately HK\$2,600,000 (the “**Latest Outstanding Accrued Interest**”) remain outstanding. The Latest Outstanding Accrued Interest is calculated based on the following formula:

$$\begin{array}{r} \text{Outstanding Principal Amount} \\ \text{(i.e., HK\$11,850,000)} \end{array} \times 7\% \times \frac{\text{Accrued period of 1,144 days covering the period} \\ \text{from 29 December 2020 to} \\ \text{the Latest Practicable Date}}{365 \text{ days}}$$

### THE THIRD ADDENDUM

On 2 January 2024, the Company executed the Third Addendum to amend and/or alter the CB Terms and Conditions with a view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year; (ii) adjust the interest rate accrued on the principal amount of the outstanding Convertible Bonds payable by the Company to 12% per annum; (iii) charge a Default Interest on any overdue principal and accrued interest of the outstanding Convertible Bonds payable by the Company; and (iv) adjust the conversion price of the Convertible Bonds to HK\$0.088 per Conversion Share. The Third Addendum and the CB Terms and Conditions (as amended by the Third Addendum) shall take effect subject to the fulfilment of the Conditions Precedent as set out in the section headed “Conditions Precedent” below.

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## LETTER FROM THE BOARD

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### **The Proposed Third Amendments**

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

- (i) the maturity date of the Convertible Bonds shall be further extended from “the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued or if such date is not a Business Day, the immediate preceding Business Day” (which is 22 December 2023) to “the date falling upon the expiry of four years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which is 24 December 2024 (i.e., the New Maturity Date));
- (ii) the conversion price of the Convertible Bonds shall be adjusted from HK\$0.1 to HK\$0.088 per Conversion Share;
- (iii) from the date immediately after the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued, the interest rate accrued on the principal amount of outstanding Convertible Bonds payable by the Company shall be adjusted from “the rate of 7% per annum accrued on a day-to-day basis” to “the rate of 12% per annum accrued on a day-to-day basis”; and
- (iv) a Default Interest shall be chargeable to the Company at the rate of 20% per annum on (a) any outstanding accrued interest of the Convertible Bonds from and including the date(s) on which accrued interest is payable in accordance with the CB Terms and Conditions to the actual payment date; and (b) any outstanding principal of the Convertible Bonds from and including the New Maturity Date to the actual payment date.

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

### **Conditions Precedent**

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

- (i) the Stock Exchange having granted approval for the Proposed Third Amendments as contemplated under the Third Addendum pursuant to Rule 34.05 of the GEM Listing Rules;

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## LETTER FROM THE BOARD

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

If any of the above conditions precedent is not fulfilled on or before 30 April 2024 (or such later date as may be mutually agreed by the Company and the Bondholders), the Third Addendum shall lapse and terminate and the Proposed Third Amendments as provided under the Third Addendum will not take effect. None of the Conditions Precedent is waivable by the Company or the Bondholders. As at the Latest Practicable Date, none of the aforesaid Conditions Precedent have been fulfilled.

### **Effect of the Third Addendum**

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

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

### **The Maximum Outstanding Accrued Interest and the Conversion Shares**

Subject to the Proposed Third Amendments as provided under the Third Addendum becoming effective, based on (i) the sum of the Outstanding Principal Amount (i.e., HK\$11,850,000) and the maximum aggregate outstanding accrued interest (including accrued interest of HK\$3,902,058.90 up to the New Maturity Date and the accrued Default Interest of HK\$571,289.99 up to the New Maturity Date; assuming that no accrued interest would be settled between the Latest Practicable Date and the New Maturity Date) of the Convertible Bonds as at the New Maturity Date of HK\$4,473,348.89 (the “**Maximum Outstanding Accrued Interest**”); and (ii) the Revised Conversion Price of HK\$0.088 per Share pursuant to the Third Addendum, a maximum number of 185,492,601 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights (including a maximum number of 50,833,510 Conversion Shares in respect of the Maximum Outstanding Accrued Interest).

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## LETTER FROM THE BOARD

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Assuming that there is no repayment of any accrued interest (including accrued Default Interest) of the Convertible Bonds by the Company during the period from the Latest Practicable Date to the New Maturity Date, the Maximum Outstanding Accrued Interest (i.e., HK\$4,473,348.89) is calculated based on the following formula:

### *Accrued Interest*

- (i) Before the Proposed Third Amendments:

$$\begin{array}{rcccl}
 \text{Aggregate Outstanding} & & & \text{Interest period of 1,093 days} & \\
 \text{Principal Amount} & \times & 7\% & \times & \text{covering the period from} \\
 \text{(i.e., HK\$11,850,000)} & & & & \text{29 December 2020}^{(1)} \text{ to} & = \text{HK\$2,483,954.79} \\
 & & & & \text{26 December 2023}^{(2)} \\
 & & & \hline
 & & & \text{365 days} & 
 \end{array}$$

The accrued interest before the Proposed Third Amendments represents accrued interest amount of the outstanding principal amount with original interest rate (i.e., 7%) accrued on a day-to-day basis from the day after the first interest payment date after the date of issue of the Convertible Bonds on the principal amount of the Convertible Bonds outstanding and payable by the Company semi-annually in arrears on the dates falling upon the expiry of six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the last interest payment date before the date of the Third Addendum.

- (ii) After the Proposed Third Amendments:

$$\begin{array}{rcccl}
 \text{Aggregate Outstanding} & & & \text{Interest period of 364 days} & \\
 \text{Principal Amount} & \times & 12\% & \times & \text{covering the period from} \\
 \text{(i.e., HK\$11,850,000)} & & & & \text{27 December 2023}^{(3)} \text{ to} & = \text{HK\$1,418,104.11} \\
 & & & & \text{the New Maturity Date}^{(4)} \\
 & & & \hline
 & & & \text{365 days} & 
 \end{array}$$

The accrued interest after the Proposed Third Amendments represents accrued interest amount of the outstanding principal amount with adjusted interest rate (i.e., 12%) accrued on a day-to-day basis from the day after the last interest payment date before the date of the Third Addendum on the principal amount of the Convertible Bonds outstanding and payable by the Company semi-annually in arrears on the anniversary(ies) of the dates falling upon the expiry of six months and one year after the date of issue of the Convertible Bonds for each year thereafter up to and including New Maturity Date.

Total outstanding accrued interest until the New Maturity Date:

(i) + (ii) = HK\$3,902,058.90



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## LETTER FROM THE BOARD

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The conversion shares from the total outstanding accrued interest until the New Maturity Date:

$$= \frac{\text{The total outstanding accrued interest until the New Maturity Date}}{\text{The Revised Conversion Price}}$$

$$= \frac{\text{HK\$3,902,058.90}}{\text{HK\$0.088}}$$

$$= \text{Approximately 44,341,578 Shares}$$

### ***Accrued Default Interest***

(iii) First default period:

First aggregate overdue accrued interest =

Aggregate Outstanding Principal Amount (i.e., HK\$11,850,000)	x	7%	x	Interest period of 910 days covering the period from 29 December 2020 <sup>(1)</sup> to 26 June 2023 <sup>(5)</sup>	= HK\$2,068,068.49
				365 days	

Accrued Default Interest of the first default period =

First aggregate overdue accrued interest as of 26 June 2023 <sup>(5)</sup>	x	20%	x	Interest period of 368 days covering the period from 23 December 2023 <sup>(6)</sup> to the New Maturity Date <sup>(4)</sup>	= HK\$417,013.26
				365 days	

The accrued Default Interest of the first default period is calculated based on the overdue amount accrued on the Company when it failed to repay the outstanding principal and the outstanding accrued interest at the original interest rate (i.e., 7%) for the first time as of 26 June 2023, with default interest rate (i.e., 20%) from and including the date immediately after the existing maturity date of the Convertible Bonds to the actual payment date.

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## LETTER FROM THE BOARD

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(iv) Second default period:

Second aggregate Overdue Accrued Interest =

Aggregate Outstanding Principal Amount (i.e., HK\$11,850,000)	x	7%	x	Interest period of 183 days covering the period from 27 June 2023 <sup>(7)</sup> to 26 December 2023 <sup>(2)</sup> <hr style="width: 50%; margin: 0 auto;"/> 365 days	= HK\$415,886.30
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Accrued Default Interest of the second default period =

Second aggregate overdue accrued interest from 27 June 2023 <sup>(7)</sup> to 26 December 2023 <sup>(2)</sup>	x	20%	x	Interest period of 365 days covering the period from 26 December 2023 <sup>(2)</sup> to the New Maturity Date <sup>(4)</sup> <hr style="width: 50%; margin: 0 auto;"/> 365 days	= HK\$83,177.26
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The accrued Default Interest of the second default period is calculated based on the overdue amount accrued on the Company when it failed to repay the outstanding principal and the outstanding accrued interest at the original interest rate (i.e., 7%) in a half year starting from 27 June 2023 for the second time, with default interest rate (i.e., 20%) from and including such due date to the actual payment date.

(v) Third default period:

Third aggregate Overdue Accrued Interest =

Aggregate Outstanding Principal Amount (i.e., HK\$11,850,000)	x	12%	x	Interest period of 183 days covering the period from 27 December 2023 <sup>(3)</sup> to 26 June 2024 <sup>(8)</sup> <hr style="width: 50%; margin: 0 auto;"/> 365 days	= HK\$712,947.95
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## LETTER FROM THE BOARD

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Accrued Default Interest of the third default period =

$$\begin{array}{rcl} \text{Third aggregate} & & \text{Interest period of 182 days} \\ \text{overdue accrued} & & \text{covering the period from} \\ \text{interest from 27} & \times 20\% \times & \text{26 June 2024}^{(8)} \text{ to} \\ \text{December 2023}^{(3)} \text{ to} & & \text{the New Maturity Date}^{(4)} \\ \text{26 June 2024}^{(8)} & & \hline & & 365 \text{ days} \end{array} = \text{HK\$71,099.47}$$

The accrued Default Interest of the third default period is calculated based on the overdue amount accrued on the Company when it failed to repay the outstanding principal and the outstanding accrued interest at the adjusted interest rate (i.e., 12%) semi-annually, with default interest rate (i.e., 20%) from and including such due date to the actual payment date.

Total accrued Default Interest until the New Maturity Date:

$$(iii) + (iv) + (v) = \text{HK\$571,289.99}$$

The conversion shares from the total accrued Default Interest until the New Maturity Date:

$$\begin{aligned} &= \frac{\text{The total accrued Default Interest until the New Maturity Date}}{\text{The Revised Conversion Price}} \\ &= \frac{\text{HK\$571,289.99}}{\text{HK\$0.088}} \\ &= \text{Approximately 6,491,932 Shares} \end{aligned}$$

*Notes:*

1. The day after interest had been repaid by the Company to the Bondholder that covered an interest period from and including the date on which the Convertible Bonds were issued (i.e., 26 June 2020) to 28 December 2020.

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## LETTER FROM THE BOARD

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2. The latest Interest Payment Date before the date of the Third Addendum. According to the Third Addendum, the interest is accrued from and including the date of issue of the Convertible Bonds at the rate of 7% per annum on a day-to-day basis on the principal amount of the Convertible Bonds outstanding, which subject as provided in the Third Addendum, is payable by the Company semi-annually in arrears on the dates falling six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the maturity date of the Second Amendments (each an “**Interest Payment Date**”), with the first payment to be made on the date falling six months after the date of its issue. If an Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into in the next calendar month in which event it shall be brought forward to the immediately preceding Business Day.
  3. The day after the latest Interest Payment Date before the date of the Third Addendum.
  4. 24 December 2024, the Business Day immediately preceding the date falling upon the expiry of four years and six months from the date on which the Convertible Bonds were issued.
  5. The first Interest Payment Date after the maturity date of the Convertible Bonds as extended by the Second Amendments, on which the Company failed to pay accrued interest semi-annually.
  6. The day after the maturity date of the Convertible Bonds as extended by the Second Amendments (i.e., 22 December 2023).
  7. The first day that the Convertible Bonds bear interest semi-annually during the second semi-annual period (i.e., 27 June 2023 to 26 December 2023) as extended by the Second Amendments.
  8. The last day that the Convertible Bonds bear interest semi-annually during the first semi-annual period (i.e., 27 December 2023 to 26 July 2024) as extended by the Proposed Third Amendments.
- \* *The above calculation is based on the assumption that there will be no further extensions and further events of default of the Convertible Bonds.*

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

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## LETTER FROM THE BOARD

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As disclosed in the Company's interim report for the six months ended 30 September 2023, despite the positive impact of the relief policies implemented by the PRC and Hong Kong in response to the COVID-19 pandemic, the aftershocks of the pandemic continue to linger. The recovery of travel from the PRC to other countries, including Thailand, has not fully regained its pre-pandemic levels, and the spending power of visitors from the PRC in Thailand has been lower than before. Further, the Group's business in Thailand is facing competition from neighbouring travel destinations and limited airline capacity and also the resurgence of "zero fare" tour groups organised by Chinese travel agencies which have affected transaction volumes and revenue. In light of these challenges, the Group has retained cash resources as a priority to maintain stability and sustainability in its existing operations, and as such, the Group has been unable to discharge its liabilities on repayment of the outstanding accrued interest of the Convertible Bonds to the Bondholders according to the CB Terms and Conditions.

### **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS IMMEDIATELY AFTER THE PROPOSED THIRD AMENDMENTS UNDER THE THIRD ADDENDUM**

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

<b>Issuer:</b>	The Company
<b>Principal amount:</b>	An aggregate principal amount of HK\$11,850,000
<b>Issue price:</b>	100% of the principal amount of the Convertible Bonds
<b>Maturity date:</b>	The date falling upon the expiry of four years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day (i.e., 24 December 2024).
<b>Interest:</b>	The Convertible Bonds will bear interest from the date of issue at the rate of 7% per annum, and from the date immediately after the date falling upon the expiry of three years and six months from the date of issue at the rate of 12% per annum, accrued on a day-to-day basis on the principal amount of the Convertible Bonds outstanding, will be payable by the Company semi-annually in arrears on the dates falling upon the expiry of six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the New Maturity Date, with the first payment to be made on the date falling six months after the date of its issue.

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## LETTER FROM THE BOARD

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If the Company fails to pay the outstanding accrued interest on the aforesaid payment due date(s) when the accrued interest becomes payable, the Bondholder will be entitled to receive a Default Interest at the rate of 20% per annum (“**Default Interest Rate**”) on the overdue amount from and including such due date(s) (or, in respect of the outstanding accrued interest payable before 22 December 2023 (the “**Existing Maturity Date**”), the date immediately after the Existing Maturity Date) to the actual payment date. If the Company fails to repay the outstanding principal on the New Maturity Date, the Bondholder will be entitled to receive a penalty interest at the Default Interest Rate on the overdue amount from and including the New Maturity Date to the actual payment date.

The interest of the Convertible Bonds (including Default Interest) shall be calculated on the basis of a 365-day year and on the actual number of days elapsed.

**Conversion Price:** HK\$0.088 per Share, subject to adjustments, details of the adjustment mechanism are set out in the CB Terms and Conditions

**Adjustment events:** Pursuant to the CB Terms and Conditions, the conversion price shall from time to time be adjusted upon occurrence of the following events, among others:

- (i) consolidation or subdivision of the Shares;
- (ii) issue of any Shares by way of capitalisation of profits or reserves (other than in lieu of a cash dividend);
- (iii) capital distribution to the Shareholders or a grant to the Shareholders of any rights to acquire for cash assets of the Group;
- (iv) offer of any new Shares to the Shareholders for subscription by way of rights, or a grant to the Shareholders of any options or warrants to subscribe for new Shares, at a price which is less than 80% of the relevant market price per Share;

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## LETTER FROM THE BOARD

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

**Conversion Shares:** Based on (i) the sum of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest; and (ii) the Revised Conversion Price of HK\$0.088 per Share, a maximum number of 185,492,601 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represents:

- (i) approximately 9.8% of the existing issued Shares immediately prior to the exercise of any of the Conversion Rights; and
- (ii) approximately 8.9% of the issued Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

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

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## LETTER FROM THE BOARD

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

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

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

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

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



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## LETTER FROM THE BOARD

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

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

**Transferability:** The Convertible Bonds are assignable and transferable subject to the CB Terms and Conditions and any applicable laws, rules and regulations (including but not limited to the GEM Listing Rules).

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

- (i) a default is made for more than fourteen Business Days in the payment of any amount due in respect of the Convertible Bonds when the same ought to be paid in accordance with the CB Terms and Conditions;
- (ii) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the CB Terms and Conditions and on its part to be performed or observed (other than the covenant to pay the principal) and such default is incapable of remedy, or if capable of remedy is not remedied within fourteen Business Days of service by the Bondholder on the Company, of notice requiring such default to be remedied;
- (iii) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved;

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## LETTER FROM THE BOARD

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- (iv) any governmental or other authority expropriates, or threatens to expropriate, all or any substantial part of the business or assets of the Company save as permitted in the CB Terms and Conditions;
- (v) an encumbrancer takes possession of or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company and such possession or appointment is not terminated within twenty-eight Business Days of a written request by the Bondholder;
- (vi) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property of the Company and is not discharged within twenty-eight Business Days thereof;
- (vii) the Company initiates or consents to proceedings relating to itself under any applicable reorganisation or insolvency law or makes an assignment for the benefit of, or enters into any composition with, its creditors generally;
- (viii) proceedings are initiated against the Company under any applicable reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of thirty Business Days;
- (ix) it is or will become unlawful for the Company to perform or comply with any one or more of their respective obligations under the CB Terms and Conditions or the Convertible Bonds;
- (x) the Convertible Bonds are not redeemed on the New Maturity Date pursuant to the CB Terms and Conditions;
- (xi) any present or future indebtedness of the Company in excess of HK\$100,000,000 becomes due and payable prior to its stated maturity or any such indebtedness is not paid after three months of when it becomes due; or
- (xii) any event occurs which has an analogous effect to any of the events referred in paragraphs (i) to (xi) above.

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## LETTER FROM THE BOARD

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- Further issue:** The Company may from time to time, without the consent of the Bondholders, create and issue further Convertible Bonds having the same terms and conditions as the Convertible Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Convertible Bonds.
- Voting:** The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Bondholder.
- Application for listing:** No application will be made by the Company for the listing of the Convertible Bonds on any stock or securities exchange.

### Revised Conversion Price

The Revised Conversion Price of HK\$0.088 per Share represents:

- (i) a discount of approximately 39.7% to the closing price of HK\$0.146 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 2 January 2024, being the date of the Third Addendum;
- (iii) a premium of approximately 4.0% to the average closing price of HK\$0.0846 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Third Addendum; and
- (iv) a premium of approximately 2.3% to the average closing price of HK\$0.086 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Third Addendum.

There is no theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) given that the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) equals the benchmarked price of HK\$0.088 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of HK\$0.088 per Share on the date of the Third Addendum and (ii) the average closing price of HK\$0.0836 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Third Addendum).

When determining the Revised Conversion Price, the Directors have considered, among other things, the closing prices of the Shares traded on the Stock Exchange and the trading volume of the Shares in the past three months prior to and including the date of the Third Addendum (the “**Review Period**”) as a benchmark to reflect the prevailing market conditions and recent market sentiment.

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## LETTER FROM THE BOARD

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During the Review Period, the Shares were traded on the Stock Exchange with closing prices ranging from HK\$0.079 per Share to HK\$0.161 per Share, with an average closing price of the Shares during the Review Period of approximately HK\$0.101 per Share. The Directors considered that despite the Revised Conversion Price of HK\$0.088 per Conversion Share represents a discount of approximately 12.87% to the average closing price of the Shares during the Review Period, (i) there was a general downward trend of the closing prices of the Shares as traded on the Stock Exchange from August 2023 up to and including the date of the Third Addendum; and (ii) the Revised Conversion Price represents a significant premium over the consolidated unaudited net asset value of the Company attributable to the Shareholders as at 30 September 2023 of approximately HK\$0.0211 per Share.

Furthermore, the Directors have also reviewed the trading volume of the Shares during the Review Period when determining the Revised Conversion Price. The following table sets out, among others, (i) the average daily trading volume of the Shares during the Review Period; and (ii) the percentage of the average daily trading volume of the Shares in proportion to the total number of Shares in issue as at the end of the month/period:

### Trading volume of the Shares during the Review Period

Month/Period	Total trading Volume <i>(Number of Shares)</i>	Number of trading days	Average daily trading volume of the Shares <i>(Approximately)</i> <i>(Number of Shares)</i>	Average daily trading volume as a percentage of the total number of Shares in issue as at the end of the month/period <i>(Approximately)</i>
From 3 October 2023 to				
31 October 2023	1,530,000	20	76,500	0.004%
November 2023	630,000	22	28,636	0.002%
December 2023	250,000	19	13,158	0.001%
From 1 January 2024 to				
2 January 2024	0	1	0	0%

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

As illustrated in the above table, the trading volume of the Shares was relatively thin during the Review Period, with an average daily trading volume of the Shares for the respective month/period ranging from no Shares to 76,500 Shares, representing no trading volume and approximately 0.004% of the Company's total number of Shares in issue as at the end of the relevant month/period, respectively.

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## LETTER FROM THE BOARD

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Having considered that (i) despite the recent volatility, the Shares were traded on the Stock Exchange with closing prices demonstrating a general downward trend from August 2023 and throughout the Review Period up to and including the date of the Third Addendum; (ii) the Revised Conversion Price is equal to or represents a premium to the closing prices of the Shares on 90% (i.e., 18 out of 20) of the trading days during the period from 1 December 2023 to the date of the Third Addendum (i.e., 2 January 2024) and represents a premium to the prevailing market prices (such as the average closing price of the Shares for the five and ten consecutive trading days up to and including the date of the Third Addendum); (iii) the Revised Conversion Price represents a significant premium over the consolidated unaudited net asset value of the Company attributable to the Shareholders as at 30 September 2023 of approximately HK\$0.0211 per Share; (iv) the trading volume of the Shares during the Review Period was relatively thin as illustrated above; and (v) as disclosed in the section headed “REASONS AND BENEFITS OF THE PROPOSED THIRD AMENDMENTS” in this circular, despite the increased shareholding dilution impact on the Shareholders, the Company could benefit from the relief from imminent pressure to seek urgent funding to redeem the Convertible Bonds and its adverse impact on the Company’s liquidity and the financial position and could retain flexibility in deployment of its funds for general working capital, the Directors are of the view that the Revised Conversion Price is fair and reasonable and is in the interest of the Company and the Independent Shareholders as a whole.

### **SPECIFIC MANDATE TO ALLOT AND ISSUE THE CONVERSION SHARES**

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

Subject to the Proposed Third Amendments as provided under the Third Addendum becoming effective, assuming that no interest of the Convertible Bonds would be settled and paid to the Bondholders between the Latest Practicable Date and the New Maturity Date and without taking into account any Default Interest accrued after the New Maturity Date, the aggregate maximum number of Shares which may fall to be allotted and issued upon conversion in full of the Convertible Bonds at the Revised Conversion Price is 185,492,601 Shares, representing approximately 9.8% of the Company’s existing issued share capital and approximately 8.9% of its issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming that there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

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

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE PROPOSED THIRD AMENDMENTS

The Convertible Bonds (as amended by the Second Amendments under the Second Addendum) matured on 22 December 2023. As at the Latest Practicable Date, the Convertible Bonds have not been redeemed or converted in whole or in part. If the Company were to redeem the Convertible Bonds in full on the Latest Practicable Date, the expected cash outflow of the Company in this regard will amount to approximately HK\$14,450,000.

Having considered the direct and immediate negative impact of full redemption of the Convertible Bonds (if carried out according to the CB Terms and Conditions (as amended by the Second Addendum)) on the Company's liquidity and financial position, the Company has been negotiating with the Bondholders to explore possible solutions, including but not limited to the potential extension of the maturity date of the Convertible Bonds and the potential issuance of new debt securities. On 5 December 2023, the Company was notified of the Bondholders' intention to incorporate the Proposed Third Amendments into the CB Terms and Conditions. In this regard, the Directors believe that the Proposed Third Amendments would allow the Group to continue to refinance its debts under the Convertible Bonds on normal commercial terms and enable the Company to retain flexibility in the deployment of its funds for general working capital, which is of paramount importance to the Company's operations amidst the challenging market environment.

Furthermore, although the interest rate under the Proposed Third Amendments has been raised, having considered the high finance cost and longer time in raising additional fund to redeem the outstanding Convertible Bonds, the Board considers that the Proposed Third Amendments would relieve the imminent pressure on the Company to seek urgent funding to redeem the Convertible Bonds.

In order to further assess the Proposed Third Amendments, the Directors have considered the following factors:

- (i) the extension of the maturity date for the Convertible Bonds allows the Group to defer a significant cash outflow, affording it a reasonable timeframe to improve its financial performance and net current liabilities position. Furthermore, the extension grants the Group the flexibility to deploy its financial resources towards operational needs and business development, while ensuring sufficient time for the Company to arrange funding, including from internal sources or equity fundraising activities, to meet its redemption obligations under the terms of the Convertible Bonds;
- (ii) as mentioned in the sub-section headed "Revised Conversion Price", after considering (a) the prevailing market price, (b) the recent trading volume of the Shares as illustrated above, and (c) the impact from the aftershocks of the COVID-19 (and other related and mutated form) pandemic to the business operation and financial position of the Group, a discount on the Revised Conversion Price to the prevailing conversion price shall incentivise the Bondholders to convert the Convertible Bonds into Shares, providing a more practical alternative to the Bondholders to capitalise the debt owed by the Group, thereby alleviating the financial burden of the Group;

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## LETTER FROM THE BOARD

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- (iii) the adjustment of the interest rate to 12% under the Proposed Third Amendments were determined between the parties taking into account (a) the prevailing market rate; (b) the current financial and cash position of the Group; and (c) the benefits that the Proposed Third Amendments would bring to the Group, which includes providing greater flexibility to the Company's working capital management and the alleviation of the immediate funding needs of the Company to redeem the aggregate Outstanding Principal Amount and to settle the aggregate accrued interest;
- (iv) the interest rate of 12% and the Default Interest calculated at 20% per annum was arrived at after arm's length negotiation between the Bondholders and the Company, having taken into account (a) the prevailing best lending rate and tight lending conditions offered by commercial banks in Hong Kong, and the banks' rejection of the Company's requests for borrowings in light of the Group's financial position and difficulties in fulfilling such lending conditions, rendering bank borrowing unfeasible; (b) the lending rate of an existing loan of the Group offered by Independent Third Party licensed money lenders in Hong Kong being 12% per annum and offers of further lending from Independent Third Party licensed money lenders in Hong Kong at a higher interest rate (i.e., more than 12% per annum) due to the current financial position of the Company and commonly bundled with default interest; (c) the prevailing default interest rate (where default interest is chargeable) in similar transactions in the market in the range of 18% to 36% per annum as observed by the Board; (d) the existing net current liabilities position of the Group; and (e) the aforesaid benefits that the Proposed Third Amendments would bring to the Group. The Default Interest rate at 20% per annum is reasonable, given that (a) the Bondholders will grant a one-year extension of the maturity date of the Convertible Bonds, and (b) the Company is unable to provide any collateral to the Bondholders; and
- (v) the Company has maintained a stable relationship with the Bondholders and the parties have aligned mutual expectations and understanding on the redemption and/or conversion of the Convertible Bonds. In contrast, borrowing from Independent Third Party licensed money lenders requires the Company to invest additional time and administrative costs in negotiating and finalising the terms and typically involves lower flexibility in terms of repayment, rendering it a less preferable alternative to the Proposed Third Amendments.

As at the Latest Practicable Date, the Company has no intention to carry out any further fund-raising activity(ies) solely for the purpose of catering for the redemption of the Convertible Bonds and the Proposed Third Amendments and will, as and when appropriate, keep the Shareholders and potential investors informed of any development in compliance with the GEM Listing Rules. As at the Latest Practicable Date, the Company has also no intention to repay the outstanding Accrued Interest given that the Proposed Third Amendments is intended to enable the Company to defer significant cash outflow and preserve the resilience and stability of the Company's cash position for the benefit of the Company's future operations, and outright repayment of the outstanding Accrued Interest by utilizing the Group's cash reserves would place undue financial burden on the Group in terms of cash flow, indebtedness and liquidity position and may jeopardize the Company's capability to maintain its operations.

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## LETTER FROM THE BOARD

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While the Directors considered that the Proposed Third Amendments would help reserve cash resources of the Group and provide flexibility for the Group in utilising its cash resources, the Directors have, apart from the 2023 Subscription, also considered and explored possibility of conducting other fund-raising alternatives including (i) debt financing; and (ii) other equity fund raising methods such as placing under general and/or specific mandates, rights issue and open offer for further fund raising. The Directors were, however, of the view that debt financing may (i) involve lengthy due diligence procedures with the debt application approval being usually subject to the Group's financial position and prevailing market conditions, which may be relatively costly and time-consuming; and (ii) impose additional interest burden on the Group which will, in turn, worsen the Group's financial position. For placing under general and/or specific mandates, since placing would inevitably lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, the Directors considered that this is not the most suitable option for current purpose. For other alternative equity fund-raising methods such as rights issue and open offer, the Directors considered that such methods usually require a relatively longer time period to complete due to relatively more stringent documentary requirements for preemptive issues such as preparation of listing document, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement. As of the Latest Practicable Date, save as disclosed above and except for the then proposed placing of up to 35,000,000 new Shares under general mandate by SBI as placing agent which lapsed on 30 January 2023 (particulars of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 30 January 2023), the Company has not considered any other fundraising method.

The Directors further considered that:–

- (i) more professional parties would be involved in other equity fund raising methods such as rights issue and open offer, such as underwriters, legal advisers to the Company or other relevant parties, auditors, share registrar and financial printer, it is therefore expected that additional cost (including but not limited to underwriting commission of the proceeds raised as well as documentation, printing and professional fees) will be inevitably incurred, which may, in turn, cause an adverse impact on the financial condition of the Group;
- (ii) third party lenders would generally impose more stringent conditions (such as requiring charge of assets and/or other securities and guarantees to be provided by the Directors and/or controlling shareholders of the Company) on the loans, as well as administrative expenses and fees charged, which may increase the Group's existing cost of borrowings and affect the Group's flexibility in utilising its resources, and hence worsen the Group's liabilities position and its gearing ratio; and
- (iii) no additional due diligence procedures nor debt application approval is required by the Proposed Third Amendments as the Proposed Third Amendments were initiated and have been agreed by all the Bondholders, which enables the Group to retain its cash resources in a relatively expedient manner.



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## LETTER FROM THE BOARD

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

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,898,106,667 Shares in issue, and none of the conversion rights attaching to the Convertible Bonds have been exercised by the holders of the Convertible Bonds and therefore none of the Convertible Bonds have been converted into Shares.

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full conversion of the Convertible Bonds into Conversion Shares (assuming the Proposed Third Amendments becoming effective and there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and upon the full conversion of the Convertible Bonds and that no interest of the Convertible Bonds would be settled and paid to the Bondholders between the Latest Practicable Date and the New Maturity Date without taking into account any Default Interest accrued after the New Maturity Date).

	As at the Latest Practicable Date		Upon full conversion of the Convertible Bonds	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>
<b>Shareholders</b>				
Mobile Technology Holdings Limited				
("MTHL") (Note 1)	476,666,667	25.11%	476,666,667	22.88%
Metagate (Note 2)	304,460,000	16.04%	404,328,590	19.41%
Mr. Choy (Note 2)	19,880,000	1.05%	105,504,011	5.06%
Gold Track Ventures Limited				
("Gold Track") (Note 3)	200,000,000	10.53%	200,000,000	9.60%
Mr. Tsang Chi Kit ("Mr. Tsang")				
(Note 3)	4,880,000	0.26%	4,880,000	0.23%
Straum Investments Limited				
("Straum Investments") (Note 4)	138,000,000	7.27%	138,000,000	6.62%
Other public Shareholders (Note 5)	754,220,000	39.74%	754,220,000	36.20%
<b>Total</b>	<b>1,898,106,667</b>	<b>100.00%</b>	<b>2,083,599,268</b>	<b>100.00%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. As at the Latest Practicable Date and based on the information provided by MTHL to the Company, the share capital of MTHL consists of three classes of securities: Class A (two votes for each share held), Class 1B and Class 2B (one vote for each share held). As at the Latest Practicable Date, there are 177,360,000 Class A Shares in issue, 199,999,999 Class 2B Shares in issue and 1 Class 1B Share in issue.

As regards the distribution of the Class A Shares, approximately 67.66% (i.e., 120,000,000 Class A Shares) of the total issued Class A Shares are ultimately and beneficially held by Mr. David Kenneth Ehrlich; and the remaining approximately 32.34% of the total issued Class A Shares are held by nine shareholders with each of them holding less than 10%. As regards the distribution of the Class 2B Shares, approximately 29.50% (i.e., 59,000,000 Class 2B Shares) of the total issued Class 2B Shares are owned by Mr. Hamad Abdulla S H Al-Mana; approximately 8.35% (i.e., 16,699,999 Class 2B Shares) of the total issued Class 2B Shares are owned by Mr. David Kenneth Ehrlich; and the remaining approximately 62.15% of the total Class 2B Shares are held by six shareholders with each of them hold less than 20%.

2. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Metagate on 5 January 2024, these 304,460,000 Shares were held by Metagate, which is in turn wholly-owned by Rainbow Capital Limited (“**Rainbow Capital**”). As at the Latest Practicable Date, Rainbow Capital is ultimately and beneficially wholly-owned by Mr. Choy. Accordingly, each of Rainbow Capital and Mr. Choy is deemed to be interested in such 304,460,000 Shares held by Metagate pursuant to Part XV of the SFO as at the Latest Practicable Date.
3. As at the Latest Practicable Date, 4,880,000 Shares were directly held by Mr. Tsang, an executive Director and the managing director of the Group and 200,000,000 Shares were held by Gold Track, which is in turn wholly-owned by Mr. Tsang. Accordingly, Mr. Tsang is deemed to be interested in such 200,000,000 Shares held by Gold Track pursuant to Part XV of the SFO as at the Latest Practicable Date.
4. As at the Latest Practicable Date, these 138,000,000 Shares were held by Straum Investments which is in turn wholly-owned by Mr. Yu Chun Fai (“**Mr. Yu**”). Accordingly, Mr. Yu is deemed to be interested in such 138,000,000 Shares held by Straum Investments pursuant to Part XV of the SFO. On the other hand, Ms. Choi Hiu Wa (“**Ms. Choi**”) is the wife of Mr. Yu and hence Ms. Choi is deemed to be interested in such 138,000,000 Shares due to the interest of her spouse (i.e., Mr. Yu) pursuant to Part XV of the SFO as at the Latest Practicable Date.
5. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Best Practice Limited (“**Best Practice**”) on 16 March 2022, 41,000,000 Shares held by an Independent Third Party have been pledged to Best Practice pursuant to the loan agreement dated 14 March 2022 entered into between that Independent Third Party as chargor and Best Practice as lender. As at the Latest Practicable Date, Best Practice is wholly-owned by Mr. Shiu Shu Ming (“**Mr. Shiu**”), who is a non-executive Director. Accordingly, Mr. Shiu is deemed to be interested in such 41,000,000 Shares held by the Independent Third Party due to the security interest in those Shares acquired from such Independent Third Party pursuant to Part XV of the SFO as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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

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

Date of announcements	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds as at the Latest Practicable Date
19 July 2023 and 2 August 2023	Subscription of new Shares under general mandate	HK\$5.85 million	General working capital purpose	Approximately HK\$5.55 million has been applied for general working capital purpose

Save as disclosed above and except for the then proposed placing of up to 35,000,000 new Shares under general mandate by SBI as placing agent which lapsed on 30 January 2023 (particulars of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 30 January 2023), the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

### APPLICATION FOR LISTING

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

### INFORMATION OF THE PARTIES

The Company is an investment holding company which, together with its subsidiaries, is principally engaged in providing comprehensive payment processing services to merchants in Thailand and the Philippines. For the shareholding structure of the Company, please refer to the section headed “EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” in this circular.

To the best of the knowledge and belief of the Directors, Metagate is an investment holding company incorporated in the Cayman Islands which is wholly-owned by Mr. Choy, who is an experienced investor in the Hong Kong stock market. As at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 304,460,000 Shares, representing approximately 16.04% of the total issued share capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company under the GEM Listing Rules. Also, Mr. Choy, who is the director and the ultimate sole shareholder of Metagate, is an associate of Metagate under the GEM Listing Rules and hence a connected person of the Company under the GEM Listing Rules. Mr. Choy also directly holds 19,880,000 Shares, representing approximately 1.05% of the total issued share capital of the Company as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### GEM LISTING RULES IMPLICATIONS

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

Given that the Proposed Third Amendments are alterations to terms of the Convertible Bonds which do not take effect automatically thereunder, the Company will apply to the Stock Exchange for its approval of the Proposed Third Amendments pursuant to the requirements under Rule 34.05 of the GEM Listing Rules.

Further, as at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 304,460,000 Shares, representing approximately 16.04% of the total issued share capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company under the GEM Listing Rules. Also, Mr. Choy, who is the director and the ultimate sole shareholder of Metagate, is an associate of Metagate under the GEM Listing Rules and hence a connected person of the Company under the GEM Listing Rules. Therefore, the Proposed Third Amendments to the CB Terms and Conditions in relation to the Convertible Bonds held by Metagate and Mr. Choy would constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

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

### EGM

The EGM will be convened and held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Friday, 8 March 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders). A notice of the EGM is set out on pages 85 to 88 of this circular.

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## LETTER FROM THE BOARD

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

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

As at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 304,460,000 Shares, representing approximately 16.04% of the total issued share capital of the Company, and Mr. Choy, apart from being deemed to be interested in such 304,460,000 Shares by virtue of him being the ultimate sole shareholder of Metagate, directly holds 19,880,000 Shares, representing approximately 1.05% of the total issued share capital of the Company. Metagate and Mr. Choy, who are the current Bondholders, in aggregate hold and are entitled to exercise control over the voting rights in respect of 324,340,000 Shares (representing approximately 17.09% of the total issued share capital of the Company) as at the Latest Practicable Date. Accordingly, Metagate and Mr. Choy are required under the GEM Listing Rules to abstain from voting on the relevant resolution at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries as at the Latest Practicable Date, no Shareholder has a material interest in the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders, and therefore no Shareholder (or his/her/its associates) is required to abstain from voting at the EGM in relation to the resolution to be proposed for approving the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments), the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders and other related matters at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk).

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.

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

### VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of such general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the EGM shall be taken by poll.

The Company will appoint scrutineers to handle vote-taking procedures at the EGM. The results of the poll will be published in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules by the Company on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ocg.com.hk](http://www.ocg.com.hk) as soon as possible after the conclusion of the EGM.

### RESPONSIBILITY STATEMENT

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

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 37 to 38 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Third Addendum and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Third Addendum and the transactions contemplated thereunder together with the principal factors and reasons considered by it before arriving at its recommendation.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**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)**

21 February 2024

*To the Independent Shareholders*

Dear Sir or Madam,

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

We refer to the circular (the “**Circular**”) dated 21 February 2024 issued by the Company to the Shareholders, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

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

We would like to draw your attention to the letter from the Board on pages 8 to 36 of the Circular which contains, among other things, information on the Proposed Third Amendments and the letter from the Independent Financial Adviser set out on pages 39 to 74 of the Circular which contains its advice in respect of the Proposed Third Amendments.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

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

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

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

**Mr. Tong Tsz Kwan**  
*Independent non-executive  
Director*

**Ms. Liao Pui Yee Bonnie**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



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

21 February 2024

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

Dear Sirs and Madams,

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

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to make recommendations to the Independent Board Committee and the Independent Shareholders of Oriental Payment Group Holdings Limited (the “**Company**”) in relation to the Third Addendum to amend and/or alter the terms and conditions of Convertible Bonds (the “**Transaction**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 21 February 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

#### **The Third Addendum**

Reference is made to the Letter.

On 2 January 2024, the Company executed the Third Addendum to amend and/or alter the CB Terms and Conditions with a view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year; (ii) adjust the interest rate accrued on the principal amount of outstanding Convertible Bonds payable by the Company to 12% per annum; (iii) charge a Default Interest on any overdue principal and accrued interest of the outstanding Convertible Bonds payable by the Company; and (iv) adjust the conversion price of the Convertible Bonds to HK\$0.088 per Conversion Share. The Third Addendum and the CB Terms and Conditions (as amended by the Third Addendum) shall take effect subject to the fulfilment of the conditions precedent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Implications under the GEM Listing Rules

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

Given that the Proposed Third Amendments are alterations to terms of the Convertible Bonds which do not take effect automatically thereunder, the Company will apply to the Stock Exchange for its approval of the Proposed Third Amendments pursuant to the requirements under Rule 34.05 of the GEM Listing Rules.

Further, as at the Latest Practicable Date, Metagate is a substantial shareholder of the Company directly interested in 304,460,000 Shares, representing approximately 16.04% of the total issued share capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company under the GEM Listing Rules. Also, Mr. Choy, who is the director and the ultimate sole shareholder of Metagate, is an associate of Metagate under the GEM Listing Rules and hence a connected person of the Company under the GEM Listing Rules. Therefore, the Proposed Third Amendments to the CB Terms and Conditions in relation to the Convertible Bonds held by Metagate and Mr. Choy would constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### INDEPENDENT BOARD COMMITTEE

Pursuant to the GEM Listing Rules, the Independent Board Committee, comprising all the independent non-executive Directors, namely Ir Dr. Ng Yu Ki, Mr. Tong Tsz Kwan and Ms. Liao Pui Yee Bonnie, has been established to advise the Independent Shareholders in respect of the Third Addendum and the transactions contemplated thereunder, and as to the voting action therefor.

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

### OUR INDEPENDENCE

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In the last two years, other than our engagement by the Company to act as its independent financial adviser in respect of its connected transaction in relation to the Second Amendments to the terms and conditions of the convertible bonds as disclosed in its circular dated 10 February 2023, there was no other engagement between the Company and us. As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Silverbricks and the Company or any other parties that could be reasonably be regarded as hindrance to Silverbricks's independence as set out under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

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

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

### **BASIS OF OUR OPINION AND RECOMMENDATION**

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

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

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

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## PRINCIPAL FACTORS AND REASONS CONSIDERED

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

### 1. Background of the Transaction

References are made to (i) the joint announcements of the Company and China Smartpay Group Holdings Limited dated 10 June 2020 and 26 June 2020 in relation to, among others, the placing of the Convertible Bonds under the general mandate by the Company; (ii) the announcements of the Company dated 24 June 2022, 1 September 2022 and 20 September 2022 and the circular of the Company dated 11 August 2022 in relation to, among others, the First Amendments; (iii) 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 in relation to the Second Amendments; and (iv) the announcement of the Company dated 19 October 2022 in relation to the transfer of the Convertible Bonds to Metagate and Mr. Choy.

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

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On 19 October 2022, the Company was informed by the then Bondholders that they had entered into the Transfer Agreements with, and transferred the Convertible Bonds to, Metagate and Mr. Choy.

Pursuant to the CB Terms and Conditions (as amended by the Second Amendments under the Second Addendum), the Convertible Bonds shall mature on 22 December 2023.

On 2 January 2024, by virtue of the written resolutions signed and passed by all the existing Bondholders holding 100% of the aggregate outstanding principal amount of the Convertible Bonds, the Bondholders have conditionally agreed to the Proposed Third Amendments. The existing Bondholders have also unconditionally confirmed to the Company that:

- (i) the Company is not required to redeem the Convertible Bonds in full on the maturity date (as extended by the Second Addendum); and
- (ii) the Company will not be in breach of any of the CB Terms and Conditions as a result of not redeeming or converting the Convertible Bonds.

As at the Latest Practicable Date, an aggregate principal amount of the Convertible Bonds of HK\$11,850,000 (the “**Outstanding Principal Amount**”) and an aggregate accrued interest of the Convertible Bonds of approximately HK\$2,600,000 (the “**Latest Outstanding Accrued Interest**”) remain outstanding. The Latest Outstanding Accrued Interest is calculated based on the following formula:

$$\begin{array}{r} \text{Outstanding Principal Amount} \\ \text{(i.e. HK\$11,850,000)} \end{array} \times 7\% \times \frac{\text{Accrued period of 1,144 days covering} \\ \text{the period from 29 December 2020 to the} \\ \text{Latest Practicable Date}}{365 \text{ days}}$$

### ***The Third Addendum***

On 2 January 2024, the Company executed the Third Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year; (ii) adjust the interest rate accrued on the principal amount of outstanding Convertible Bonds payable by the Company to 12% per annum; (iii) charge a Default Interest on any overdue principal and accrued interest of the outstanding Convertible Bonds payable by the Company; and (iv) adjust the conversion price of the Convertible Bonds to HK\$0.088 per Conversion Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *The Proposed Third Amendments*

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

- (i) the maturity date of the Convertible Bonds shall be further extended from “the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued or if such date is not a Business Day, the immediate preceding Business Day” (which is 22 December 2023) to “the date falling upon the expiry of four years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which is 24 December 2024 (i.e. the New Maturity Date));
- (ii) the conversion price of the Convertible Bonds shall be adjusted from HK\$0.1 to HK\$0.088 per Conversion Share;
- (iii) from the date immediately after the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued, the interest rate accrued on the principal amount of outstanding Convertible Bonds payable by the Company shall be adjusted from “the rate of 7% per annum accrued on a day-to-day basis” to “the rate of 12% per annum accrued on a day-to-day basis”; and
- (iv) a Default Interest shall be chargeable to the Company at the rate of 20% per annum on (a) any outstanding accrued interest of the Convertible Bonds from and including the date(s) on which accrued interest is payable in accordance with the CB Terms and Conditions to the actual payment date; and (b) any outstanding principal of the Convertible Bonds from and including the New Maturity Date to the actual payment date.

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

### *Conditions Precedent*

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

- (i) the Stock Exchange having granted the approval for the Proposed Third Amendments as contemplated under the Third Addendum pursuant to Rule 34.05 of the GEM Listing Rules;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

If any of the above conditions precedent is not fulfilled on or before 30 April 2024 (or such later date as may be mutually agreed by the Company and the Bondholders), the Third Addendum shall lapse and terminate and the Proposed Third Amendments as provided under the Third Addendum will not take effect. None of the Conditions Precedent is waivable by the Company or the Bondholders. As at the Latest Practicable Date, none of the aforesaid conditions precedent have been fulfilled.

### ***Effect of the Third Addendum***

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

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

### ***The Maximum Outstanding Accrued Interest and the Conversion Shares***

Subject to the Proposed Third Amendments as provided under the Third Addendum becoming effective, based on (i) the sum of the Outstanding Principal Amount of approximately HK\$11,850,000 and the maximum aggregate outstanding accrued interest (including accrued interest of HK\$3,902,058.90 up to the New Maturity Date and the accrued Default Interest of HK\$571,289.99 up to the New Maturity Date; assuming that no accrued interest would be settled between the Latest Practicable Date and the New Maturity Date) of the Convertible Bonds as at the New Maturity Date of HK\$4,473,348.89 (the “**Maximum Outstanding Accrued Interest**”); and (ii) the Revised Conversion Price of HK\$0.088 per Share pursuant to the Third Addendum, a maximum number of 185,492,601 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights (including a maximum number of 50,833,510 Conversion Shares in respect of the Maximum Outstanding Accrued Interest).

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Assuming that there is no repayment of any accrued interest (including accrued Default Interest) of the Convertible Bonds by the Company during the period from the Latest Practicable Date to the New Maturity Date, the Maximum Outstanding Accrued Interest (i.e., HK\$4,473,348.89) is calculated based on the following formula:

### *Accrued Interest*

(i) Before the Proposed Third Amendments:

$$\begin{array}{rclcl}
 \text{Aggregate Outstanding} & & & \text{Interest period of 1,093 days} & \\
 \text{Principal Amount} & \times & 7\% & \times & \text{covering the period from} \\
 \text{(i.e., HK\$11,850,000)} & & & & \text{29 December 2020}^{(1)} \text{ to} & = \text{HK\$2,483,954.79} \\
 & & & & \text{26 December 2023}^{(2)} & \\
 & & & & \hline
 & & & & \text{365 days}
 \end{array}$$

The accrued interest before the Proposed Third Amendments represents accrued interest amount of the outstanding principal amount with original interest rate (i.e., 7%) accrued on a day-to-day basis from the day after the first interest payment date after the date of issue of the Convertible Bonds on the principal amount of the Convertible Bonds outstanding and payable by the Company semi-annually in arrears on the dates falling upon the expiry of six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the last interest payment date before the date of the Third Addendum.

(ii) After the Proposed Third Amendments:

$$\begin{array}{rclcl}
 \text{Aggregate Outstanding} & & & \text{Interest period of 364 days} & \\
 \text{Principal Amount} & \times & 12\% & \times & \text{covering the period from} \\
 \text{(i.e., HK\$11,850,000)} & & & & \text{27 December 2023}^{(3)} \text{ to} & = \text{HK\$1,418,104.11} \\
 & & & & \text{the New Maturity Date}^{(4)} & \\
 & & & & \hline
 & & & & \text{365 days}
 \end{array}$$

The accrued interest after the Proposed Third Amendments represents accrued interest amount of the outstanding principal amount with adjusted interest rate (i.e., 12%) accrued on a day-to-day basis from the day after the last interest payment date before the date of the Third Addendum on the principal amount of the Convertible Bonds outstanding and payable by the Company semi-annually in arrears on the anniversary(ies) of the dates falling upon the expiry of six months and one year after the date of issue of the Convertible Bonds for each year thereafter up to and including New Maturity Date.

Total outstanding accrued interest until the New Maturity Date:

(i) + (ii) = HK\$3,902,058.90

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The conversion shares from the total outstanding accrued interest until the New Maturity Date:

$$= \frac{\text{The total outstanding accrued interest until the New Maturity Date}}{\text{The Revised Conversion Price}}$$

$$= \frac{\text{HK\$3,902,058.90}}{\text{HK\$0.088}}$$

$$= \text{Approximately 44,341,578 Shares}$$

### ***Accrued Default Interest***

(iii) First default period:

First aggregate overdue accrued interest =

$$\begin{array}{rcccl} \text{Aggregate Outstanding} & & & \text{Interest period of 910 days} & \\ \text{Principal Amount} & \times & 7\% & \text{covering the period from} & \\ \text{(i.e., HK\$11,850,000)} & & & \text{29 December 2020}^{(1)} \text{ to} & \\ & & & \text{26 June 2023}^{(5)} & \\ & & & \hline & & & \text{365 days} & \\ & & & & \text{= HK\$2,068,068.49} \end{array}$$

Accrued Default Interest of the first default period =

$$\begin{array}{rcccl} \text{First aggregate} & & & \text{Interest period of 368 days} & \\ \text{overdue accrued interest} & \times & 20\% & \text{covering the period from} & \\ \text{as of 26 June 2023}^{(5)} & & & \text{23 December 2023}^{(6)} \text{ to} & \\ & & & \text{the New Maturity Date}^{(4)} & \\ & & & \hline & & & \text{365 days} & \\ & & & & \text{= HK\$417,013.26} \end{array}$$

The accrued Default Interest of the first default period is calculated based on the overdue amount accrued on the Company when it failed to repay the outstanding principal and the outstanding accrued interest at the original interest rate (i.e., 7%) for the first time as of 26 June 2023, with default interest rate (i.e., 20%) from and including the date immediately after the existing maturity date of the Convertible Bonds to the actual payment date.

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(iv) Second default period:

Second aggregate Overdue Accrued Interest =

$$\begin{array}{rcl}
 \text{Aggregate Outstanding} & & \text{Interest period of 183 days} \\
 \text{Principal Amount} & \times 7\% \times & \text{covering the period from} \\
 \text{(i.e., HK\$11,850,000)} & & \text{27 June 2023}^{(7)} \text{ to} \\
 & & \text{26 December 2023}^{(2)} \\
 & & \hline
 & & \text{365 days}
 \end{array}
 = \text{HK\$415,886.30}$$

Accrued Default Interest of the second default period =

$$\begin{array}{rcl}
 \text{Second aggregate} & & \text{Interest period of 365 days} \\
 \text{overdue accrued} & & \text{covering the period from} \\
 \text{interest from} & \times 20\% \times & \text{26 December 2023}^{(2)} \text{ to} \\
 \text{27 June 2023}^{(7)} \text{ to} & & \text{the New Maturity Date}^{(4)} \\
 \text{26 December 2023}^{(2)} & & \hline
 & & \text{365 days}
 \end{array}
 = \text{HK\$83,177.26}$$

The accrued Default Interest of the second default period is calculated based on the overdue amount accrued on the Company when it failed to repay the outstanding principal and the outstanding accrued interest at the original interest rate (i.e., 7%) in a half year starting from 27 June 2023 for the second time, with default interest rate (i.e., 20%) from and including such due date to the actual payment date.

(v) Third default period:

Third aggregate Overdue Accrued Interest =

$$\begin{array}{rcl}
 \text{Aggregate Outstanding} & & \text{Interest period of 183 days} \\
 \text{Principal Amount} & \times 12\% \times & \text{covering the period from} \\
 \text{(i.e., HK\$11,850,000)} & & \text{27 December 2023}^{(3)} \text{ to} \\
 & & \text{26 June 2024}^{(8)} \\
 & & \hline
 & & \text{365 days}
 \end{array}
 = \text{HK\$712,947.95}$$

Accrued Default Interest of the third default period =

$$\begin{array}{rcl}
 \text{Third aggregate} & & \text{Interest period of 182 days} \\
 \text{overdue accrued} & & \text{covering the period from} \\
 \text{interest from 27} & \times 20\% \times & \text{26 June 2024}^{(8)} \text{ to} \\
 \text{December 2023}^{(3)} \text{ to} & & \text{the New Maturity Date}^{(4)} \\
 \text{26 June 2024}^{(8)} & & \hline
 & & \text{365 days}
 \end{array}
 = \text{HK\$71,099.47}$$

The accrued Default Interest of the third default period is calculated based on the overdue amount accrued on the Company when it failed to repay the outstanding principal and the outstanding accrued interest at the adjusted interest rate (i.e., 12%) semi-annually, with default interest rate (i.e., 20%) from and including such due date to the actual payment date.

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Total accrued Default Interest until the New Maturity Date:

(iii) + (iv) + (v) = HK\$571,289.99

The conversion shares from the total accrued Default Interest until the New Maturity Date:

$$\begin{aligned} &= \frac{\text{The total accrued Default Interest until the New Maturity Date}}{\text{The Revised Conversion Price}} \\ &= \frac{\text{HK\$571,289.99}}{\text{HK\$0.088}} \\ &= \text{Approximately 6,491,932 Shares} \end{aligned}$$

*Notes:*

1. The day after interest had been repaid by the Company to the Bondholder that covered an interest period from and including the date on which the Convertible Bonds were issued (i.e., 26 June 2020) to 28 December 2020.
2. The latest Interest Payment Date before the date of the Third Addendum. According to the Third Addendum, the interest is accrued from and including the date of issue of the Convertible Bonds at the rate of 7% per annum on a day-to-day basis on the principal amount of the Convertible Bonds outstanding, which subject as provided in the Third Addendum, is payable by the Company semi-annually in arrears on the dates falling six months and one year after the date of issue of the Convertible Bonds and on the anniversary(ies) of such dates for each year thereafter up to and including the maturity date of the Second Amendments (each an “**Interest Payment Date**”), with the first payment to be made on the date falling six months after the date of its issue. If an Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into in the next calendar month in which event it shall be brought forward to the immediately preceding Business Day.
3. The day after the latest Interest Payment Date before the date of the Third Addendum.
4. 24 December 2024, the Business Day immediately preceding the date falling upon the expiry of four years and six months from the date on which the Convertible Bonds were issued.
5. The first Interest Payment Date after the maturity date of the Convertible Bonds as extended by the Second Amendments, on which the Company failed to pay accrued interest semi-annually.
6. The day after the maturity date of the Convertible Bonds as extended by the Second Amendments (i.e., 22 December 2023).

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7. The first day that the Convertible Bonds bear interest semi-annually during the second semi-annual period (i.e., 27 June 2023 to 26 December 2023) as extended by the Second Amendments.
  8. The last day that the Convertible Bonds bear interest semi-annually during the first semi-annual period (i.e., 27 December 2023 to 26 July 2024) as extended by the Proposed Third Amendments.
- \* *The above calculation is based on the assumption that there will be no further extensions and further events of default of the Convertible Bonds.*

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

As disclosed in the Company's interim report for the six months ended 30 September 2023, despite the positive impact of the relief policies implemented by the PRC and Hong Kong in response to the COVID-19 pandemic, the aftershocks of the pandemic continue to linger. The recovery of travel from the PRC to other countries, including Thailand, has not fully regained its pre-pandemic levels, and the spending power of visitors from the PRC in Thailand has been lower than before. Further, the Group's business in Thailand is facing competition from neighbouring travel destinations and limited airline capacity and also the resurgence of "zero fare" tour groups organised by Chinese travel agencies which have affected transaction volumes and revenue. In light of these challenges, the Group has retained cash resources as a priority to maintain stability and sustainability in its existing operations, and as such, the Group has been unable to discharge its liabilities on repayment of the outstanding accrued interest of the Convertible Bonds to the Bondholders according to the CB Terms and Conditions.

### ***1.1 Information of the Company and the Group***

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

#### ***1.1.1 Principal business of the Group***

The Group is principally engaged in merchant acquiring business in Thailand and the Philippines.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.1.2 Financial performance of the Group

Set out below is a summary of the Group's audited consolidated financial performance for the years ended 31 March 2022 and 2023 as extracted from the annual report of the Company for the year ended 31 March 2023 (“**2023 Annual Report**”) and the Group's unaudited consolidated financial performance for the six months ended 30 September 2022 and 2023 as extracted from the interim report of the Company for the six months ended 30 September 2023 (“**2023 Interim Report**”).

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

	For the six months ended		For the year ended	
	30 September		31 March	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	10,537	3,517	8,379	3,891
Gross profit	2,531	595	644	289
Loss before taxation	(18,074)	(19,897)	(31,701)	(39,482)
Loss for the period/year	(18,074)	(19,897)	(32,231)	(38,506)

**Table 2: Summary of the consolidated financial position of the Group**

	As at	As at
	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Cash and cash equivalents	6,907	11,015
Total assets	91,594	111,462
Total liabilities	51,559	59,110
Net Assets	40,035	52,352

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the above table 1, the audited consolidated total revenue of the Group for the year ended 31 March 2023 was approximately HK\$8.38 million, representing an increase of approximately 115.3% when compared to the audited consolidated total revenue of the Group of approximately HK\$3.89 million for the year ended 31 March 2022. According to the Management, such increase was mainly due to the increase in revenue of the merchant discount rate (“MDR”) income and ESG Consultancy Services income by approximately HK\$3.58 million and HK\$450,000 respectively when comparing with those in the previous financial year. However, the positive impact of the relief policies implemented by the People’s Republic of China (the “PRC”) and Hong Kong in response to the COVID-19 pandemic, the aftershocks of the pandemic continue to linger. The recovery of travel from the PRC to other countries, including Thailand, has not fully regained its pre-pandemic levels, and the spending power of visitors from the PRC in Thailand has been lower than before. Further, the Group’s business in Thailand is facing competition from neighbouring travel destinations and limited airline capacity and also the resurgence of “zero fare” tour groups organized by Chinese travel agencies which have affected transaction volumes and revenue. The Group recorded an audited consolidated loss of the Company for the year ended 31 March 2023 of approximately HK\$32.23 million, representing a decrease of approximately 16.30% when compared to the audited consolidated loss of the Company for the year ended 31 March 2022 of approximately HK\$38.51 million. The Company is in a five-year loss-making position that was mainly due to the impact from outbreak and aftershocks of the COVID-19 pandemic.

For the six months ended 30 September 2023, the Group recorded an unaudited consolidated total revenue of approximately HK\$10.54 million representing an increase of approximately 199.6% when compared with the corresponding period of last year. Such increases in the MDR income by approximately HK\$6.66 million, when comparing with the corresponding period. The increases in the income streams were primarily due to the facts that the Chinese tourists resumed traveling to Thailand, increasing spending and UnionPay transactions due to eased policies and border reopening, hence an increase in the transaction volume via UnionPay processed by the Group for the six months ended 30 September 2023 was recorded as compared with that of the corresponding period.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the above table 2, the unaudited consolidated total asset of the Group as at 30 September 2023 was approximately HK\$91.59 million, representing a decrease of approximately 17.82% when compared to the audited consolidated total asset of the Group as at 31 March 2023 of approximately HK\$111.46 million. The unaudited total liabilities of the Group as at 30 September 2023 were approximately HK\$51.56 million, representing a decrease of approximately 12.77% when compared to the audited total liabilities of the Group as at 31 March 2023 of approximately HK\$59.11 million. The unaudited net assets of the Group as at 30 September 2023 were approximately HK\$40.04 million, representing a decrease of approximately 23.53% when compared to the audited net assets of the Group as at 31 March 2023 of approximately HK\$52.35 million. The cash and cash equivalents for the Group has decreased from approximately HK\$11.02 million as at 31 March 2023 to approximately HK\$6.91 million as at 30 September 2023, representing the decrease of approximately 37.29%.

### ***1.2 Information of Metagate***

According to the Management, Metagate is principally engaged in investment holding and is wholly owned by Rainbow Capital. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Metagate on 5 January 2024, these 304,460,000 Shares are held by Metagate, which is in turn wholly-owned by Rainbow Capital. Accordingly, Rainbow Capital is deemed to be interested in such 304,460,000 Shares held by Metagate pursuant to Part XV of the SFO.

## **2. Reasons and Benefits of the Proposed Third Amendments**

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

### ***2.1 The Board's view***

As stated in the Letter, the Convertible Bonds (as amended by the Second Amendments under the Second Addendum) matured on 22 December 2023. As at the Latest Practicable Date, the Convertible Bonds have not been redeemed or converted in whole or in part. If the Company were to redeem the Convertible Bonds in full on the Latest Practicable Date, the expected cash outflow of the Company in this regard will amount to approximately HK\$14,450,000.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the direct and immediate negative impact of full redemption of the Convertible Bonds (if carried out according to the CB Terms and Conditions (as amended by the Second Addendum)) on the Company's liquidity and financial position, the Company has been negotiating with the Bondholders to explore possible solutions, including but not limited to the potential extension of the maturity date of the Convertible Bonds and the potential issuance of new debt securities. On 5 December 2023, the Company was notified of the Bondholders' intention to incorporate the Proposed Third Amendments into the CB Terms and Conditions. In this regard, the Directors believe that the Proposed Third Amendments would allow the Group to continue to refinance its debts under the Convertible Bonds on normal commercial terms and enable the Company to retain flexibility in the deployment of its funds for general working capital, which is of paramount importance to the Company's operations amidst the challenging market environment.

Furthermore, although the interest rate under the Proposed Third Amendments has been raised, having considered the difficulties in raising additional fund to redeem the outstanding Convertible Bonds, the Board considers that the Proposed Third Amendments would relieve the imminent pressure on the Company to seek urgent funding to redeem the Convertible Bonds.

In order to further assess on the Proposed Third Amendments, the Directors have considered the followings factors:

- (i) the extension of the maturity date for the Convertible Bonds allows the Group to defer a significant cash outflow, affording it a reasonable timeframe to improve its financial performance and net current liabilities position. Furthermore, the extension grants the Group the flexibility to deploy its financial resources towards operational needs and business development, while ensuring sufficient time for the Company to arrange funding, including from internal sources or equity fundraising activities, to meet its redemption obligations under the terms of the Convertible Bonds;
- (ii) as mentioned in the sub-section headed "Revised Conversion Price", after considering the prevailing market price, (i) the recent trading volume of the Shares as illustrated above, and (ii) the impact from the aftershocks of the COVID-19 (and other related and mutated form) pandemic to the business operation and financial position of the Group, a discount on the Revised Conversion Price to the prevailing conversion price shall incentivise the Bondholders to convert the Convertible Bonds into Shares, providing a more practical alternative to the Bondholders to capitalise the debt owed by the Group, thereby alleviating the financial burden of the Group;

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- (iii) the adjustment of the interest rate to 12% under the Proposed Third Amendments were determined between the parties taking into account (i) the prevailing market rate; (ii) the current financial and cash position of the Group; and (iii) the benefits that the Proposed Third Amendments would bring to the Group, which includes providing greater flexibility to the Company's working capital management and the alleviation of the immediate funding needs of the Company to redeem the aggregate Outstanding Principal Amount and to settle the aggregate accrued interest;
- (iv) the interest rate of 12% and the Default Interest calculated at 20% per annum was arrived at after arm's length negotiation between the Bondholders and the Company, having taken into account (a) the prevailing best lending rate and tight lending conditions offered by commercial banks in Hong Kong, and the banks' rejection of the Company's borrowings in light of the Group's financial position and difficulties in fulfilling such lending conditions, rendering bank borrowing unfeasible; (b) the lending rate of an existing loan of the Group offered by Independent Third Party licensed money lenders in Hong Kong being 12% per annum and offers of further lending from Independent Third Party licensed money lenders in Hong Kong at a higher interest rate (i.e., more than 12% per annum) due to the current financial position of the Company and commonly bundled with default interest; (c) the prevailing default interest rate in similar transactions in the market in the range of 18% to 36% per annum as observed by the Board; (d) the existing net current liabilities position of the Group; and (e) the aforesaid benefits that the Proposed Third Amendments would bring to the Group. The Default Interest rate at 20% per annum is reasonable, given that (a) the Bondholders will grant a one-year extension of the maturity date of the Convertible Bonds, and (b) the Company is unable to provide any collateral to the Bondholders; and
- (v) the Company has maintained a stable relationship with the Bondholders and the parties have aligned mutual expectations and understanding on the redemption and/or conversion of the Convertible Bonds. In contrast, borrowing from Independent Third Party licensed money lenders requires the Company to invest additional time and administrative costs in negotiating and finalising the terms and typically involves lower flexibility in terms of repayment, rendering it a less preferable alternative to the Proposed Third Amendments.

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As at the Latest Practicable Date, the Company has no intention to carry out any further fundraising activity(ies) solely for the purpose of catering for the redemption of the Convertible Bonds and the Proposed Third Amendments and will, as and when appropriate, keep the Shareholders and potential investors informed of any development in compliance with the GEM Listing Rules. As at the Latest Practicable Date, the Company has also no intention to repay the outstanding Accrued Interest given that the Proposed Third Amendments are intended to enable the Company to defer significant cash outflow and preserve the resilience and stability of the Company's cash position for the benefit of the Company's future operations, and outright repayment of the outstanding Accrued Interest by utilizing the Group's cash reserves would place undue financial burden on the Group in terms of cash flow, indebtedness and liquidity position and may jeopardize the Company's capability to maintain its operations.

While the Directors considered that the Proposed Third Amendments would help reserve cash resources of the Group and provide flexibility for the Group in utilising its cash resources, the Directors have, apart from the 2023 Subscription, also considered and explored possibility of conducting other fund-raising alternatives including (i) debt financing; and (ii) other equity fund raising methods such as placing under general and/or specific mandates, rights issue and open offer for further fund raising. The Directors were, however, of the view that debt financing may (i) involve lengthy due diligence procedures with the debt application approval being usually subject to the Group's financial position and prevailing market conditions, which may be relatively costly and time-consuming; and (ii) impose additional interest burden on the Group which will, in turn, worsen the Group's financial position. For placing under general and/or specific mandates, since placing would inevitably lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, the Directors considered that this is not the most suitable option for current purpose. For other alternative equity fund-raising methods such as rights issue and open offer, the Directors considered that such methods usually require a relatively longer time period to complete due to relatively more stringent documentary requirements for preemptive issues such as preparation of listing document, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement. As of the Latest Practicable Date, save as disclosed above and except for the then proposed placing of up to 35,000,000 new Shares under general mandate by SBI as placing agent which lapsed on 30 January 2023 (particulars of which are set out in the announcements of the Company dated 21 December 2022, 22 December 2022 and 30 January 2023), the Company has no intention to carry out any further fundraising activity(ies) solely for the purpose of catering for the redemption of the Convertible Bonds and the Proposed Third Amendments and will, as and when appropriate, keep the Shareholders and potential investors informed of any development in compliance with the GEM Listing Rules.

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The Directors further considered that:

- (i) more professional parties would be involved in other equity fund raising methods such as rights issue and open offer, such as underwriters, legal advisers to the Company or other relevant parties, auditors, share registrar and financial printer, it is therefore expected that additional cost (including but not limited to underwriting commission of the proceeds raised as well as documentation, printing and professional fees) will be inevitably incurred, which may, in turn, cause an adverse impact on the financial condition of the Group;
- (ii) Independent Third Party licensed money lenders would generally impose more stringent conditions (such as requiring charge of assets and/or other securities and guarantees to be provided by the Directors and/or controlling shareholders of the Company) on the loans, as well as administrative expenses and fees charged, which may increase the Group's existing cost of borrowings and affect the Group's flexibility in utilising its resources, and hence worsen the Group's liabilities position and its gearing ratio; and
- (iii) no additional due diligence procedures nor debt application approval is required by the Proposed Third Amendments as the Proposed Third Amendments were initiated and have been agreed by all the Bondholders, which enables the Group to retain its cash resources in a relatively expedient manner.

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

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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 2.2 Effect on the Shareholding Structure of the Company

As at the Latest Practicable Date, the Company has 1,898,106,667 Shares in issue, and none of the conversion rights attaching to the Convertible Bonds have been exercised by the holders of the Convertible Bonds and therefore none of the Convertible Bonds have been converted into Shares.

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full conversion of the Convertible Bonds into Conversion Shares (assuming the Proposed Third Amendments becoming effective and there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and upon the full conversion of the Convertible Bonds and that no interest of the Convertible Bonds would be settled and paid to the Bondholders between the Latest Practicable Date and the New Maturity Date without taking into account any Default Interest accrued after the New Maturity Date).

	As at the Latest Practicable Date		Upon full conversion of the Convertible Bonds	
	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage
<b>Shareholders</b>				
Mobile Technology Holdings Limited ("MTHL") (Note 1)	476,666,667	25.11%	476,666,667	22.88%
Metagate (Note 2)	304,460,000	16.04%	404,328,590	19.41%
Mr. Choy (Note 2)	19,880,000	1.05%	105,504,011	5.06%
Gold Track Ventures Limited ("Gold Track") (Note 3)	200,000,000	10.53%	200,000,000	9.60%
Mr. Tsang Chi Kit ("Mr. Tsang") (Note 3)	4,880,000	0.26%	4,880,000	0.23%
Straum Investments Limited ("Straum Investments") (Note 4)	138,000,000	7.27%	138,000,000	6.62%
Other public Shareholders (Note 5)	754,220,000	39.74%	754,220,000	36.20%
<b>Total</b>	<b>1,898,106,667</b>	<b>100.00%</b>	<b>2,083,599,268</b>	<b>100.00%</b>

*Notes:*

- As at the Latest Practicable Date and based on the information provided by MTHL to the Company, the share capital of MTHL consists of three classes of securities: Class A (two votes for each share held), Class 1B and Class 2B (one vote for each share held). As at the Latest Practicable Date, there are 177,360,000 Class A Shares in issue, 199,999,999 Class 2B Shares in issue and 1 Class 1B Share in issue.

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As regards the distribution of the Class A Shares, approximately 67.66% (i.e., 120,000,000 Class A Shares) of the total issued Class A Shares are ultimately and beneficially held by Mr. David Kenneth Ehrlich; and the remaining approximately 32.34% of the total issued Class A Shares are held by nine shareholders with each of them holding less than 10%. As regards the distribution of the Class 2B Shares, approximately 29.50% (i.e., 59,000,000 Class 2B Shares) of the total issued Class 2B Shares are owned by Mr. Hamad Abdulla S H Al-Mana; approximately 8.35% (i.e., 16,699,999 Class 2B Shares) of the total issued Class 2B Shares are owned by Mr. David Kenneth Ehrlich; and the remaining approximately 62.15% of the total Class 2B Shares are held by six shareholders with each of them hold less than 20%.

2. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Metagate on 5 January 2024, these 304,460,000 Shares were held by Metagate, which is in turn wholly-owned by Rainbow Capital Limited (“**Rainbow Capital**”). As at the Latest Practicable Date, Rainbow Capital is ultimately and beneficially wholly-owned by Mr. Choy. Accordingly, each of Rainbow Capital and Mr. Choy is deemed to be interested in such 304,460,000 Shares held by Metagate pursuant to Part XV of the SFO as at the Latest Practicable Date.
3. As at the Latest Practicable Date, 4,880,000 Shares were directly held by Mr. Tsang, an executive Director and the managing director of the Group and 200,000,000 Shares were held by Gold Track, which is in turn wholly-owned by Mr. Tsang. Accordingly, Mr. Tsang is deemed to be interested in such 200,000,000 Shares held by Gold Track pursuant to Part XV of the SFO as at the Latest Practicable Date.
4. As at the Latest Practicable Date, these 138,000,000 Shares were held by Straum Investments which is in turn wholly-owned by Mr. Yu Chun Fai (“**Mr. Yu**”). Accordingly, Mr. Yu is deemed to be interested in such 138,000,000 Shares held by Straum Investments pursuant to Part XV of the SFO. On the other hand, Ms. Choi Hiu Wa (“**Ms. Choi**”) is the wife of Mr. Yu and hence Ms. Choi is deemed to be interested in such 138,000,000 Shares due to the interest of her spouse (i.e., Mr. Yu) pursuant to Part XV of the SFO as at the Latest Practicable Date.
5. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Best Practice Limited (“**Best Practice**”) on 16 March 2022, 41,000,000 Shares held by an Independent Third Party have been pledged to Best Practice pursuant to the loan agreement dated 14 March 2022 entered into between that Independent Third Party as chargor and Best Practice as lender. As at the Latest Practicable Date, Best Practice is wholly-owned by Mr. Shiu Shu Ming (“**Mr. Shiu**”), who is a non-executive Director. Accordingly, Mr. Shiu is deemed to be interested in such 41,000,000 Shares held by the Independent Third Party due to the security interest in those Shares acquired from such Independent Third Party pursuant to Part XV of the SFO as at the Latest Practicable Date.

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### *2.3 Our view*

With reference to the 2023 Interim Report, as at 30 September 2023, the Group recorded total assets (including bank balances and cash of approximately HK\$6.91 million) and total liabilities (including liability component of convertible bonds of approximately HK\$11.87 million) of approximately HK\$91.59 million and HK\$51.56 million respectively.

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

- With reference to the 2023 Interim Report, the Group had total assets of approximately HK\$91.59 million (of which trade receivable amounted to approximately HK\$13.32 million, other receivables amounted to approximately HK\$11.43 million, property, plant and equipment only amounted to approximately HK\$47.95 million), bank balances and cash of approximately HK\$6.91 million and net current liabilities of approximately HK\$11.60 million as at 30 September 2023. We also noted that the Group are in loss-making position for five financial years since the year ended 31 March 2019. In view of the Group's loss making position for financial year ended 31 March 2023, net current liabilities position as at 30 September 2023 and the lack of available assets collateral, the Board considered that it is difficult for the Group to obtain bank borrowings at favourable terms.
- With reference to the 2023 Interim Report, the gearing ratio, which was calculated by dividing other long-term liabilities and convertible bonds by total equity, was increased from approximately 43.3% as at 30 September 2023 to approximately 33.8% as at 31 March 2023. 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 six months ended 30 September 2023, thereby decreasing the total equity as at 30 September 2023.



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- With reference to the 2023 Interim Report, the cash and cash equivalents for the Group has decreased from approximately HK\$11.0 million as at 31 March 2023 to approximately HK\$6.9 million as at 30 September 2023.
- With reference to the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023 in relation to the completion of subscription of 34,900,000 new Shares under general mandate. The net proceed of the 2022 Subscription was approximately HK\$4.65 million and the Company intended to use the proceeds to repay the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time.
- With reference to the announcements of the Company dated 19 July 2023 and 2 August 2023 in relation to the completion of 2023 Subscription of 38,540,000 new Shares under general mandate. The net proceed of the Subscription was approximately HK\$5.85 million and the Company intended to use the proceeds 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.
- According to the Management, the prevailing available lending offer to the Company was 12% per annum provided by Independent Third Party licensed money lenders. Recently, the Company has attempted to apply for the debt with 2 commercial banks and has been rejected. Considering that (i) the Company has been rejected to apply for debts from commercial banks meaning that it is unfeasible to borrow loans from commercial banks from 2023, (ii) the lending offer of 12% per annum in an existing loan of the Group from an Independent Third Party licensed money lender in Hong Kong from 2020, and offers of further lending from Independent Third Party licensed money lenders at a higher interest rate (i.e., more than 12% per annum) due to the current financial position of the Company, we are of the view that the terms of the Proposed Third Amendments are not less favourable than normal commercial terms and are fair and reasonable.

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With reference to the Letter, we have discussed with the Company and we also reviewed the 2023 interim report of the Group, we noted and understand that (i) the Company considers the difficulties in debt application based on the latest financial position of the Group as the Company has been rejected by 2 commercial banks in 2023; and (ii) the Company takes into account of financial position of the Group, such as the cash and bank balances, and the working capital required for the Group's daily operation when considering the extension of the Convertible Bonds instead of redemption. Therefore, we believed that the Proposed Third Amendments would relieve the imminent pressure on redeeming the Convertible Bonds and refinancing pressure under the challenging financial circumstances of the Company in repaying the liabilities and the deployment of its fund for general working capital of the Company.

### **2.4 Conclusion**

Having considered the above factors, in particular (i) our independent work done on the Group's financial position (such as consecutive loss positions during recent financial years, the net current liabilities position, and the low bank balances and cash of approximately HK\$6.9 million as at 30 September 2023) and recent financing activities/initiatives; (ii) that the Group has insufficient internal resources as at the Latest Practicable Date for repayment of the Convertible Bonds; (iii) the increasing gearing ratio of the Group, (iv) the working capital required for the Group's daily operation, (v) the prevailing available lending offer to the Company; and (vi) the difficulties in application for the additional funds, we are of the view that although the Proposed Third Amendments are not in the ordinary and usual course of business of the Group, they are in the interest of the Company and the Shareholders as a whole.

### **3. Principal Terms of the Proposed Third Amendments**

#### **3.1 Details of the CB Terms and Conditions (as amended by the Third Addendum)**

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

- (i) the maturity date of the Convertible Bonds shall be further extended from “the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued or if such date is not a Business Day, the immediate preceding Business Day” (which is 22 December 2023) to “the date falling upon the expiry of four years and six months from the date on which the Convertible Bonds are issued, or if such date is not a Business Day, the immediate preceding Business Day” (which is 24 December 2024 (i.e. the New Maturity Date));

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- (ii) the conversion price of the Convertible Bonds shall be adjusted from HK\$0.1 to HK\$0.088 per Conversion Share;
- (iii) from the date immediately after the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued, the interest rate accrued on the principal amount of outstanding Convertible Bonds payable by the Company shall be adjusted from “the rate of 7% per annum accrued on a day-to-day basis” to “the rate of 12% per annum accrued on a day-to-day basis”; and
- (iv) the Default Interest shall be chargeable to the Company at the rate of 20% per annum on (a) any outstanding accrued interest of the Convertible Bonds from and including the date(s) on which accrued interest is payable in accordance with the CB Terms and Conditions to the actual payment date; and (b) any outstanding principal of the Convertible Bonds from and including the New Maturity Date to the actual payment date.

### ***3.2 Conversion Rights and Conversion Shares***

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

Based on (i) the sum of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest amount to approximately HK\$16.32 million; and (ii) the Revised Conversion Price of HK\$0.088 per Share, a maximum number of 185,492,601 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights, which represents: (i) approximately 9.8% of the existing issued Shares immediately prior to the exercise of any of the Conversion Rights; and (ii) approximately 8.9% of the issued Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

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We noted that the Company Conversion Rights allows the Bondholder convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest including the Default Interest of the Convertible Bond into Conversion Shares, and we discussed with the Board that the Board considers the Conversion Rights allow the Company to repay less accrued interest of the Convertible Bonds to the Bondholders and which provide reduce imminent pressure to repay the interest to the Bondholders (assuming the Bondholders convert all the Maximum Outstanding Accrued Interest of the Convertible Bond into Conversion Shares). We also noted that the Maximum Outstanding Accrued Interest shall be HK\$4,473,348.89, which allows the Bondholders to convert a maximum of 50,833,510 Conversion Shares, which represents: (i) approximately 2.7% of the existing issued Shares immediately prior to the exercise of any of the Conversion Rights; and (ii) approximately 2.4% of the issued Shares as enlarged by the issue of the Conversion Shares upon exercise in full of the Conversion Rights (assuming there will be no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds). Given the Company may consider to repay the Convertible Bonds at the Revised Conversion Price of HK\$0.088, representing the closing Share price on 2 January 2024, being the date of the Third Addendum. Moreover, given a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 0%, represented by the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.088 per Share, to the benchmarked price of HK\$0.088 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of HK\$0.088 per Share on the date of the Proposed Third Addendum and (ii) the average closing price of HK\$0.0846 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Proposed Third Addendum), we considered the abovementioned mechanism has no theoretical dilution effect to the Shareholders of the Company.

### ***3.3 Recent price performance and trading liquidity of the Shares***

The Revised Conversion Price of HK\$0.088 per Share represents:

- (i) a discount of approximately 39.7% to the closing price of HK\$0.146 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 2 January 2024, being the date of the Third Addendum;
- (iii) a premium of approximately 4.0% to the average closing price of HK\$0.0846 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Third Addendum; and

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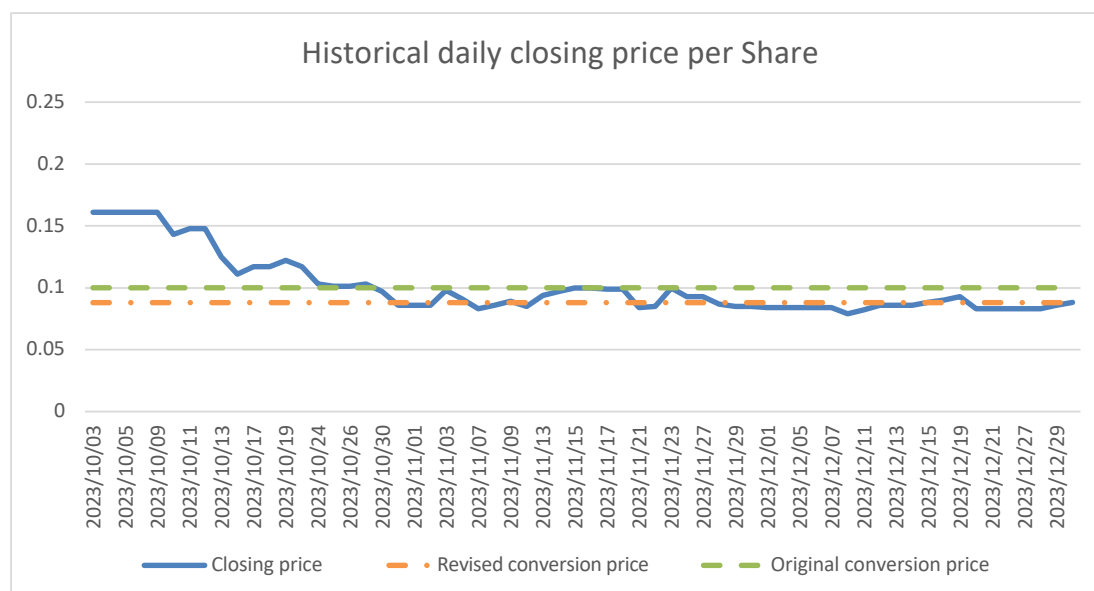
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) a premium of approximately 2.3% to the average closing price of HK\$0.086 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Third Addendum.

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

In order to assess the fairness and reasonableness of the Revised Conversion Price, we reviewed the daily closing price and the trading liquidity of the Shares as quoted on the Stock Exchange from 3 October 2023 up to and including 2 January 2024 (the “**Review Period**”), being a period of three months prior to and including the date of the Third Addendum. We consider that an approximate period of three months is a fair, reasonable and sufficient period to provide a general overview of the recent price movements and liquidity of the Shares free from the influence of, if any, short term market volatility for conducting a reasonable comparison between the closing price of the Shares and the Revised Conversion Price. The comparison of daily closing prices of the Shares, the Revised Conversion Price and original conversion price (before the Proposed Third Amendments) is illustrated as follows:



Source: the Stock Exchange's website

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### Monthly trading volume of Shares during the Review Period

	Total volume of the Shares traded	Number of trading days	Average Daily Volume	Number of issued Shares as at end of the period/ month <i>(Note 2)</i>	Approximate % of average daily trading volume to the then total number of issued Shares as at end of the period/ month
<b>2023</b>					
October <i>(Note 1)</i>	1,530,000	20	76,500	1,898,106,667	0.0040%
November	630,000	22	28,636	1,898,106,667	0.0015%
December	250,000	19	13,158	1,898,106,667	0.0007%
<b>2024</b>					
January (up to the date of the Third Addendum)	–	1	–	1,898,106,667	0.0000%

*Source: The Stock Exchange's website*

*Notes:*

1. The Review Period commenced on 3 October 2023 and ended on 2 January 2024.
2. Based on the total number of issued Shares as at end of the period/month.

During the Review Period, the lowest and highest closing prices of Shares as quoted on the Stock Exchange were HK\$0.079 recorded on 8 December 2023 and HK\$0.161 per Share recorded from 3 October 2023 to 9 October 2023 respectively. The Revised Conversion Price of HK\$0.088 is within the range of the lowest and highest closing price of Shares as quoted on the Stock Exchange during the Review Period. We noted that the closing price of the Shares was HK\$0.161 on 3 October 2023 at the start of the Review Period. The closing price of Shares decreased substantially from the start of the Review Period until November 2023. From the start of November, the trend of the closing price of the Shares fluctuated between HK\$0.079 to HK\$0.1 until the end of the Review Period, i.e. 2 January 2024. The Revised Conversion Price of HK\$0.088 per Share represents (i) the discount of approximately 12.9% compared with the average closing price of the Shares during the Review Period of approximately HK\$0.101; and (ii) the premium of approximately 1.1% compared with the average closing price for the last 30 consecutive trading days up to and including the date of the Third Addendum of approximately HK\$0.087.

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Regarding the liquidity of the Shares, as shown in the table above, the highest average daily volume was approximately 76,500 Shares in November 2023, representing approximately 0.004% of the total number of Shares at the end of November 2023. We also notice that the average daily trading liquidity of the Shares were very thin during the Review Period, with all months less than 0.1% to the total number of issued Shares as at the end of their respective period/month. As such, the relatively low trading volume suggests that it would be difficult for the Company to pursue the Bondholders to remain the conversion price of Convertible Bonds in the stock market without providing considerable discount as an incentive.

Based on the above, including (i) the Revised Conversion Price is within the range of the closing price of the Shares from the lowest of HK\$0.079 per Share to the highest of HK\$0.161 per Share during the Review Period; (ii) the Revised Conversion Price represents the discount of approximately 12.9% compared with the average closing price of the Shares during the Review Period and the premium of approximately 1.1% compared with the average closing price for the last 30 consecutive trading days up to and including the date of the Third Addendum, (iii) the relatively low average daily trading volume of the Shares during the Review Period; and (iv) the Bondholder may request relative high discount as an incentive, the Revised Conversion Price was within the historical closing prices of HK\$0.088 per share from October 2023 to January 2024. We have discussed with the Company based on the financial position of the Company, the trading volume of the Shares, the Shares price of the Company, taking into account that maturity date of the Convertible Bonds was extended, the Third Addendum allows the Group to continue to refinance its debts under the Convertible Bonds on normal commercial terms and enable the Company to retain flexibility in the deployment of its funds for general working capital, which is of paramount importance to the Company's operations amidst the challenging market environment. Thus, we are of the view that the Revised Conversion Price is acceptable and reasonable despite the discount of the Revised Conversion Price to the average historical daily closing prices in the Review Period that reflect the prevailing market conditions and recent market sentiment as the Bondholder may request relative high discount as an incentive for the extension of the maturity date.

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### *3.4 Comparable analysis on the Revised Conversion Price*

As part of our analysis, we further identified subscription/placing of convertible bonds/notes under specific mandate (the “**CB Comparables**”) which were announced by companies listed on the Stock Exchange from 3 September 2023 up to 2 January 2024 (“**Review CB Period**”), being a period of four months prior to and including the date of the Third Addendum. To the best of our knowledge and as far as we are aware of, we found 8 transactions which met the said criteria and they are exhaustive as far as we are aware of. Independent Shareholders should note that the businesses, operations, financial positions and prospects of the Company may not be identical to the CB Comparables. Although the companies involved in the CB Comparables are not identical to the Company in terms of principal business, operating scale and financial position, we consider that the CB Comparables could provide a general understanding on subscription/placing of convertible bonds/notes under specific mandate in the Hong Kong stock market because the CB Comparables of the respective companies are under the market environment, and market sentiment during the Review Period and are therefore considered to be reasonable reference on the recent market practice and conditions regarding the Third Addendum. We have not conducted any independent investigation with regards to the businesses, operations, financial positions and prospects of the companies but it shall not affect our analysis as we are comparing the general trend of subscription/placing of convertible bonds/notes under specific mandate in the market.



# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (stock code)	Date of announcement	Principal Amount	Interest rate per annum (%)	Premium/(discount) of convertible bonds/notes (%)	Premium/(discount) of convertible bonds/notes (%)	Premium/(discount) of the conversion price to average closing price per share for the last 10 consecutive trading days up to and including the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (%)	Time to maturity	Percentage of conversion shares to enlarged share capital (%)	Default Interest per annum (%)	Net Asset/(Liabilities)	Is it loss making	Relationship between bondholders and issuers	Completion of subscriptions/placings
Prosperity Investment Holdings Limited (310)	16 November 2023	HK\$5,000,000	8	10.67	10.67	9.21	The second (2nd) anniversary of the date of first issue of the convertible notes or if that is not a Business Day, the first Business Day thereafter	19.91	N/A	HK\$19,549,105,000	Yes	Independent Third Party	Yes
Century Entertainment International Holdings Limited (85)/(Note 1)	16 October 2023	HK\$32,000,000	0	13.27	8.47	2.81	36 months from the date of issue of the Convertible Bond	49.36	N/A	HK\$67,497,000	Yes	Shareholders	Yes
Hatcher Group Limited (8365) (Note 1)	6 October 2023	HK\$30,000,000	0	9.59	10.80	7.53	2 years from the date of acquisition completion date	29.60	N/A	HK\$66,351,000	Yes	Independent Third Party	No
Asia Television Holdings Limited (707)	28 September 2023	HK\$300,000,000	8	104.08	122.22	129.89	Second (2nd) anniversary of the date of issue of the convertible bonds	21.54	N/A	RMB459,898,000	Yes	Independent Third Party	Yes
Wai Hung Group Holdings Limited (3321) (Note 1)	22 September 2023	HK\$52,000,000	0	97.98	98.44	98.50	Third (3rd) anniversary of the date of issue	83.70	N/A	MOP2,725,000	Yes	Independent Third Party	No
China Kingstone Mining Holdings Limited (1380)	22 September 2023	HK\$200,000,000	2	N/A (Note 2)	N/A (Note 2)	N/A (Note 2)	The date falling 36 months from the closing date of the first sub-tranche of tranche 1 Notes	25.63	36	RMB194,715,000	Yes	Independent Third Party	Yes
China Parenting Network Holdings Limited (1736)	12 September 2023	HK\$28,288,270	8	0.00	2.15	(25.49)	On the date of the sixth month of the date of issue	58.03	18	RMB(21,251,000)	Yes	Shareholders	Has been against by its shareholders
Harsake Holdings Limited (704)	11 September 2023	HK\$200,000,000	8	(0.56)	(0.68)	0.40	On the second (2nd) anniversary of the date of issue of the Convertible Bonds, and if that is not a Business Day, the Business Day immediately after such date	79.65	N/A	HK\$1,188,982,000	No	Shareholders	Has been against by its shareholders
Minimum		HK\$5,000,000	0	(0.56)	(0.68)	(25.49)		19.91					
Maximum		HK\$300,000,000	8	104.08	122.22	129.89		83.70					
Median		HK\$42,000,000	5	10.67	10.67	7.53		39.48	27				
Average		HK\$105,911,034	4.25	33.58	36.01	31.84		45.93	27				
The Proposed Third Amendments	2 January 2024	HK\$11,850,000	12	0.00	4.00	2.30	24 December 2024	8.90	20	HK\$4,003,000	Yes	Shareholders	

## Notes:

- The convertible bonds does not bear any interests.
- The conversion price depends on 90% of the average closing price per share (subject to adjustment) on any three consecutive Business Days as selected by its noteholder during the 45 Business Days immediately preceding the relevant conversion date on which shares were traded on the Stock Exchange that are not able to receive reference from this convertible bonds.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The conversion prices of the CB Comparables ranged from (i) a discount of approximately 0.56% to a premium of approximately 104.08% to the respective closing price per share on the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the “**Agreement Market Range**”); (ii) a discount of approximately 0.68% to a premium of approximately 122.22% to the respective average closing price per share for the last five consecutive trading days up to and including the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the “**5-days Market Range**”); and (iii) a discount of approximately 25.49% to a premium of approximately 129.89% to the respective average closing price per share for the last 10 consecutive trading days up to and including the date of agreement in relation to the respective subscription/placing of convertible bonds/notes (the “**10-days Market Range**”). The percentage of conversion shares to enlarged share capital of the CB Comparables ranged from 19.91% to 83.70% (the “**Capital Enlargement Range**”);

The Revised Conversion Price, which represents (i) the equivalent of the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 2 January 2024, being the date of the Third Addendum, which is within the Agreement Market Range; (ii) a premium of approximately 4.0% to the average closing price of Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Third Addendum, which is within the 5-Days Market Range; (iii) a premium of approximately 2.3% to the average closing price of Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the date of the Third Addendum, which is within the 10-Days Market Range; and (iv) the percentage of Conversion Shares to enlarged share capital of the Convertible Bond is approximately 8.9% representing it is below the Capital Enlargement Range. Comparing with its Comparables, the enlargement of the share capital of the Convertible Bonds is lower than the minimum of its CB Comparables. As discussed with the Board, we understand that the Board considers the Proposed Third Amendments enables the Group to (a) extend the maturity date of Convertible Bonds and the barrier of seeking other funding to redeem the Convertible Bonds and (b) to be more efficient to retain cash resources of the Group as the Group’s working capital. Considering that the extension of mature date of the Convertible Bonds enable the Group to seek for other funding and be more efficient to retain cash resources of the Group as the Group’s working capital, we are of the view that the Revised Conversion Price is acceptable and reasonable to the shareholding interests of the public Shareholders and is on normal commercial terms as compared to those of the CB Comparables that the premium of the Revised Conversion Price is within the Agreement Market Range, the 5-Days Market Range and the 10-Days Market Range.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *3.5 Analysis on the interest rate*

As shown in the table above, the CB Comparables have an annual interest rate of nil to 8% (the “**Interest Market Range**”). The interest rate of 12% per annum born by the Convertible Bonds pursuant to the Third Addendum (the “**Adjusted Interest Rate**”) and with the Default Interest of 20% per annum are out of the Interest Market Range. Although the Adjusted Interest Rate of 12% is higher than the Interest Market Range, after taking into account (a) the prevailing unfeasible lending situation and tight lending conditions offered by commercial banks in Hong Kong and the fact that the Company has been rejected to apply for debts from certain commercial banks since 2023; (b) the loans borrowed from Independent Third Parties licensed money lenders are at an interest rate of 12% per annum; (c) the prevailing lending rates offered by Independent Third Party licensed money lenders in Hong Kong are more than 12% per annum; (d) the existing net current liabilities position of the Group; (e) no secured collateral or asset can be provided from the Group to apply for loans; and (f) the Company is in a loss-making position for five financial years since the year ended 31 March 2019, we are at the view that the Adjusted Interest Rate of 12% is fair and reasonable. Nevertheless, taking references from two comparable companies that have contain the default interest rates of its convertible bonds in the last four months, China Parenting Network Holdings Limited (stock code: 1736) and China Kingstone Mining Holdings Limited (stock code: 1380), the convertible bonds entitled at a 18% per annum and a 3% per month (i.e. 36% per annum) default interest respectively. The Default Interest is within the range comparing with its comparable companies.

We noted that although 6 out of 8 CB Comparables did not charge any default interest, as comparing with the Convertible Bonds, (i) the 6 CB Comparables had not yet experienced on extension of maturity date, (ii) the maturity date of the Convertible Bonds will be extended for two years and six months after the Third Addendum when no CB Comparables extend their maturity date for this long period, and (iii) the Bondholders took into account the default risk of the Convertible Bonds under the current financial situation of the Company when considering the Default Interest. In consideration of the CB Comparables charged default interest, we noted that the reason of the existence of the default interest were due to (i) continuous loss-making position, or (ii) significant net liabilities position compare with its market capital. In the view of above, after having considered that (i) the Group continuously recorded loss position from the year ended 2019; (ii) the Default Interest was arrived with the third extension of the maturity date for the Convertible Bonds by two years and six months cumulatively; (iii) the current financial position of the Company is not able to support for debt application; (iv) the Default Interest of 20% is within the range of 18% to 36% when compared with its CB Comparables; and (v) the Default Interest was negotiated under the arm’s length negotiation between the Bondholders and the Company, we are of the view that the Default Interest of 20% is fair and reasonable.

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Moreover, having considered that (i) the prevailing market rate; (ii) the current financial and cash position of the Group; (iii) the prevailing available lending offer with the interest at 12% per annum granted to the Company in 2021; (iv) the Default Interest of 20% per annum is within the range of recent default interest; (v) the benefits that the Proposed Third Amendments would bring to the Group, which includes providing greater flexibility to the Company's working capital management and the alleviation of the immediate funding needs of the Company to redeem the aggregate Outstanding Principal Amount and to settle the aggregate accrued interest; and (vi) the Proposed Third Amendments were arrived at after arm's length negotiation between the Company and the Bondholders taken into account of the prevailing best lending rate offered by commercial banks in Hong Kong with the existing net current liabilities position, of the Company, we consider the Adjusted Interest Rate and the Default Interest to be justifiable. For further details of the Proposed Third Amendments, please refer to the section headed "THE THIRD ADDENDUM" of the Letter. Taking into account the above, we are of the view that the Adjusted Interest Rate and the Default Interest of the Proposed Third Amendments are on normal commercial terms and are fair and reasonable.

### **3.6 Conclusion**

On 2 January 2024, the Company executed the Third Addendum to amend and/or alter the CB Terms and Conditions with view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year; (ii) adjust the interest rate accrued on the principal amount of the outstanding Convertible Bonds payable by the Company to 12% per annum; (iii) charge a Default Interest on any overdue principal and accrued interest of the outstanding Convertible Bonds payable by the Company; and (iv) adjust the conversion price of the Convertible Bonds to HK\$0.088 per Conversion Share.

Based on (i) the 2023 interim report of the Company; and (ii) the twelve-month cashflow forecast starting from October 2023 of the Company, we noted that there will be insufficient internal resources for the Company to repay of all current liabilities including expected cash outflow from the Convertible Bonds of the Company in the case that there is no extension of maturity date of the Convertible Bonds. Despite the Company has completed the 2023 Subscription, the net proceeds of the 2023 Subscription shall be approximately HK\$5.85 million which is not enough to repay all current liabilities (i.e. approximately HK\$45.84 million as 30 September 2023). We considered that the Proposed Third Amendments allows (i) the Company to extend the payment of the Convertible Bonds; (ii) the Bondholders to convert Convertible Bonds interests to Conversion Shares borne by the Convertible Bonds pursuant to the Third Addendum. The Company also consider the difficulties in debt application based on the latest financial position of the Group as the Company has been rejected by 2 commercial banks in 2023. Therefore, we believed that the Proposed Third Amendments would relieve the imminent pressure on redeeming the Convertible Bonds and refinancing pressure under the challenging financial circumstances of the Company in repaying the liabilities and the deployment of its fund for general working capital of the Company.

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Based on the abovementioned analysis, we further noted that the Revised Conversion Price was at a significant premium of approximately 317.22% to the consolidated unaudited net asset value per Share of the Company as at 30 September 2023. The Revised Conversion Price was at a discount to 12.9% of the average historical daily closing prices in the Review Period that reflect the prevailing market conditions and recent market sentiment and the premium of approximately 1.1% compared with the average closing price for the last 30 consecutive trading days up to and including the date of the Third Addendum.

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

### RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, among others, (i) the financial performance of the Company including the financial position, (ii) the business performance of the Company, and (iii) the difficulties in raising additional fund to redeem the outstanding Convertible Bonds, we are of the view that the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the Conversion Rights by the Bondholders is in the interests of the Company and the Shareholders as a whole; and the terms of the Third Addendum are on normal commercial terms and acceptable and reasonable so far as the Independent Shareholders are concerned, but not in the ordinary and usual course of the business of the Group.

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

*Mr. Yau Tung Shing is licensed person under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Silverbricks Securities Company Limited. Mr. Yau Tung Shing has over 7 years of experience in corporate finance industry.*

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

**1. RESPONSIBILITY STATEMENT**

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

**2. SHARE CAPITAL OF THE COMPANY**

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares of HK\$0.01 each	<u>100,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>	<i>HK\$</i>
<u>1,898,106,667</u> Shares of HK\$0.01 each	<u>18,981,066.67</u>

Immediately after full conversion of the aggregate amount of the Outstanding Principal Amount and the Maximum Outstanding Accrued Interest into the Conversion Shares (assuming that there will be no other change to the total issued share capital of the Company between the Latest Practicable Date and upon the full conversion of the Convertible Bonds and without taking into account any Default Interest accrued after the New Maturity Date), the authorised and issued share capital of the Company will be as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares of HK\$0.01 each	<u>100,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>	<i>HK\$</i>
1,898,106,667 Shares of HK\$0.01 each	18,981,066.67
<u>185,492,601</u> Conversion Shares to be allotted and issued	<u>1,854,926.01</u>
<u>2,083,599,268</u> Shares of HK\$0.01 each	<u>20,835,992.68</u>

All Shares currently in issue and the Conversion Shares rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

## 3. DISCLOSURE OF INTERESTS

**Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures**

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors, to be notified to the Company and the Stock Exchange were as follows:

***Long positions in Shares and underlying Shares***

Name of Directors	Capacity	Number of Shares held	Approximate percentage of shareholding (%) (Note 1)
Mr. Tsang (Note 2)	Beneficial owner (Note 2)	4,880,000	0.26
	Interest in a controlled corporation (Note 2)	200,000,000	10.53
Mr. Shiu (Note 3)	Interest in a controlled corporation (Note 3)	41,000,000	2.16

*Note:*

- The calculation is based on the total number of 1,898,106,667 Shares in issue as at the Latest Practicable Date.
- As at the Latest Practicable Date, these 4,880,000 Shares were directly held by Mr. Tsang, an executive Director and the managing director of the Group, and 200,000,000 Shares were held by Gold Track, 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 as at the Latest Practicable Date.

3. As at the Latest Practicable Date, pursuant to the disclosure of interest notice filed by Best Practice on 16 March 2022, these 41,000,000 Shares have been pledged to Best Practice pursuant to the loan agreement dated 14 March 2022 entered into between an Independent Third Party as chargor and Best Practice as lender. As at the Latest Practicable Date, Best Practice is wholly-owned by Mr. Shiu who is a non-executive Director. Accordingly, Mr. Shiu is deemed to be interested in such 41,000,000 Shares due to the security interest in those Shares acquired from such Independent Third Party pursuant to Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executives of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Director is a director or employee of any substantial shareholder of the Company.



**Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares discloseable under the SFO**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

***Long positions in Shares***

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding</b>
Mobile Technology Holdings Limited ("MTHL") (Note 2)	Beneficial owner	476,666,667	25.11%
Mr. Choy (Note 3)	Beneficial owner	19,880,000	1.05%
	Interest in a controlled corporation	304,460,000	16.04%
	<b><i>Interest in convertible bonds</i></b>		
	Beneficial owner	66,124,684	3.48%
	Interest in a controlled corporation	77,125,316	4.06%
		<u>467,590,000</u>	<u>24.63%</u>
Rainbow Capital (Note 3)	Interest in a controlled corporation	304,460,000	16.04%
	<b><i>Interest in convertible bonds</i></b>		
	Interest in a controlled corporation	77,125,316	4.06%
		<u>381,585,316</u>	<u>20.10%</u>

Name	Capacity	Number of Shares held	Approximate percentage of shareholding
Metagate ( <i>Note 3</i> )	Beneficial owner	304,460,000	16.04%
<b><i>Interest in convertible bonds</i></b>			
	Beneficial owner	77,125,316	4.06%
		381,585,316	20.10%
Gold Track ( <i>Note 4</i> )	Beneficial owner	200,000,000	10.53%
Straum Investments ( <i>Note 5</i> )	Beneficial owner	138,000,000	7.27%
Mr. Yu ( <i>Note 5</i> )	Interest in a controlled corporation	138,000,000	7.27%
Ms. Choi ( <i>Note 5</i> )	Interest of spouse	138,000,000	7.27%

*Notes:*

- The calculation is based on the total number of Shares in issue as at the Latest Practicable Date, being 1,898,106,667.
- 476,666,667 Shares were directly held by MTHL.
- 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 the Latest Practicable Date, 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 as at the Latest Practicable Date.
- 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.
- 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 the Latest Practicable Date, so far as was known to the Directors, there was no other person (other than the Directors or the chief executives of the Company) who had or were deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### **4. INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 March 2023, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **5. NO MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

#### **6. INTERESTS IN CONTRACT OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting and is significant in relation to the business of the Group.

#### **7. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates had any business or interest which competes or may compete, either directly or indirectly, with the business of the Group, or has or may have any other conflict of interest with the Group pursuant to the GEM Listing Rules.

#### **8. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**9. LITIGATION**

As at the Latest Practicable Date, the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

**10. MATERIAL CONTRACTS**

The following contracts (being contracts not entered into in the ordinary course of business of the Group) were entered into by members of the Group within two years immediately preceding the date of this circular and are or may be material:

- (i) a memorandum of understanding dated 28 January 2022 entered into between the Company and the Vendor setting out preliminary understanding in relation to the possible acquisition of the 100% equity interest in Transit Limited;
- (ii) a memorandum of understanding dated 28 January 2022 entered into among the Company, Ms. Jiang Zhengyan and Mr. Tham Kar Wai Derrick (Tan Jiawei Derrick) setting out preliminary understanding in relation to the possible acquisition of the 67% equity interest in Alldebit Pte. Ltd.;
- (iii) a subscription agreement dated 31 January 2022 entered into between the Company and Mr. Tsang in respect of a subscription of 200,000,000 Shares by Mr. Tsang;
- (iv) a placing agreement dated 17 May 2022 entered into among the Company, SBI, Global Mastermind and Glam Capital Limited in relation to a placing of a maximum of 150,000,000 Shares by SBI, Global Mastermind and Glam Capital Limited;
- (v) the First Addendum;
- (vi) a conditional asset acquisition agreement dated 27 September 2022 entered into between the Company and the Vendor in relation to the Acquisition;
- (vii) the First Placing Agreement;
- (viii) a side letter dated 21 October 2022 entered into among the Company, SBI and Global Mastermind in relation to the extension of the long stop date of the First Placing Agreement;

- (ix) conditional share sale agreements dated 18 November 2022 entered into between the Company and each of Ms. Jiang Zhengyan and Mr. Tham Kar Wai Derrick (Tan Jiawei Derrick) in relation to the disposal of a total of 33% of the total issued share capital of Alldebit Pte. Ltd.;
- (x) the 2022 Subscription Agreements;
- (xi) the 2023 Subscription Agreements;
- (xii) the Second Placing Agreement;
- (xiii) a side letter dated 22 December 2022 entered into between the Company and SBI in relation to the revision of the placing price under the Second Placing Agreement;
- (xiv) two side letters dated 22 December 2022 entered into between the Company and each of the 2022 Subscribers in relation to the revision of subscription price and number of subscription shares under the 2022 Subscription Agreements;
- (xv) a side letter dated 9 January 2023 entered into between the Company and SBI in relation to the extension of long stop date under the Second Placing Agreement;
- (xvi) the Second Addendum; and
- (xvii) the Third Addendum.

## **11. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
Silverbricks Securities Company Limited	Independent Financial Adviser, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any interest, either direct or indirect, in any assets which have been, since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## **12. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ocg.com.hk>) for a period of not less than 14 days before the date of EGM:

- (i) the letter from the Independent Board Committee, the text of which is set out on pages 37 to 38 of this circular;
- (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 39 to 74 of this circular;
- (iii) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (iv) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (v) the placing agreement dated 10 June 2020 entered into between SBI and the Company, pursuant to which the Company agreed to place through SBI the Convertible Bonds to not less than six places subject to the CB Terms and Conditions.

## **13. GENERAL**

- (i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (ii) The principal place of business of the Company in Hong Kong is Room 5, 17/F, 80 Gloucester Road, Wanchai, Hong Kong.
- (iii) The Hong Kong share registrar and transfer office of the Company is Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

- (iv) The joint company secretaries of the Company are Mr. Huen Felix Ting Cheung (“**Mr. Huen**”) and Ms. Lin Yih Yee Jessica (“**Ms. Lin**”). Mr. Huen is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a licensed person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Lin holds a degree of Master of Corporate Governance and holds a degree of Bachelor of Business Administration in Accounting. She is currently an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (v) The compliance officer of the Company is Mr. Tsang, who is also an executive Director, an authorised representative and a process agent of the Company. Mr. Tsang a fellow member of The Association of Chartered Certified Accountants.
- (vi) The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the code provision D.3 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Shiu, Ir Dr. Ng Yu Ki, Mr. Tong Tsz Kwan (“**Mr. Tong**”) and Ms. Liao Pui Yee Bonnie. Mr. Tong is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Company’s financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.
- (vii) The English text of this circular and the accompanying form of proxy shall prevail over this respective Chinese test in the case of inconsistency.

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## NOTICE OF EGM

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**ORIENTAL PAYMENT GROUP HOLDINGS LIMITED**  
**東方支付集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8613)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Oriental Payment Group Holdings Limited (the “**Company**”) will be held at Room 302, 3/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong on Friday, 8 March 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing and approving (with or without amendments) the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the third addendum (the “**Third Addendum**”) dated 2 January 2024 executed by the Company to amend and/or alter the terms and conditions of the convertible bonds (the “**Convertible Bonds**”) issued by the Company on 26 June 2020 in an aggregate principal amount of HK\$11,850,000 to give effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year; (ii) adjust the interest rate accrued on the principal amount of outstanding Convertible Bonds payable by the Company from the date immediately after the date falling upon the expiry of three years and six months from the date on which the Convertible Bonds are issued to 12% per annum; (iii) charge a penalty interest payable by the Company to the holders of the Convertible Bonds (the “**Bondholders**”) in the event of default of payment of any outstanding accrued interest of the Convertible Bonds from and including the date(s) on which accrued interest is payable in accordance with the terms and conditions of the Convertible Bonds (“**CB Terms and Conditions**”) to the actual payment date and any outstanding principal of the Convertible Bonds from and including the new maturity date of the Convertible Bonds to the actual payment date; and (iv) adjust the conversion price of the Convertible Bonds to HK\$0.088 per new share (“**Conversion Share**”) of the Company (the “**Third Proposed Amendments**”) (a copy of which has been produced to the EGM marked “**A**” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder, and all other matters thereof and incidental thereto and in connection therewith, be and are hereby approved, confirmed and/or ratified (as the case may be);



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## NOTICE OF EGM

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- (b) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) having approved the Third Proposed Amendments and conditional upon the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the ordinary share(s) of HK\$0.01 each in the share capital of the Company which shall fall to be allotted and issued by the Company upon exercise of the rights attached to the Convertible Bonds to convert the whole or any part thereof into Conversion Shares in accordance with the CB Terms and Conditions as amended and supplemented by the Third Addendum, the directors (“**Directors**”) of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Conversion Shares, with such Specific Mandate being in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (c) any one Director be and is hereby authorised to do all such acts or things and execute and deliver all such documents, instruments and agreements which he or she considers necessary, desirable or expedient to give effect to the Third Addendum and the transactions contemplated thereunder (including but not limited to the Proposed Third Amendments and the grant of the Specific Mandate) and the allotment and issue of the Conversion Shares, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company.”

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

Hong Kong, 21 February 2024

*Registered Office:*

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

*Principal Place of Business*

*in Hong Kong:*  
Room 5, 17/F  
80 Gloucester Road  
Wanchai  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. The resolution set out in this notice of EGM will be taken by poll (except where the chairman decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of the Stock Exchange. The results of the poll will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.ocg.com.hk](http://www.ocg.com.hk) in accordance with the GEM Listing Rules.
2. Any shareholder (“**Shareholder(s)**”) of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it and a proxy so appointed shall have the same right as the Shareholder to speak at the meeting. A proxy need not be a Shareholder. A Shareholder who is the holder of two or more Shares may appoint more than one proxies to represent him/her/it and vote on his/her/its behalf at the EGM. If more than one proxies is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. On a poll, votes may be given either personally (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy.
3. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 21 February 2024. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any Shares, any one of such joint holder may vote, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled to vote, but if more than one of such joint holders are present at the EGM personally or by proxy, the most senior holder shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the register of members of the Company in respect of the joint holding.
6. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares of the Company will ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Monday, 4 March 2024.
7. If typhoon signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons is hoisted or remains hoisted in Hong Kong after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.ocg.com.hk](http://www.ocg.com.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting as and when appropriate.

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## NOTICE OF EGM

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

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

*This notice will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://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](http://www.ocg.com.hk).*