



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

2024 ANNUAL REPORT



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BOARD OF DIRECTORS

Executive Directors

Mr. Tsang Chi Kit (*Managing Director*)
Mr. Yu Chun Fai (retired on 21 July 2023)

Non-executive Director

Mr. Shiu Shu Ming

Independent Non-executive Directors

Ir Dr. Ng Yu Ki
Mr. Tong Tsz Kwan (appointed on 20 October 2023)
Ms. Liao Pui Yee Bonnie
(appointed on 20 December 2023)
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)
Mr. Ng Ka Po (retired on 21 July 2023)

BOARD COMMITTEES

Audit Committee

Mr. Tong Tsz Kwan (*Chairman*)
(appointed on 20 October 2023)
Ir Dr. Ng Yu Ki
Mr. Shiu Shu Ming (appointed on 20 October 2023)
Ms. Liao Pui Yee Bonnie
(appointed on 20 December 2023)
Mr. Chung, Wai Chuen Alfred (*Chairman*)
(retired on 21 July 2023)
Mr. Ng Ka Po (retired on 21 July 2023)

Remuneration Committee

Ms. Liao Pui Yee Bonnie (*Chairman*)
(appointed on 20 December 2023)
Mr. Tong Tsz Kwan (appointed as the Chairman on
20 October 2023 and redesignated as a member on
20 December 2023)
Ir Dr. Ng Yu Ki
Mr. Tsang Chi Kit (appointed on 20 October 2023)
Mr. Ng Ka Po (*Chairman*) (retired on 21 July 2023)
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)

Nomination Committee

Ir Dr. Ng Yu Ki (*Chairman*)
Mr. Tong Tsz Kwan (appointed on 20 October 2023)
Mr. Tsang Chi Kit (appointed on 20 October 2023)
Ms. Liao Pui Yee Bonnie
(appointed on 20 December 2023)
Mr. Ng Ka Po (retired on 21 July 2023)
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)

COMPLIANCE OFFICER

Mr. Tsang Chi Kit

AUTHORISED REPRESENTATIVES

Mr. Tsang Chi Kit
Ms. Lin Yih Yee Jessica (appointed on 29 September
2023 with effect from 1 October 2023)
Mr. Yu Wan Hei (resigned on 29 September 2023
with effect from 1 October 2023)

JOINT COMPANY SECRETARIES

Mr. Huen Felix Ting Cheung
Ms. Lin Yih Yee Jessica (appointed on 29 September
2023 with effect from 1 October 2023)
Mr. Yu Wan Hei (resigned on 29 September 2023
with effect from 1 October 2023)

REGISTERED OFFICE

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

HEADQUARTERS IN THAILAND

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21 Viphavadi-Rangsit Road
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10900 Thailand

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Dah Sing Bank Limited

Corporate Information

LEGAL ADVISERS

As to Hong Kong law

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

As to Thailand law

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

AUDITOR

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

STOCK CODE

8613

WEBSITE

www.ocg.com.hk

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Oriental Payment Group Holdings Limited (the "**Company**"), I am pleased to present to you the annual report of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 March 2024 (the "**Year**").

REVIEW

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

During the Year, the Group recorded an increase in revenue of approximately 278.5% to approximately HK\$31.7 million (2023: approximately HK\$8.4 million). The revenue was mainly derived from the Group's merchant discount rate income ("**MDR income**"), foreign exchange rate discount income, marketing and distribution service income and Environmental, Social and Governance ("**ESG**") reporting and consultancy services income. The Group recorded a loss attributable to equity holders of the Company of approximately HK\$37.2 million (2023: approximately HK\$32.2 million). The increase in net loss was mainly due to the net effect of (i) the increase in revenue and gross profit, selling and distribution costs and general administrative expenses, (ii) the decrease in other income and finance costs, (iii) the gain on disposal of the subsidiaries, (iv) the absence of modification and extinguishment of convertible bonds, and (v) the loss on extinguishment of financial liabilities during the Year.

OUTLOOK

The coronavirus disease 2019 ("**COVID-19**") pandemic's effect has been released during the Year with the People's Republic of China (the "**PRC**") Government's removal of all the precautionary measures regarding the pandemic. Along with the implementation of various economy revitalisation policies in the PRC and a visa waiver policy for Chinese tourists travelling to Thailand for 30 days, the number of Chinese tourists travelling to Thailand has been stably increasing. The Group began to take the initiative in seeking for potential business opportunities and resuming our cooperation and promotion with our current merchants, and we continued to demonstrate a consistent and solid track record in achieving profit growth and cost efficiency by implementing targeted strategies to balance short-term results and long-term goals. The Group has achieved a satisfactory business growth in overall performance for the Year. The Group will remain cautious to the situation in the PRC for any possible bounce-back of the pandemic. However, the Group also believes that the relief of the pandemic policies and the reopen of the PRC broader will benefit the Group's business development.

APPRECIATION

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

Mr. Tsang Chi Kit
Executive Director

26 June 2024

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Oriental Payment Group Holdings Limited and its subsidiaries is an established merchant acquirer providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand and merchants in the Philippines.

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

During the Year, the Group has benefited from the relief of the pandemics policies and the reopen of the PRC broader. In addition, Thailand waived visa requirements for travellers from the PRC for 30 days from 25 September 2023 to 29 February 2024. The PRC and Thailand have further implemented a reciprocal visa-free scheme from March 2024 to simplify travel and boost trade and economic development. The Group’s revenue significantly increased for the Year as a result of increase in the number of Chinese tourists travelling to Thailand.

Looking forward, with further ease of the COVID-19 pandemic situation, the Group believes that we are on the right track of bringing the business back to normal in progress. Though there are still challenges in the PRC recovering economy which may adversely affect the Group’s business, the Group will proactively strengthen its competitiveness and prepare to respond to the fluctuant global business environment. The Group will continue to explore for new business opportunities, closely monitor our financial position, and manage profit margin and cost control of the existing business. Regarding business expansion, the Group has been looking for and negotiable with potential business partners or distributors, with benefit from the enormous Southeast Asia market and new era technology, thereby widening the range of services and the geographical coverage of the Group’s revenue base in the Group’s existing business. In the upcoming future, the Group is optimistic that we will continue to devote our efforts to enhance our business operations and financial position and achieve the maximum returns to our valuable shareholders and clients in the medium to long term with the support of our stakeholders.

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

FINANCIAL REVIEW

Revenue

During the Year, the Group recorded a total revenue of approximately HK\$31.7 million (2023: approximately HK\$8.4 million) derived from the merchant acquiring business and the ESG consultancy and reporting business, which included (i) the MDR income of approximately HK\$28.4 million (2023: approximately HK\$6.0 million), (ii) the foreign exchange rate discount income of approximately HK\$1.1 million (2023: approximately HK\$0.7 million), (iii) the ESG Consultancy Services income of approximately HK\$30,000 (2023: approximately HK\$0.7 million), and (iv) the marketing and distribution service income of approximately HK\$2.2 million (2023: approximately HK\$0.2 million). There was no ESG Reporting Services income during the Year (2023: approximately HK\$0.8 million). The MDR income increased by approximately HK\$22.4 million when compared with that in the previous financial year due to the relief of policies of the PRC and Hong Kong in relation to the COVID-19 pandemic and the reopening of the mainland-Hong Kong border in January 2023. Some Chinese tourists have resumed travelling to Thailand and the spending of Chinese tourists and the transaction volume via UnionPay processed by the Group have gradually increased since January 2023. The increase in marketing and distribution service income by approximately HK\$2.0 million as compared with that in the previous financial year was mainly due to the reopening of the mainland-Hong Kong border in January 2023 as mentioned above, and also the commencement of bCode business and operation in the Philippines since April 2023. The increase in the foreign exchange rate discount income by approximately HK\$0.4 million was noted during the Year. There was a significant decrease in the ESG Consultancy Services income and the ESG Reporting Services income by approximately HK\$0.6 million and HK\$0.8 million, respectively, as the disposal of subsidiaries (one of which was principally engaged in the ESG consultancy and reporting business) was completed on 18 April 2023. Please refer to Note 29 to the consolidated financial statements for details.

Cost of services rendered

Cost of services rendered of the Group includes the information technology (“IT”) network service fee and franchise license fee for the merchant acquiring business and staff costs for the ESG reporting and consultancy business. The total cost of services rendered for the Year amounted to approximately HK\$22.5 million (2023: approximately HK\$7.7 million). The increase in cost of services rendered of approximately 190.9% was mainly in line with the increase in revenue.

Gross profit and gross profit margin

The gross profit for the Year amounted to approximately HK\$9.2 million, representing an increase of approximately HK\$8.6 million or approximately 1,330.9% as compared with that of approximately HK\$0.6 million for the previous financial year. The gross profit margin increased from approximately 7.7% for the previous financial year to approximately 29.1% for the Year which was mainly due to gross loss on the ESG consultancy and reporting businesses in the previous financial year.

Other income

The other income of the Group for the Year amounted to approximately HK\$0.6 million (2023: approximately HK\$3.0 million). The decrease in other income by approximately 81.2% was mainly due to trade payables of HK\$1.1 million written off and other one-off income (e.g., HKSAR Government subsidies and net exchange gain) in the previous financial year which was absent during the Year. Please refer to Note 5 to the consolidated financial statements for details.

Management Discussion and Analysis

General administrative expenses

The general administrative expenses of the Group for the Year amounted to approximately HK\$26.0 million (2023: approximately HK\$22.1 million). The increase in general administrative expenses by approximately 17.3% was mainly due to the increment in technical support expenses since the commencement of operation of the bCode business in April 2023.

Selling and distribution costs

The Group recorded selling and distribution costs of approximately HK\$21.6 million for the Year (2023: approximately HK\$11.4 million). The increase in selling and distribution costs was mainly due to the increment in depreciation expenses since the commencement of operation of the bCode business in April 2023.

Gain on disposal of subsidiaries

The Group recorded a gain on disposal of subsidiaries of approximately HK\$4,296,000 for the Year (2023: Nil). Please refer to Note 29 to the consolidated financial statements for details.

Finance costs

The finance costs amounted to approximately HK\$2.7 million for the Year (2023: approximately HK\$5.6 million). The amount represented (i) the effective interest expenses on the convertible bonds, (ii) the finance costs on lease liabilities, (iii) the finance costs on financial liabilities at amortised cost, and (iv) the finance costs of bond issued. Details of the finance costs are set out in Note 6 to the consolidated financial statements.

Loss for the Year

The Group recorded a net loss attributable to owners of the Company of approximately HK\$37.2 million for the Year (2023: approximately HK\$32.2 million). The increase in net loss was mainly attributable to the net effect of (i) the increase in revenue and gross profit, selling and distribution costs and general administrative expenses, (ii) the decrease in other income and finance costs, (iii) the gain on disposal of the subsidiaries, (iv) the absence of modification and extinguishment of convertible bonds, and (v) the loss on extinguishment of financial liabilities during the Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had current assets of approximately HK\$62.0 million (31 March 2023: approximately HK\$46.9 million) including bank balances and cash of approximately HK\$4.4 million (31 March 2023: approximately HK\$11.0 million), which are denominated in Hong Kong dollars (“**HK\$**”), Thai Baht (“**Baht**”) and US\$. Total assets and total liabilities were approximately HK\$112.7 million (31 March 2023: approximately HK\$111.5 million) and HK\$89.4 million (31 March 2023: approximately HK\$59.1 million) respectively as at 31 March 2024.

The gearing ratio, which was calculated by dividing total other long-term liabilities and convertible bonds by total equity, was 88.3% as at 31 March 2024 (31 March 2023: 33.8%). Other long-term liabilities represent preference shares issued by Oriental City Group (Thailand) Co., Ltd. (“**OCG Thailand**”), a wholly-owned subsidiary of the Company, and the convertible bonds issued by the Company on 26 June 2020 and 5 March 2024. For dividend/interest rate and other details of liabilities as at 31 March 2024, which were denominated in HK\$ and Baht, please refer to Notes 12, 20, 21, 24, 25 and 31 to the consolidated financial statements.

The Group's operations are financed principally by revenue generated from its business operation, public fund raising and other borrowings. The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2024. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any material contingent liabilities (2023: Nil).

CAPITAL COMMITMENTS

Save as disclosed in this annual report, as at 31 March 2024, the Group did not have any significant capital commitments contracted for but not provided in the consolidated financial statements (2023: Nil).

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

Material Acquisition

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

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

- (i) cash consideration of US\$550,000 (equivalent to approximately HK\$4,317,000) on the completion date, to be offset in full by the deposit paid by the Company of US\$550,000; and
- (ii) the remaining US\$5,500,000 (equivalent to approximately HK\$43,188,000) was satisfied by the issue and allotment of 476,666,667 ordinary shares of the Company (the "**Consideration Shares**") at the issue price of HK\$0.09 per Consideration Share by the Company to the Vendor or its nominee(s) after the completion date and within seven business days after completion of the legal compliance period for the issue of the Consideration Shares.

Management Discussion and Analysis

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

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

Disposal of subsidiaries

On 18 April 2023, the Company completed the disposal of the entire issued share capital of Global Principal Investment Limited (the “**Target Company**”) to an independent third party at a total cash consideration of HK\$1 (the “**Disposal**”). Upon completion of the Disposal, the Group had no further control on the Target Company, and the Target Company and its subsidiaries (one of which was principally engaged in the ESG consultancy and reporting business) would cease to be accounted as subsidiaries of the Company.

In consideration of the Group’s business operations, the Target Company’s and its subsidiaries’ unsatisfactory performance in the past years, and the current difficult operating environment at that time, the Board has come up with the decision to the Disposal. The Directors consider that the Disposal will enable the Group’s resources to be more effectively allocated to and utilised by other business segments of the Group thereafter, which will be beneficial to the Group.

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

Save as disclosed in this annual report, during the Year, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries, associates and joint ventures (2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

Further descriptions of the Group's financial risks (including foreign currency risk, interest rate risk, credit risk, and liquidity risk), management objectives and policies are set out in Note 31 to the consolidated financial statements.

The Group's risk management activities are performed by the Board on an ongoing basis. Further descriptions on the Group's risk management and internal control measures are set out in the section headed "Risk Management and Internal Control" in page 35 in this annual report.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Thailand with transactions denominated in Baht. The Group is exposed to foreign exchange risks as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign exchange risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Board, the Group will enter into foreign currency forward contracts should the needs arise. As at 31 March 2024, the Group had no outstanding foreign currency forward contracts for the exchange of US\$ with Baht (31 March 2023: approximately US\$1,451,000 (equivalent to approximately HK\$11,392,000)). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. The Group did not have other derivatives for hedging against the foreign exchange rate risk as at 31 March 2024.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company (the “Shares”) were listed on GEM on 16 October 2018 (the “Listing”) with a total of 250,000,000 ordinary Shares issued at HK\$0.22 each by way of share offer (the “Share Offer”). The aggregate nominal value of the Shares is HK\$2,500,000. The net price of each Share is approximately HK\$0.2044 per Share. The Directors intended to apply the net proceeds from the Share Offer in accordance with the proposed applications as set out in the Prospectus, the supplemental announcement (the “Supplemental Announcement”) of the Company dated 29 September 2021 in relation to the annual results announcement and the annual report of the Company for the year ended 31 March 2020, the announcement (the “Change in Use of Proceeds Announcement”) of the Company dated 29 September 2022 and the announcement (the “Second Change in Use of Proceeds Announcement”) of the Company dated 28 March 2024 in relation to change in use of proceeds. The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$51.1 million. The amount of unutilised net proceeds brought forward to the Year from the year ended 31 March 2023 was approximately HK\$5.7 million. As at 31 March 2024 and the date of this annual report, the net proceeds from the Share Offer had been applied as follows:

	Amount unutilised as at 31 March 2022 HK\$ million (Approximately)	Revised allocation of the unutilised net proceeds HK\$ million (Approximately)	Amount utilised during the year ended 31 March 2023 HK\$ million (Approximately)	Amount unutilised as at 31 March 2023 HK\$ million (Approximately)	Amount utilised from 1 April 2023 to 28 March 2024 HK\$ million (Approximately)	Amount unutilised as at 28 March 2024 HK\$ million (Approximately)	Revised allocation of the unutilised net proceeds HK\$ million (Approximately)	Amount unutilised as at 31 March 2024 HK\$ million (Approximately)	Amount utilised from 1 April 2024 to the date of this annual report HK\$ million (Approximately)	Amount unutilised as at the date of this annual report HK\$ million (Approximately)
Continuously improving the availability and enhancing functions of the Group's stock of smart POS terminals	12.8	9.8	4.8	1.2	3.6	1.6	2.0	-	-	-
Developing the Group's acquiring host system	8.1	0.5	0.5	0.5	-	-	-	-	-	-
Strengthening and broadening the Group's marketing initiatives	1.2	-	-	-	-	-	-	-	-	-
Recruiting new talents	2.2	-	-	-	-	-	-	-	-	-
Extending the Group's payment processing services to cover other payment network associations	15.1	7.1	2.1	-	2.1	0.1	2.0	-	-	-
Expanding to Cambodia	6.6	0.4	0.4	0.4	-	-	-	-	-	-
Working Capital	5.1	-	10.0	10.0	-	-	-	4.0	4.0	4.0
	51.1	17.8	17.8	12.1	5.7	1.7	4.0	4.0	4.0	-

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

During the six months ending 30 September 2022, notwithstanding that the international flights to Thailand had resumed gradually, Chinese tourists' spending in Thailand as reflected by the transaction volume via UnionPay processed by the Group for the Year had not bounced back to the level before the COVID-19 quarantine measures were initially imposed by the Thailand government throughout the past few years. This slowing economic growth had also curtailed the expansion of the Group's business scale. Meanwhile, the Group required more working capital to maintain the stability and sustainability of its existing business under the current adverse business environment and the slackening spending of Chinese tourists in Thailand.

Under such circumstances, the Board considered that it was not an optimal timing to expand its existing merchant acquiring business in Thailand. In order to optimise the use of the unutilised net proceeds, instead of allocating a total of approximately HK\$9.8 million and HK\$7.1 million for continuously improving the availability and enhancing function of the Group's stock of smart POS terminals and extending the Group's payment processing services to cover other payment network associations in Thailand, respectively, on 29 September 2022, the Board resolved to reallocate the unutilised net proceeds by applying approximately HK\$5.0 million out of each of the foregoing uses as initially intended towards the working capital of the Group, thereby allowing the Group to better cope with its operation needs and safeguarding the financial position of the Group against any economic uncertainty in the future. The Board believed that the reallocation of the unutilised net proceeds would provide more flexibility for the Group to manage its asset and liability against the current unstable business environment and enable the Group to capture other business opportunities for the Group's revenue growth. The Board would continue to assess the impact of the market conditions in Thailand and Philippines on the operations of the Group. Details of the change in use of proceeds from the Share Offer are set out in the Change in Use of Proceeds Announcement.

On 28 March 2024, the Board resolved to further change the intended use of the unutilised net proceeds towards the working capital of the Group, thereby providing higher level of flexibility for the Group to manage its asset and liability against the current unstable business environment and enabling the Group to capture other business opportunities for the Group's revenue growth. The Board considered that the further change of use of proceeds would allow the Company to deploy its financial resources more effectively and is in the interests of the Company and its shareholders (the "**Shareholders**") as a whole and would not have any material adverse effect on the existing business and operations of the Group. Details of the further change in use of proceeds from the Listing are set out in the Second Change in Use of Proceeds Announcement.

As at the date of this annual report, all the net proceeds from the Share Offer had been utilised as previously intended and disclosed in the Prospectus, the Supplemental Announcement, the Change in Use of Proceeds Announcement, and the Second Change in Use of Proceeds Announcement.

USE OF PROCEEDS FROM THE SUBSCRIPTION OF THE CONVERTIBLE BONDS UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 16 February 2024 and 5 March 2024, respectively in relation to the subscription of the convertible bonds under general mandate (the “**February 2024 Convertible Bonds**”) with a coupon interest rate of 7% per annum for 1 year, in an aggregate principal amount of HK\$4,388,000 at the conversion price of HK\$0.145 per conversion Share to Blu Venture Partners, LLC, an independent subscriber (the “**Subscriber**”). On 16 February 2024, the Company entered into the subscription agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for, the February 2024 Convertible Bonds. The Subscriber has been assigned by Eden Analytics Limited, GV3 Partners LLC, and Rushmere Capital Partners Limited (collectively the “**Assignors**”), which are service providers engaged by the Company to provide technical assistance and support services for the bCode System, to subscribe for the February 2024 Convertible Bonds. Assuming the conversion rights attaching to the February 2024 Convertible Bonds are exercised in full at the conversion price of HK\$0.145 per Share, a maximum of 30,262,068 ordinary Shares (the “**February 2024 Conversion Shares**”) converted will be allotted and issued. The aggregate nominal value of the February 2024 Conversion Shares is approximately HK\$302,621. The net price of each February 2024 Conversion Share amounts to approximately HK\$0.1443 per February 2024 Conversion Share. The conversion price of HK\$0.145 per February 2024 Conversion Shares represents (i) the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on 16 February 2024, and (ii) a premium of approximately 0.55% over the average closing price of HK\$0.1442 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the subscription agreement.

An outstanding indebted amount of US\$561,142 (equivalent to approximately HK\$4,388,000) (the “**Indebted Amount**”) was then incurred due to service fees charged by the Assignors for the bCode project, such as business development expenses, technical management expenses, and IT technical support. In view of the Indebted Amount, the Company issued the February 2024 Convertible Bonds to offset such amount. The Indebted Amount has been offset by issuing the February 2024 Convertible Bonds on 5 March 2024 (the “**Completion Date**”).

The net proceeds from the subscription of the February 2024 Convertible Bonds at the time of its completion under general mandate on the Completion Date were approximately HK\$4,388,000, which have been used to offset the Indebted Amount (which is in accordance with the intended use previously disclosed). No rights in the February 2024 Convertible Bonds were exercised during the Year.

For details of the subscription of the February 2024 Convertible Bonds, please refer to the Company’s announcements dated 16 February 2024 and 5 March 2024.

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

January 2023 Subscription

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

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

The net proceeds from the January 2023 Subscription were approximately HK\$4,645,000, and the amount of unutilised net proceeds brought forward to the Year from the year ended 31 March 2023 was approximately HK\$1,919,000. As at 31 March 2024, the net proceeds from the January 2023 Subscription had been applied as follows:

Intended use of net proceeds	Amount unutilised up to 31 March 2023	Amount utilised up to 31 March 2024	Amount unutilised as at 31 March 2024
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Approximately)	(Approximately)	(Approximately)	(Approximately)
			(Note)

Repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in payment related business as identified by the Group from time to time

4,645	1,919	1,919	-
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Note:

During the Year, the Company has used net proceeds of approximately HK\$1.9 million for general working capital in accordance with the intended use previously disclosed.

For details of the January 2023 Subscription, please refer to the announcements of the Company dated 21 December 2022, 22 December 2022 and 10 January 2023.

August 2023 Subscription

Reference is made to the announcements of the Company dated 19 July 2023 and 2 August 2023, respectively in relation to the allotment and issue of a total of 38,540,000 new Shares to two independent subscribers (the “**August 2023 Subscription**”).

Management Discussion and Analysis

On 2 August 2023, a total of 38,540,000 ordinary Shares (the “**August 2023 Subscription Shares**”) were issued to two independent subscribers, namely Mr. Wu Yao and Ocean Line Holdings Limited, a company incorporated in Hong Kong with limited liability, for a total cash consideration of approximately HK\$5.90 million at a subscription price of approximately HK\$0.153 per Share, pursuant to the subscription agreements dated 19 July 2023 entered into by the Company with each of the subscribers. The net price of each August 2023 Subscription Share is approximately HK\$0.152 per August 2023 Subscription Share. The aggregate nominal value of the August 2023 Subscription Shares is HK\$385,400. The subscription price of HK\$0.153 per August 2023 Subscription Share represents (i) a discount of approximately 14.53% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on 18 July 2023, the last trading day immediately preceding the date of the subscription agreements, and (ii) a discount of approximately 13.27% to the average closing price of HK\$0.1764 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the subscription agreements. The market price of each Share as quoted on the Stock Exchange on 19 July 2023 is HK\$0.187. The August 2023 Subscription Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022. The subscription enabled the Group to raise sufficient cash for satisfying the imminent cash flows needs of the Group in a timely manner with a view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs.

The net proceeds from the August 2023 Subscription were approximately HK\$5,883,000. As at 31 March 2024, the net proceeds from the August 2023 Subscription had been applied as follows:

	Intended use of net proceeds HK\$'000 <i>(Approximately)</i>	Amount utilised up to 31 March 2024 HK\$'000 <i>(Approximately)</i>	Amount unutilised as at 31 March 2024 HK\$'000 <i>(Approximately)</i> (Note)
General working capital of the Group	5,883	5,883	–

Note:

During the Year, approximately HK\$5.9 million of the net proceeds from the August 2023 Subscription were utilised for the Group's general working capital in accordance with the intended use previously disclosed.

For details of the August 2023 Subscription, please refer to the announcement of the Company dated 19 July 2023 and 2 August 2023.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS OF CONVERTIBLE BONDS UNDER GENERAL MANDATE IN MARCH 2024

On 20 March 2024, the Company entered into the subscription agreements with Blu Venture Partners, LLC and Mr. Wu Yao, independent subscribers (the “**Subscribers**”), pursuant to which the Company conditionally agreed to issue to the Subscribers, and the Subscribers conditionally agreed to subscribe for, the convertible bonds under general mandate (the “**March 2024 Convertible Bonds**”) with a coupon interest rate of 7% per annum for 1 year, in an aggregate principal amount of HK\$3,910,000 at the conversion price of HK\$0.16 per conversion Share. According to the subscription agreements, the allocation of the March 2024 Convertible Bonds was HK\$3,519,000 to Blu Venture Partners, LLC and HK\$391,000 to Mr. Wu Yao, respectively.

The Company entered into side letters supplemental to the subscription agreements with the Subscribers on 9 May 2024 and 17 May 2024, respectively, under which it was agreed to revise the subscription amount of the March 2024 Convertible Bonds issued by the Company and subscribed by (i) Mr. Wu Yao from HK\$391,000 to HK\$931,000, and (ii) Blu Venture Partners, LLC from HK\$3,519,000 to HK\$1,918,309. The revised subscription amount of the March 2024 Convertible Bonds was HK\$2,849,309 in total at the time of its completion on 17 May 2024 and 27 May 2024. Assuming the conversion rights attaching to the March 2024 Convertible Bonds are exercised in full at the conversion price of HK\$0.16 per Share, a maximum of 17,808,181 ordinary Shares (the “**March 2024 Conversion Shares**”) converted will be allotted and issued. The aggregate nominal value of the March 2024 Conversion Shares is HK\$178,082. The net price of each March 2024 Conversion Share amounts to approximately HK\$0.1588 per March 2024 Conversion Share. The conversion price of HK\$0.16 per March 2024 Conversion Shares represents (i) the closing price of HK\$0.16 per Share as quoted on the Stock Exchange on 20 March 2024, being the date of the subscription agreements, and (ii) a premium of approximately 1.14% over the average closing price of HK\$0.1582 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the subscription agreements. The market price per Share as quoted on the Stock Exchange on 9 May 2024 and 17 May 2024 (being the dates of the two side letters) is HK\$0.128 per Share and HK\$0.127 per Share, respectively. The subscription of the March 2024 Convertible Bonds was completed on 27 May 2024.

The subscription (i) extended the maturity date of the debt owed to one of the Subscribers and will allow the Group to raise and reserve enough cash to fulfill its upcoming cash flow needs in a timely manner, and (ii) will help maintain a positive relationship with the Subscribers, enabling the Group to continue receiving support for its bCode operation. The proceeds of HK\$1,317,408 from the subscription of the March 2024 Convertible Bonds have been utilised for general working capital during the Year. The indebted amount of HK\$312,800 has been offset by issuing the March 2024 Convertible Bonds on the completion date of 27 May 2024. The remaining net proceeds of HK\$1,219,101 from the subscription will be utilised in accordance with the intended use previously disclosed by 30 September 2024. No rights in the March 2024 Convertible Bonds were exercised during the Year.

Details of the March 2024 Convertible Bonds are set out in the announcements of the Company dated 20 March 2024, 9 May 2024, 17 May 2024, and 27 May 2024, respectively.

THIRD ADDENDUM TO AMEND THE CONVERTIBLE BONDS ISSUED ON 26 JUNE 2020

On 26 June 2020, the Company issued convertible bonds (the “**Convertible Bonds**”), with a coupon interest rate of 7% per annum, in an aggregate principal amount of HK\$11,850,000 to not less than six independent placees who, and where applicable, whose ultimate beneficial owners were independent third parties. Details of the Convertible Bonds are set out in the announcements of the Company dated 10 June 2020 and 26 June 2021 and the 2023 annual report of the Company.

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

Management Discussion and Analysis

On 18 October 2022, the Company executed the second addendum (the “**Second Addendum**”) to amend the terms and conditions of the Convertible Bonds issued by the Company on 26 June 2020 with a view to giving effect to (i) the further extension of the maturity date of the Convertible Bonds for a period of twelve months to 23 December 2023 (the “**2nd Extended Maturity Date**”), (ii) the deletion of the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds to which a holder of the Convertible Bonds is initially entitled in any event if such holder has not exercised any of its conversion rights to convert the whole or any part of the principal amount of the Convertible Bonds during the conversion period, (iii) the adjustment of the conversion price of the Convertible Bonds to HK\$0.1 per conversion Share, and (iv) the extension of the scope of the conversion rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into conversion Shares during the conversion period, and all other terms and conditions of the Convertible Bonds remain unchanged.

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

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

On 2 January 2024, the Company executed the third addendum (the “**Third Addendum**”) to amend and/or alter the terms and conditions of the Convertible Bonds with a view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year to 24 December 2024, (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, and all other terms and conditions of the Convertible Bonds shall remain unchanged. All of the conditions precedent of the Third Addendum were fulfilled on 2 April 2024. No rights in the Convertible Bonds were exercised during the Year.

Details of the Third Addendum (including the maximum number of conversion Shares to be allotted and issued upon exercise in full of the conversion rights) are set out in the announcements of the Company dated 2 January 2024 and 8 March 2024 and the circular of the Company dated 20 February 2024, respectively.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2024, the Group had a total of 20 employees (31 March 2023: 27 employees) among whom 8 (31 March 2023: 12) were based in Hong Kong, 12 were based in Thailand (31 March 2023: 13) and no employees were based in China (31 March 2023: 2). For the Year, the total staff costs, including key management’s remuneration, amounted to approximately HK\$8.1 million (2023: approximately HK\$14.1 million).

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

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

Profile of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Tsang Chi Kit (曾志傑), aged 43, was appointed as a non-executive Director on 23 February 2022. Mr. Tsang was subsequently redesignated as an executive Director and was appointed as the managing director of the Company on 6 April 2022. He was also appointed as the compliance officer and authorised representative of the Company on 30 September 2022. He also is a member of each of the Remuneration Committee and Nomination Committee of the Company. Mr. Tsang is responsible for the Group's day-to-day management. In addition, Mr. Tsang is a director of the Company's two subsidiaries, namely, Newtech Asia Pacific Limited and bDigital Holdings Limited.

Mr. Tsang obtained the Bachelor of Business Administration (Honours) (Accounting) from the Hong Kong Baptist University in 2004 and is a fellow member of The Association of Chartered Certified Accountants. Mr. Tsang has extensive experience in cross-border mergers and acquisitions, corporate finance, financial accounting and audit. Prior to joining the Group, Mr. Tsang served various senior positions in a multinational corporation, an international investment bank and international advisory firms, where he advised multiple takeover transactions and strategic investments.

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

NON-EXECUTIVE DIRECTOR

Mr. Shiu Shu Ming (蕭恕明), aged 54, has been appointed as a non-executive director on 10 December 2021. He is a member of audit committee of the Company. Mr. Shiu obtained a bachelor's degree in accountancy from the City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in 1993 and is a member of Hong Kong Institute of Certified Public Accountants. Mr. Shiu has more than 20 years' experience in corporate finance, mergers and acquisitions, initial public offerings and fundraising exercises in various ventures and projects with a deal portfolio covering private entities, the PRC state-owned enterprises and publicly listed companies in Hong Kong, the PRC, Malaysia, Singapore and Indonesia.

Mr. Shiu has been appointed as (i) a non-executive director on 10 June 2022 and redesignated as an executive director on 5 July 2022 of Orient Securities Holdings Group Limited (whose shares are listed on GEM of the Stock Exchange (stock code: 8001)); (ii) an independent non-executive director of Tianyun International Holdings Limited (whose shares are listed on main board of the Stock Exchange (stock code: 6836)) since 6 April 2022; and (iii) an independent non-executive director of Tianjin Construction Development Group Company Limited (whose shares are listed on the main board of the Stock Exchange (stock code: 2515) on 23 April 2024) on 16 August 2023.

Mr. Shiu was appointed as (i) a non-executive director of Kingkey Intelligence Culture Holdings Limited (whose shares are listed on main board of the Stock Exchange (stock code: 550)) from January 2023 to September 2023; (ii) an executive director of Town Health International Medical Group Limited (whose shares are listed on main board of the Stock Exchange (stock code: 3886)) from November 2022 to June 2023; and (iii) a non-executive director of Golden Century International Holdings Group Limited, whose shares are listed on the main board of the Stock Exchange (stock code: 91) from March 2020 to October 2021.

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

Profile of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ir Dr. Ng Yu Ki (伍于祺), aged 41, was appointed as an independent non-executive Director of the Company on 1 November 2022. Dr. Ng is also the chairman of the Nomination Committee, a member of each of the Audit Committee and Remuneration Committee of the Company. Dr. Ng graduated from The Chinese University of Hong Kong with a Bachelor of Engineering Degree, and from The Hong Kong Polytechnic University with a Master Degree. He also obtained a Doctoral Degree from City University of Hong Kong.

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

Dr. Ng is a Chartered Engineer, currently the Chief Engineer cum Section Head in FUJIFILM Business Innovation Hong Kong Limited (formerly known as Fuji Xerox (Hong Kong) Limited) and is responsible for a portfolio of business innovation technologies and solutions. Over his distinguished tech-focused career across multiple sectors, Dr. Ng is a veteran in innovation and technology leadership, with over 16 years of experience in business and technology management in Hong Kong and abroad.

Mr. Tong Tsz Kwan (唐旨均), aged 44, was appointed as an independent non-executive Director of the Company on 20 October 2023. Mr. Tong is also the chairman of the Audit Committee, a member of each of the Nomination Committee and Remuneration Committee of the Company. Mr. Tong graduated with a Master of Business Administration Degree in Finance from University of Southern Queensland in Australia in May 2008. He is a member of the Association of Chartered Certified Accountants and a Certified Public Accountant and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tong is also a Chartered Secretary, a Chartered Governance Professional and a fellow member of The Chartered Governance Institute and a fellow member of The Hong Kong Chartered Governance Institute.

Since September 2021, Mr. Tong has been acting as an independent non-executive director and chairman of the audit committee of the board of Kinetix Systems Holdings Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8606).

Mr. Tong was the chief financial officer and company secretary of Sing Lee Software (Group) Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8076), from June 2007 to April 2024, responsible for accounting, corporate financing and company secretarial duties.

Mr. Tong is a member of the 11th session of the Fujian Federation of Returned Overseas Chinese* (福建省歸國華僑聯合會), and a member of the 12th and 13th sessions of Anxi County, Fujian Province Committee of the Chinese People's Political Consultative Conference. Mr. Tong is also the director of the Hong Kong Fukien Chamber of Commerce and Hong Kong Fukien Chamber of Commerce Education Fund Limited, member of the Youth Affairs Working Committee of China Star Light Charity Fund Association, executive vice president of the Hong Kong Quarry Bay Residents Association Limited. Mr. Tong is also the vice general secretary of the 5th Committee of Quanzhou Overseas Friendship Association* (泉州市海外聯誼會) and director of An Kwei Clans Association (H.K.) Limited. He is the member of the Vocational Training Council Accountancy Training Board and the External Academic Advisor for Master of Science in Professional Accounting and Corporate Governance (Corporate Governance Stream) in the City University of Hong Kong.

* For identification purposes only

Profile of Directors and Senior Management

Ms. Liao Pui Yee Bonnie (廖珮而), aged 38, was appointed as an independent non-executive Director of the Company on 20 December 2023. Ms. Liao is also the chairman of the Remuneration Committee, a member of each of the Nomination Committee and the Audit Committee of the Company. Ms. Liao graduated with a degree of Bachelor of Arts from the University of Hong Kong in November 2008. She then graduated with a degree of Master of Fine Arts (in Creative Media) from the City University of Hong Kong in July 2010 and a degree of Master of Business Administration from the Chinese University of Hong Kong in November 2015.

Ms. Liao has over 13 years of experience in project management and communications. She has been the executive director of E-Tech Cure Charitable Foundation Limited, an organisation supporting grass-root healthcare and the development of healthcare industry in Hong Kong, from June 2023. She has also been a director of Hong Kong Rehabilitation Power, a non-profit and charitable organisation that advances the welfare of handicapped persons, individuals with chronic illnesses and ex-mentally ill people in Hong Kong, from January 2022. She has been a member of SC.Net (社會資本摯友) of the Community Investment & Inclusion Fund of the Labour and Welfare Bureau of the Government of the Hong Kong Special Administrative Region of the People's Republic of China from February 2020. Since July 2017, Ms. Liao has also been a director of the Federation of Hong Kong Guangdong Community Organisations.

Since October 2015, Ms. Liao has been the executive director of the Social Enterprise Research Academy (“**SERA**”), an organisation based in Hong Kong which promotes social responsibility and sustainable development. Ms. Liao leads SERA in organising the annual Fellowship & Honorary Award Presentation Ceremony, an event that acknowledges contributions to environment, society, and economy, and international summits, and engaging with business leaders and organisations worldwide.

SENIOR MANAGEMENT

Mr. Yu Chun Fai (余振輝), is the founder of the Group and was an executive Director, the chief executive officer of the Company and the chairman of the Board for the period from January 2018 to July 2019, and an executive Director of the Company from November 2022 to July 2023. He is also a director of several subsidiaries of the Company, where he is mainly responsible for managing and overseeing the overall business operation in Thailand. Mr. Yu is a former controlling Shareholder (as defined in the GEM Listing Rules).

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

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

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

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

Ms. Ching obtained an Advanced Diploma in Science from Tunku Abdul Rahman College in Malaysia and obtained a Bachelor's Degree in Science from Campbell University, the United States of America.

Profile of Directors and Senior Management

JOINT COMPANY SECRETARIES

Mr. Huen Felix Ting Cheung (禰廷彰), was appointed as the joint company secretary of the Company on 2 March 2022.

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

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

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

Ms. Lin Yih Yee Jessica (練亦貽), was appointed as the joint company secretary and the authorised representative of the Company with effect from 1 October 2023.

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.

Ms. Lin was appointed as a company secretary and an authorised representative (under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange) of Golden Century International Holdings Group Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 91), from 16 March 2023 to 31 May 2024.

CORPORATE GOVERNANCE PRACTICES

The shares of the Company have been listed on GEM of the Stock Exchange since 16 October 2018 (the “**Listing Date**”). The Company has adopted the principles and the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 (previously Appendix 15) to the GEM Listing Rules.

During the Year, the Company had complied with the CG Code, save for the deviation as set out in “Chairman and Managing Director” below.

MAJOR DEVELOPMENT IN THE GROUP’S CORPORATE GOVERNANCE

The major development in the Group’s corporate governance is as follows:

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

COMPANY’S CULTURE

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

Corporate Governance Report

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

- **Purpose:**

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

- **Value:**

Technology advancement

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

Engagement

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

Excellence

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

Mutual Respect

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

- **Strategy:**

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the “**Standard of Dealings**”), as the code of conduct regarding its Directors’ securities transactions in the securities of the Company. Having made specific enquiries of all Directors, each Director has confirmed that he/she has complied with the Standard of Dealings during the Year.

BOARD OF DIRECTORS

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

Executive Directors

Mr. Tsang Chi Kit (*Managing Director*)
Mr. Yu Chun Fai (retired on 21 July 2023)

Non-executive Director

Mr. Shiu Shu Ming

Independent Non-executive Directors

Ir Dr. Ng Yu Ki
Mr. Tong Tsz Kwan (appointed on 20 October 2023)
Ms. Liao Pui Yee Bonnie (appointed on 20 December 2023)
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)
Mr. Ng Ka Po (retired on 21 July 2023)

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

NON-COMPLIANCE AND RE-COMPLIANCE WITH THE GEM LISTING RULES

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

- (i) the number of independent non-executive Directors fell below the minimum number as required under Rule 5.05(1) of the GEM Listing Rules which requires the Board to comprise at least three independent non-executive Directors;
- (ii) the composition of the Board would not meet the requirements under Rule 5.05(2) of the GEM Listing Rules which requires at least one of the independent non-executive Directors to have appropriate professional qualifications or accounting or related financial management expertise;

Corporate Governance Report

- (iii) the number of members of the audit committee of the Board (the “**Audit Committee**”) (which then comprised one independent non-executive Director, namely Ir Dr. Ng Yu Ki) fell below the minimum number as required under Rule 5.28 of the GEM Listing Rules which requires the Audit Committee to comprise a minimum of three members;
- (iv) the composition of the Audit Committee would not meet the requirements under Rule 5.28 of the GEM Listing Rules which requires the Audit Committee to be chaired by an independent non-executive Director and to comprise a majority of independent non-executive Directors;
- (v) the composition of the Remuneration Committee would not meet the requirements under Rule 5.34 of the GEM Listing Rules which requires the Remuneration Committee be chaired by an independent non-executive Director and to comprise a majority of independent non-executive Directors; and
- (vi) the number of members of each of the Audit Committee, the Remuneration Committee and the nomination committee of the Board (the “**Nomination Committee**”) fell below the minimum number as required under the respective terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee.

With effect from 20 October 2023, Mr. Tong Tsz Kwan (“**Mr. Tong**”), who has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules, has been appointed as an independent non-executive Director, the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. For Mr. Tong’s biographical details, please refer to the announcement of the Company dated 20 October 2023 and the section headed “Profile of Directors and Senior Management” in this annual report. On the same date, Mr. Tsang Chi Kit, the executive Director, was appointed as a member of each of the Remuneration Committee and Nomination Committee, and Mr. Shiu Shu Ming, the non-executive Director, was appointed as a member of the Audit Committee. With effect from 20 December 2023, Mr. Tong ceases to be the chairman of the Remuneration Committee but remains as a member of the Remuneration Committee; and Ms. Liao Pui Yee Bonnie has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee in replacement of Mr. Tong and as a member of each of the Audit Committee and Nomination Committee.

Following the above appointments, the Company has fulfilled the requirements under Rules 5.05(1), 5.05(2), 5.28, 5.34 and 5.36A of the GEM Listing Rules.

RESPONSIBILITIES OF THE BOARD

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

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

DIVERSITY OF THE BOARD

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

Corporate Governance Report

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

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

Gender and Workforce Diversity

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

During the Year, there was one female Director on the Board, who was appointed with effect from 20 December 2023. In the future, the Board will continue to pay due regard to the importance of diversity in identifying potential candidates for directorships and to ensure that gender is one of the factors to be considered in appointing Directors by the Nomination Committee.

The Board also recognises the importance of diversity at the workforce level. As at 31 March 2024, the gender ratio of the workforce of the Group (including senior management) was 50:50 male to female. The Company considers that gender diversity is rather balanced and achieved in its workforce generally. The Group aims to continue to maintain a such balanced gender diversity in the workforce including through promoting such an aim during recruitment.

For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the section headed "Environmental, Social and Governance Report" set out on pages 39 to 65 in this annual report.

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

Directors	Number of meetings attended/ number of Board meetings held	Number of meetings attended/ number of general meetings held
<i>Executive Directors</i>		
Mr. Tsang Chi Kit (<i>Managing Director</i>)	13/13	2/2
Mr. Yu Chun Fai (retired on 21 July 2023)	1/2	0/1
<i>Non-executive Director</i>		
Mr. Shiu Shu Ming	12/13	2/2
<i>Independent Non-executive Directors</i>		
Ir Dr. Ng Yu Ki	13/13	2/2
Mr. Tong Tsz Kwan (appointed on 20 October 2023)	6/6	1/1
Ms. Liao Pui Yee Bonnie (appointed on 20 December 2023)	4/4	1/1
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)	2/2	1/1
Mr. Ng Ka Po (retired on 21 July 2023)	2/2	1/1

CHAIRMAN AND MANAGING DIRECTOR

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

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

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

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

NON-EXECUTIVE DIRECTORS

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

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

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. Each of the independent non-executive Directors confirmed that it has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as such term is defined in the GEM Listing Rules), and that there are no other factors that may affect its independence the same time as its appointment. The Company considers all the independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the code provision D.3 of the CG Code. The Audit Committee currently consists of three independent non-executive Directors namely Mr. Tong Tsz Kwan, Ir Dr. Ng Yu Ki and Ms. Liao Pui Yee Bonnie, and one non-executive Director, namely Mr. Shiu Shu Ming. Mr. Tong Tsz Kwan is the chairman of the Audit Committee. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed with the management the accounting standards and practices adopted by the Group, and discussed auditing, internal control, risk management and financial reporting matters including the review of annual results and financial statements for the Year.

The Audit Committee held three meetings during the Year. The Audit Committee reviewed the Group's audited consolidated financial information for the year ended 31 March 2023 (the "Previous Year") and unaudited consolidated financial information for the three months ended 30 June 2023 and the six months ended 30 September 2023 respectively, discussed audit scope and findings with the Company's independent auditor, reviewed the Group's financial reporting system and risk management and internal control system, reviewed the effectiveness of the Group's internal audit function and made recommendations to the Board, among others, regarding the approval of the financial information and the appointment and remuneration of the external auditor. During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the independent auditor of the Company.

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

Committee members	Number of meetings attended/number of Audit Committee meetings held
Mr. Tong Tsz Kwan (<i>Chairman of the Audit Committee</i>) (appointed on 20 October 2023)	1/1
Ir Dr. Ng Yu Ki	3/3
Mr. Shiu Shu Ming	1/1
Ms. Liao Pui Yee Bonnie (appointed on 20 December 2023)	–
Mr. Chung, Wai Chuen Alfred (<i>Chairman of the Audit Committee</i>) (retired on 21 July 2023)	1/1
Mr. Ng Ka Po (retired on 21 July 2023)	1/1

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with code provision E.1 of the CG Code. The Remuneration Committee currently consists of three independent non-executive Directors, namely Ms. Liao Pui Yee Bonnie, Ir Dr. Ng Yu Ki and Mr. Tong Tsz Kwan, and one executive Director, namely Mr. Tsang Chi Kit. Ms. Liao Pui Yee Bonnie is the chairman of the Remuneration Committee. The written terms of reference of the Remuneration Committee had been updated in December 2022 and the revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

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

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

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

Committee members	Number of meeting attended/Number of Remuneration Committee meeting held
Ms. Liao Pui Yee Bonnie (<i>Chairman of the Remuneration Committee</i>) (appointed on 20 December 2023)	1/1
Ir Dr. Ng Yu Ki	4/4
Mr. Tong Tsz Kwan (appointed as the Chairman of the Remuneration Committee on 20 October 2023 and redesignated as a member of the Remuneration Committee on 20 December 2023)	2/2
Mr. Tsang Chi Kit (appointed on 20 October 2023)	2/2
Mr. Ng Ka Po (<i>Chairman of the Remuneration Committee</i>) (retired on 21 July 2023)	1/1
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)	1/1

Corporate Governance Report

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

	Number of executive Directors and senior management
Nil to HK\$1,000,000	3
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1

Nomination Committee

The Company also established the Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code. The Nomination Committee currently consists of three independent non-executive Directors, namely Ir Dr. Ng Yu Ki, Mr. Tong Tsz Kwan and Ms. Liao Pui Yee Bonnie, and one executive Director, namely Mr. Tsang Chi Kit. Ir Dr. Ng Yu Ki is the chairman of the Nomination Committee. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

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

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

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

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

Committee members	Number of meeting attended/Number of Nomination Committee meeting held
Ir Dr. Ng Yu Ki (<i>Chairman of the Nomination Committee</i>)	2/2
Mr. Tong Tsz Kwan (appointed on 20 October 2023)	1/1
Mr. Tsang Chi Kit (appointed on 20 October 2023)	1/1
Ms. Liao Pui Yee Bonnie (appointed on 20 December 2023)	–
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)	–
Mr. Ng Ka Po (retired on 21 July 2023)	–

BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

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

During the Year, there were 13 Board meetings held, at which the Directors approved, among other things, the annual results and annual report of the Group for the year ended 31 March 2023 and the interim results of the Group for the period ended 30 September 2023.

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

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

Minutes of the Board meetings and committee meetings are recorded in sufficient detail in respect of the matters considered by the Board and the committees, and the decisions reached, including any concerns raised by the Directors or dissenting views expressed (if any). Draft and final version of minutes of each Board meeting and committee meeting are sent to the Directors for their comments and records within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors at any reasonable time on reasonable notice by any Director.

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

FINANCIAL REPORTING

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

CONTINUING PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

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

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

	Attending seminars/ conferences/ forums	Reading journals/ updates/ articles/ materials
<i>Executive Directors</i>		
Mr. Tsang Chi Kit (<i>Managing Director</i>)	✓	✓
Mr. Yu Chun Fai (retired on 21 July 2023)	✓	✓
<i>Non-executive Director</i>		
Mr. Shiu Shu Ming	✓	✓
<i>Independent non-executive Directors</i>		
Ir Dr. Ng Yu Ki	✓	✓
Mr. Tong Tsz Kwan (appointed on 20 October 2023)	✓	✓
Ms. Liao Pui Yee Bonnie (appointed on 20 December 2023)	✓	✓
Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)	✓	✓
Mr. Ng Ka Po (retired on 21 July 2023)	✓	✓

JOINT COMPANY SECRETARIES

Mr. Huen Felix Ting Cheung and Ms. Lin Yih Yee Jessica are the joint company secretaries of the Company. Please refer to the section headed "Profile of Directors and Senior Management" of this annual report for the biographical details of the joint company secretaries of the Company. Mr. Huen and Ms. Lin are responsible for advising the Board regarding corporate governance issues, and ensuring the operations of the Board and the Group are in compliance with the policies and procedures of the Board, and the applicable laws, rules and regulations. For the Year, in order to effectively perform their duties and to fulfill the requirements of the GEM Listing Rules, each of Mr. Huen and Ms. Lin has attended professional training for not less than 15 hours in total. Mr. Huen and Ms. Lin of Diligent Consultancy Limited, both are external service providers, have been engaged by the Company as joint company secretaries. Our executive Director, Mr. Tsang Chi Kit, is one of the contact persons and the primary contact person of the Company for Mr. Huen and Ms. Lin.

AUDITOR'S REMUNERATION

For the Year, the remuneration in respect of the audit services provided by the auditor of the Company, Mazars CPA Limited, amounted to HK\$630,000. Besides the audit services fee, the Company has paid HK\$95,000 to the auditor for non-audit services.

The auditor's remuneration disclosed in Note 6 to the consolidated financial statements of approximately HK\$73,000 was paid to the statutory auditor of an oversea subsidiary of the Company (not Mazars CPA Limited).

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

During the Year and up to the date of this annual report, the Board has reviewed on an annual basis the effectiveness of the risk management and internal control systems of the Group for the Year to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions to identify, evaluate and manage significant risks. In particular, the Board considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit, financial reporting functions as well as those relating to the Company's ESG performance and reporting. The Board has also reviewed any significant control failings or weaknesses which have resulted in unforeseen outcomes or contingencies that have had, or could have had, or may in the future have, a material impact on the Company's financial performance or condition. The review was made by discussions with the management of the Company and the assessment conducted by the Audit Committee. The Board believes that the existing internal control system is adequate and effective, in particular, for financial reporting and GEM Listing Rules compliance.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

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

Anti-corruption Policy

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

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

Whistleblowing Policy

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

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

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

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

POLICY ON OBTAINING INDEPENDENT VIEWS AND INPUT

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

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

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

Corporate Governance Report

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

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

The annual general meetings of the Company provide an opportunity for Shareholders to communicate directly with the Directors. Under normal circumstances, the Chairman and the independent non-executive Directors and the chairmen of the Board committees will attend the annual general meetings to answer Shareholders' questions or to approve in connected transaction or any other transaction that requires independent Shareholder's approval. The external auditor of the Company will also attend the annual general meetings to answer questions about the audit works, the preparation and content of the auditor's report, the accounting policies and auditor independence.

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

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

CONSTITUTIONAL DOCUMENTS

During the Year, there was no change in the Company's constitutional documents. A copy of the latest consolidated version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THE REPORT

The Group is pleased to present the Environmental, Social and Governance Report (the “**Report**”) for the year ended 31 March 2024 to summarise the Group’s policies, measures and performance on key ESG issues.

Reporting Period

This Report illustrates the Group’s policies and performance regarding the environmental and social aspects from 1 April 2023 to 31 March 2024 (the “**Reporting Period**” or “**2023/2024**”).

Reporting Scope and Boundary

The Group is principally engaged in merchant acquiring business to provide a suite of comprehensive payment processing services. The Report discloses ESG related policies and initiatives for the core and material business in Hong Kong and Thailand, which accounted for 99.8% of the Group’s total revenue during the Reporting Period.

Reporting Basis and Principle

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) as set out in Appendix C2 (previously Appendix 20) to the GEM Listing Rules and based on the four reporting principles – materiality, quantitative, balance and consistency:

- “Materiality” Principle:

The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed “Materiality Assessment”.

- “Quantitative” Principle:

Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- “Balance” Principle:

The Report identifies the achievements and challenges faced by the Group.

- “Consistency” Principle:

The Report uses consistent methodologies for meaningful comparisons throughout the years unless improvements in methodology are identified.

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

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

ESG GOVERNANCE

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

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

STAKEHOLDER ENGAGEMENT

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

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

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

MATERIALITY ASSESSMENT

The Group aims to align its business and impact to its stakeholders' expectations. In 2022/23, the Group carried out a comprehensive materiality assessment through direct engagement with the Group's stakeholders as part of the materiality assessment process to identify and prioritise the issues to include in the ESG Report which the Board believes would have significant impact on the Group's business and its stakeholders.

Environmental, Social and Governance Report

In 2023/24, the ESG working group has performed an internal review of materiality matrix, as well as any material topics raised through dialogs by the Group's stakeholders. The Group concluded that the 2022/23 assessment's findings remain broadly in line with the Group's stakeholders' expectations. This process allows the Group to further explore and implement changes recommended by the 2022/23 assessment.

Materiality Process

Stage 1 – Identification

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

Stage 2 – Prioritisation

Conducted online surveys in 2022/23 to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

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

Performed an internal review of materiality matrix and concluded that the findings continue to be of key areas of concern to our stakeholders in 2023/24.

Stage 3 – Validation

Performed an internal review of materiality matrix and concluded that the findings continue to be of key areas of concern to our stakeholders in 2023/24. ESG issues, with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

Materiality Matrix

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

Employment practices

Diversity and equal opportunities

Staff occupational health and safety

Staff development and training

Customers' privacy and confidentiality

Customer satisfaction

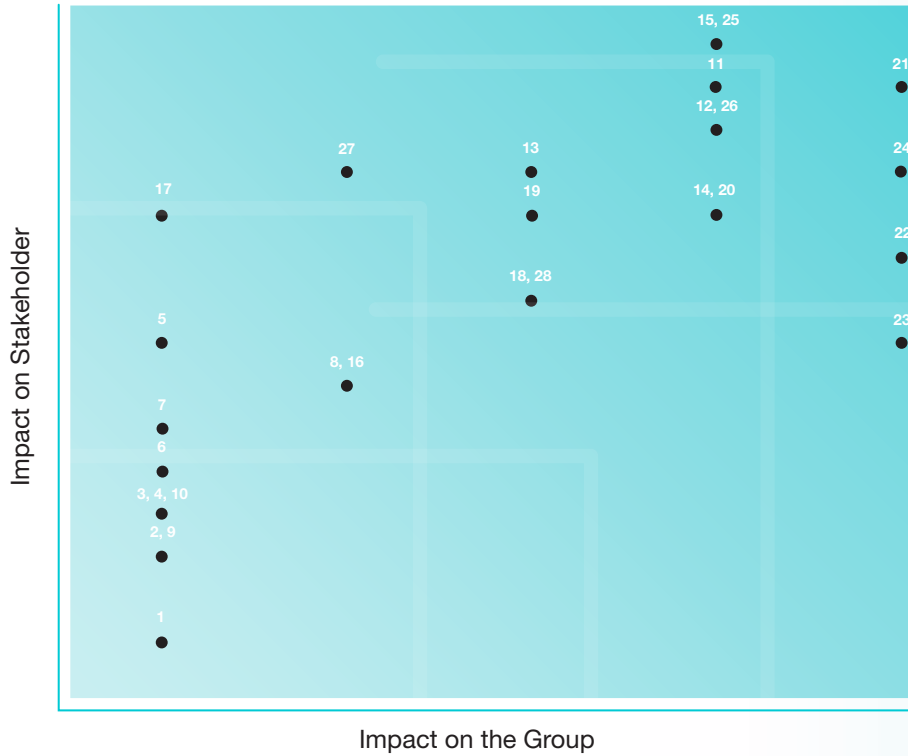
Intellectual property

Quality of services and products

Business ethics

Anti-corruption training for management and employees

Materiality Matrix



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

OUR ENVIRONMENT

Overview

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

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

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

Environmental Compliance

During the Reporting Period, the Group strictly abides by all relevant laws and regulations that have a significant impact on the Group, as set out in the countries and regions where the Group operates, including but not limited to the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535 in Thailand. During the Reporting Period, to the best of our Directors' knowledge, the Group was not aware of any significant non-compliance incidents regarding to environmental issues.

Air Emissions

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

Greenhouse Gas (GHG) Emissions

The Group's GHG emission is primarily related to the indirect emission (Scope 2) from electricity consumption at our offices, which accounted for approximately 87% of total GHG emissions. Meanwhile, other indirect emission (Scope 3) mainly refers to emissions produced from commercial business travel. In response to the community's increasing concern on GHG emissions, climate changes, and other related issues, management places a strong emphasis on strict adherence to environmental protection and sustainability measures. Initiatives to reduce energy consumption and resource conservation will be detailed in the section headed "Energy Efficiency". We will continue to review relevant practices in a timely manner to ensure that our business continues to scale and grow with minimal impact to the environment. The below table sets forth the Group's GHG emissions¹ during the Reporting Period:

	Unit	2023/2024	2022/2023
Scope 1 ²	tonnes CO ₂ -equivalent	–	–
Scope 2 ³	tonnes CO ₂ -equivalent	20.52	21.15
Scope 3 ⁴	tonnes CO ₂ -equivalent	2.97	2.41
Total	tonnes CO₂-equivalent	23.49	23.56
Intensity	tonnes CO ₂ -equivalent per employee ⁵	1.17	0.87

The total GHG emissions represented a decrease of approximately 0.3%, as compared to last year; whilst its intensity increased by 34.5%.

¹ The calculation of greenhouse gas emissions is made with reference to the "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, carbon emission provided by service providers and government agencies, where applicable.

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

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

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

⁵ The Group's total number of employees in Hong Kong, the PRC and Thailand as at the end of the Reporting Period 2022/2023 and 2023/2024 were 27 and 20, respectively.

Environmental, Social and Governance Report

Waste Management

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

Wastes	Handling Method	Unit	2023/2024	2022/2023
Non-hazardous wastes	Landfill	tonnes	0.67	0.44
	Recycled	tonnes	0.08	0.06
Total		tonnes	0.75	0.50
Intensity		tonnes per employee ⁵	0.038	0.019

Total waste generated increased by 50% in 2023/24, its intensity has increased by 100% compared with last year. This is due to increase in goods and services provided by the Group during the Reporting Period. The Group continues to remain vigilant to the management of non-hazardous waste and has set a target to ensure that non-hazardous waste will be reduced in full compliance with applicable statutory standards in the coming years.

Use of Resources

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

Energy Efficiency

The energy consumption was mainly incurred by purchased electricity consumption for our offices. The total energy consumption of electricity increased by 14.2% during the Reporting Period, as compared to last year; whilst its intensity increased by 54.2%. This is due to the return of employees back to office following the recovery from the COVID-19 pandemic.

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

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

	Unit	2023/2024	2022/2023
Direct energy consumption	kWh	–	–
Indirect energy consumption – Purchased electricity	kWh	38,581	33,772
Total energy consumption	kWh	38,581	33,772
Intensity	kWh per employee ⁵	1,929	1,251

Paper and Packaging Materials

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

	Unit	2023/2024	2022/2023
Paper consumption	tonnes	0.75	0.50

The Environment and Natural Resources

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

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

Environmental, Social and Governance Report

Climate Change

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

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

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

Action on climate change

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

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

Environmental, Social and Governance Report

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

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

Environmental, Social and Governance Report

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

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

Our Path to 2050

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

OUR PEOPLE

Employment Management

Policies

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

Compliance Information

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

Recruitment, Promotion and Dismissal

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

Environmental, Social and Governance Report

Equal Opportunities, Diversity and Anti-Discrimination

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

Working Hours and Rest Periods

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

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

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

Remuneration and Compensation

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

Employment Profile

Workforce	2023/2024	2022/2023
As at 31 March		
By Gender		
– Male	10 (50%)	14 (52%)
– Female	10 (50%)	13 (48%)
By Employment Type		
– Full-time	20 (100%)	27 (100%)
– Part-time	0 (0%)	0 (0%)
By Age Group		
– Below 30	0 (0%)	1 (4%)
– 30–50	18 (90%)	20 (74%)
– Over 50	2 (10%)	6 (22%)
By Geographical Region		
– Hong Kong	8 (40%)	12 (44%)
– PRC	0 (0%)	2 (7%)
– Thailand	12 (60%)	13 (48%)
Overall	20	27

Turnover Rate ⁶	2023/2024	2022/2023
By Gender		
– Male	17%	26%
– Female	0%	19%
By Age Group		
– Below 30	0%	50%
– 30–50	10%	8%
– Over 50	0%	25%
By Geographical Region		
– Hong Kong	11%	33%
– PRC	0%	0%
– Thailand	8%	13.3%
Overall	9%	23%

⁶ Turnover rate = Total number of employees left during the Reporting Period / (Total number of employees left during the Reporting Period + Total number of employees at the end of the Reporting Period) x 100%. A total of 2 employees left the Group during the Reporting Period.

Total number of employees left during the Reporting Period in 2023/24 excludes employees of Global Principal Investment Limited and its subsidiary which was disposed of in 2023/24.

Environmental, Social and Governance Report

Prohibition of Child and Forced Labour

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

Health and Safety

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

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

The following table shows the Safety Performance for the year ended 31 March 2024, 2023 and 2022.

	2023/2024	2022/2023	2021/2022
Number of work-related deaths	0.00%	0.00%	0.00%
Ratio of work-related deaths	0.00%	0.00%	0.00%
Number of work-related injuries	0.00%	0.00%	0.00%
Working days lost due to work-related injuries	0.00%	0.00%	0.00%

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

Training and Development

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

The following table illustrates the percentage of employees undergone training of the Group and the number of average training hours achieved during the Reporting Period⁷.

Percentage of Employees Undergone Training⁸	2023/2024	2022/2023
By Gender		
– Male	60%	29%
– Female	60%	31%
By Employment Category		
– Top management	0%	45%
– Middle management	70%	30%
– General Staff	71%	26%
Overall	60%	30%
Average Training Hours⁹	2023/2024	2022/2023
By Gender		
– Male	1.00	1.93
– Female	1.00	2.07
By Employment Category		
– Top management	–	2.43
– Middle management	1.00	2.02
– General Staff	1.00	1.85
Overall	1.00	2.00

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

⁸ Percentage of Employees Undergone Training = Total number of employees undergone training/Total number of employees as of the end of the Reporting Period. The total number of employees trained during the Reporting Period was 12.

⁹ Average Training Hours = Total number of training hours/Total number of employees at the end of the reporting period. The total number of training hours during the Reporting Period was 12.

OUR SUPPLY CHAIN

Supply Chain Management

The Group is committed to building lasting and constructive relationships with partners in its supply chain. As a payment merchant acquirer, the Group's main procurement is the Point of Sale terminals. To ensure the quality of hardware, the Group only works with UnionPay International-certified suppliers. During the Reporting Period, all of our suppliers were from Thailand.

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

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

OUR CUSTOMERS

Product Responsibility and Service Quality Management

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

Complaint Handling

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

Intellectual Property, Advertising and Labelling

Based on the nature of the Group’s business, we believe that the Group’s assets and services are not affected by intellectual property rights. Yet, the Group observes and protects intellectual property rights and our brand is well known to the public. Given the importance of this brand to the business, the Group has already registered the trademark of our principal brand name logo “OCG Thailand” in Thailand. In addition, the Group has 2 domain names which are material to the business, namely “www.ocg.com.hk” and “www.ocgt.co.th”, for which the Group is the registered proprietor.

The Group strictly abides by the Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong) and other relevant laws and regulations, regulating the advertising practices in the operating regions. To the best of our Directors’ knowledge, the Group was not aware of any material non-compliance or violation of the relevant laws and regulations that have a significant impact on the Group in relation to advertising and labelling regarding products and service provided and methods of redress. The Group was also not aware of any significant impact relating to intellectual property rights, advertising and labelling on its operations during the Reporting Period. We will closely monitor the business environment to identify any significant risks in this area.

Environmental, Social and Governance Report

Data Protection and Privacy

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

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

Business Ethics

Anti-corruption

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

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

Whistle-blowing procedures

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

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

OUR COMMUNITY

We believe that corporates should understand the needs of the communities where the Group operates, ensure its activities take into consideration the communities' interest, and utilise their influence in the community to promote harmony and strengthen the community connections. The Group encourages its employees and their family members to participate in volunteering work serving the community, and always looks for partners to organise community events and charity works together.

As the Thailand economy continue to recover from the COVID-19 pandemic, so is the number of scammers targeting internet users. In 2023/24, the Group has step up its effort to create awareness in the community via the Group's social media platform educating the public about the dangers of online scams. Moving forward, the Group will continue to explore way to raise awareness in the Thailand community about the dangers of online scams and to protect vulnerable individuals.

ESG GUIDE INDEX

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

A: Environment

Aspect A1: Emissions

Section/Statement

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

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

Aspect A2: Use of Resources

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

Aspect A3: The Environment and Natural Resources

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

Aspect A4: Climate Change

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

Environmental, Social and Governance Report

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

B: Social

Section/Statement

Employment and Labour Practices

Aspect B1: Employment

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

Aspect B2: Health and Safety

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

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

Aspect B3: Development and Training

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

Aspect B4: Labour Standards

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

Operating Practices

Aspect B5: Supply Chain Management

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

Environmental, Social and Governance Report

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

Aspect B6: Product Responsibility

Section/Statement

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

Aspect B7: Anti-corruption

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

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

Section/Statement

Aspect B8: Community Investment

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

Report of the Directors

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and together with its subsidiaries are principally engaged in merchant acquiring business in Thailand and the Philippines. Details of its principal subsidiaries as at 31 March 2024 are set out in Note 12 to the consolidated financial statements.

BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

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

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

SEGMENT INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the financial positions of the Company and the Group as at 31 March 2024 are set out in the audited consolidated financial statements on pages 87 to 153 of this annual report.

DIVIDEND POLICY

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

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

As far as the Company is aware, as at 31 March 2024, there has been no arrangement under which any Shareholder has waived, or agree to waive, any dividends proposed to be distributed for the year ended 31 March 2024.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 154 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the revenue attributable to the Group's largest customer accounted for approximately 31.0% (2023: approximately 22.8%) of the Group's total revenue and the revenue attributable to the Group's five largest customers accounted for approximately 51.7% (2023: approximately 48.5%) of the Group's total revenue.

During the Year, the costs incurred in respect of the Group's largest supplier accounted for approximately 56.2% (2023: approximately 53.9%) of the Group's total cost of services rendered and the costs incurred in respect of the Group's five largest suppliers accounted for approximately 99.0% (2023: five largest suppliers accounted for 83.9%) of the Group's total costs of services rendered.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in Note 14 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of the movements in the intangible assets of the Group during the Year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in Note 26 to the consolidated financial statements.

DEBENTURES

Save as disclosed in Notes 21 and 25 to the consolidated financial statements in respect of bond payable and convertible bonds, the Company did not issue any debentures during the Year.

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 89 to 90 and in Note 36(a) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements in the reserves available for distribution of the Company during the Year are set out in Note 36(a) to the consolidated financial statements. As at 31 March 2024, the Company's reserves available for distribution to the Shareholders amounted to approximately HK\$21.7 million (2023: approximately HK\$27.8 million).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

SHARE SCHEME

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

The Directors may, at their absolute discretion, invite any person including but not limited to any of the following classes of participants, to take up Options to subscribe for the Shares in accordance with the terms of the Share Option Scheme and the GEM Listing Rules:

- (i) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company or any of the subsidiaries;
- (ii) any directors (including independent non-executive Directors) of the Company or any of the subsidiaries; and
- (iii) any person or entity that provides research, development or other technological support to the Group.

Since the date of adoption of the Share Option Scheme and up to 31 March 2024, no Option has been granted by the Company. As at the beginning and the end of the Year and the date of this annual report, the Company has 100,000,000 Shares available for issue under the Share Option Scheme (representing (i) 10% of the total issued Shares as at the Listing Date; (ii) approximately 5.30% of the total number of the weighted average number of Shares during the Year; and (iii) approximately 5.27% of the total number of the existing issued Shares as at the date of this annual report) pursuant to the provisions of the Share Option Scheme.

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

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

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

- (i) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of grant of the Option (which must be a business day);
- (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Option (which must be a business day); and
- (iii) the par value of a Share.

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

Unless terminated by the Company by resolution in a general meeting, the Share Option Scheme shall remain valid and effective for a period of 10 years until 17 September 2028. Accordingly, the remaining life of the Share Option Scheme is approximately 4 years.

EQUITY-LINKED AGREEMENTS

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

DONATION

During the Year, the Group did not make any charitable donation with the amount not less than HK\$10,000 in accordance with the relevant disclosure requirement under Hong Kong Companies Ordinance (2023: Nil).

USE OF PROCEEDS FROM THE SHARE OFFER

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

USE OF PROCEEDS FROM THE SUBSCRIPTION OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The net proceeds from the subscription of the convertible bonds under general mandate subscribed on 16 February 2024 and at the time of its completion on 5 March 2024 were approximately HK\$4.4 million. Details of the use of proceeds are set out in the section headed “Management Discussion and Analysis” of this annual report.

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

January 2023 Subscription

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

Report of the Directors

August 2023 Subscription

On 2 August 2023, a total of 38,540,000 ordinary Shares of the Company were issued to two independent subscribers, namely Mr. Wu Yao and Ocean Line Holdings Limited, a company incorporated in Hong Kong with limited liability, for a total cash consideration of approximately HK\$5.90 million at a subscription price of approximately HK\$0.153 per Share, pursuant to the subscription agreements dated 19 July 2023 entered into by the Company with each of the subscribers. The aggregate nominal value of the August 2023 Subscription Shares is HK\$385,400. The subscription price of HK\$0.153 per August 2023 Subscription Shares represents (i) a discount of approximately 14.53% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on 18 July 2023, the last trading day immediately preceding the date of the subscription agreements, and (ii) a discount of approximately 13.27% to the average closing price of HK\$0.1764 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the subscription agreements. The August 2023 Subscription Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022. The subscription enabled the Group to raise sufficient cash for satisfying the imminent cash flows needs of the Group in a timely manner with a view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs.

The net proceeds from the allotment and issue of new Shares at the time of its completion under general mandate on 10 January 2023 and 2 August 2023 were approximately HK\$4.6 million and approximately HK\$5.9 million, respectively. Details of the use of proceeds are set out in the section headed “Management Discussion and Analysis” of this annual report.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS OF CONVERTIBLE BONDS UNDER GENERAL MANDATE IN MARCH 2024

On 20 March 2024, the Company entered into the subscription agreements with Blu Venture Partners, LLC and Mr. Wu Yao, independent Subscribers, pursuant to which the Company conditionally agreed to issue to the Subscribers, and the Subscribers conditionally agreed to subscribe for, the March 2024 Convertible Bonds with a coupon interest rate of 7% per annum for 1 year, in an aggregate principal amount of HK\$3,910,000 at the conversion price of HK\$0.16 per conversion Share. According to the subscription agreements, the allocation of the March 2024 Convertible Bonds was HK\$3,519,000 to Blu Venture Partners, LLC and HK\$391,000 to Mr. Wu Yao, respectively. The Company entered into side letters supplemental to the subscription agreements with the Subscribers on 9 May 2024 and 17 May 2024, respectively, under which it was agreed to revise the subscription amount of the March 2024 Convertible Bonds issued by the Company and subscribed by (i) Mr. Wu Yao from HK\$391,000 to HK\$931,000, and (ii) Blu Venture Partners, LLC from HK\$3,519,000 to HK\$1,918,309. The revised subscription amount of the March 2024 Convertible Bonds was HK\$2,849,309 in total at the time of its completion on 17 May 2024 and 27 May 2024. The subscription of the March 2024 Convertible Bonds was completed on 27 May 2024. The proceeds of HK\$1,317,408 from the subscription of the March 2024 Convertible Bonds have been utilised for general working capital during the Year. The indebted amount of HK\$312,800 has been offset by issuing the March 2024 Convertible Bonds on the completion date of 27 May 2024. The remaining net proceeds of HK\$1,219,101 from the subscription will be utilised in accordance with the intended use previously disclosed by 30 September 2024.

Details of the March 2024 Convertible Bonds are set out in the announcements of the Company dated 20 March 2024, 9 May 2024, 17 May 2024, and 27 May 2024, respectively.

CONNECTED TRANSACTIONS

On 26 June 2020, the Company issued Convertible Bonds in an aggregate principal amount of HK\$11,850,000 to not less than six independent placees.

On 18 October 2022, the Company executed the Second Addendum to amend the terms and conditions of the Convertible Bonds with a view to giving effect to (i) the further extension of the maturity date of the Convertible Bonds for a period of twelve months to 23 December 2023 (i.e., the 2nd Extended Maturity Date), (ii) the deletion of the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds to which a holder of the Convertible Bonds is initially entitled in any event if such holder has not exercised any of its conversion rights to convert the whole or any part of the principal amount of the Convertible Bonds during the conversion period, (iii) the adjustment of the conversion price of the Convertible Bonds to HK\$0.1 per conversion Share, and (iv) the extension of the scope of the conversion rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds into conversion Shares during the conversion period, and all other terms and conditions of the Convertible Bonds remain unchanged.

On 19 October 2022, the Company was informed by the Bondholders that the Bondholders entered into agreements to transfer the Convertible Bonds with an aggregate principal amount of HK\$6,380,000 to Metagate and HK\$5,470,000 to Mr. Choy, respectively. Metagate is a substantial Shareholder and is therefore a connected person of the Company. Mr. Choy, who is the director and shareholder of Metagate, is an associate of Metagate under the GEM Listing Rules and hence a connected person of the Company. Therefore, the entering into of the Second Addendum constituted a connected transaction for the Company. The Second Addendum was approved by the Shareholders at the extraordinary general meeting of the Company held on 28 February 2023.

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

On 2 January 2024, the Company executed the Third Addendum to amend and/or alter the terms and conditions of the Convertible Bonds with a view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year to 24 December 2024, (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, and all other terms and conditions of the Convertible Bonds shall remain unchanged. All of the conditions precedent of the Third Addendum were fulfilled on 2 April 2024.

Further, Metagate is a substantial shareholder of the Company is therefore a connected person of the Company under the GEM Listing Rules, and 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 Third Addendum constituted 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. The Third Addendum was approved by the Shareholders at the extraordinary general meeting of the Company held on 8 March 2024.

Details of the Third Addendum are set out in the announcements of the Company dated 2 January 2024 and 8 March 2024 and the circular of the Company dated 20 February 2024, respectively.

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. Tsang Chi Kit (*Managing Director*)

Mr. Yu Chun Fai (retired on 21 July 2023)

Non-executive Director

Mr. Shiu Shu Ming

Independent Non-executive Directors

Ir Dr. Ng Yu Ki

Mr. Tong Tsz Kwan (appointed on 20 October 2023)

Ms. Liao Pui Yee Bonnie (appointed on 20 December 2023)

Mr. Chung, Wai Chuen Alfred (retired on 21 July 2023)

Mr. Ng Ka Po (retired on 21 July 2023)

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

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

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

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

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

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

Mr. Shiu Shu Ming, our non-executive Director, was appointed as an independent non-executive director and the chairman of audit committee of Tianjin Construction Development Group Co. Ltd. (whose shares are listed on main board of the Stock Exchange (stock code: 2515) on 23 April 2024) on 16 August 2023.

Mr. Tong Tsz Kwan, our independent non-executive director, ceased to be the chief financial officer and company secretary of Sing Lee Software (Group) Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8076) on 15 April 2024.

Save as disclosed in this annual report, the Company is not aware of any other changes in information of the Directors subsequent to the date of the interim report of the Company for the six months ended 30 September 2023 which are required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS

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

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

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

CONFIRMATION OF INDEPENDENCE

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

EMOLUMENT POLICY

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

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

DEFINED CONTRIBUTION PLANS

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

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

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

PERMITTED INDEMNITY PROVISIONS

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

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

Based on the Company's knowledge, the Company has no controlling Shareholders during the Year and up to the date of this annual report. No transaction, arrangement or contracts of significance (including contracts of significance for the provision of services) between the Company or any of its subsidiaries and any controlling Shareholder or its subsidiaries, whether directly or indirectly, subsisted at any time during the Year.

CORPORATE GOVERNANCE

Save for the deviation as set out in "Chairman and Managing Director" below, the Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix C1 (previously Appendix 15) to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL PROTECTION

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

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

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

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

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

Throughout the Year, the Group strictly adhered to all relevant laws and regulations in the countries and regions where we operate. This includes, but is not limited to, compliance with the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535 in Thailand.

For further details of our efforts in environmental protection, please refer to the disclosure in the section headed "Environmental, Social and Governance Report" set out on pages 39 to 65 in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

For further details on our compliance with the relevant laws and regulations, please refer to the disclosure in the section headed "Environmental, Social and Governance Report" set out on pages 39 to 65 in this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

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

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

Suppliers

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

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

Customers

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

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the Year are set out in Note 30 to the consolidated financial statements. The transactions contemplated under the entering into of the Second Addendum and the Third Addendum to amend the terms and conditions of the Convertible Bonds (the interest expenses on the Convertible Bonds is a related party transaction as set out in Note 30 to the consolidated financial statements) constituted connected transactions subject to reporting, announcement and the approval of independent Shareholders requirements pursuant to the GEM Listing Rules. For further details on the Second Addendum and the Third Addendum, please refer to the section headed “Connected Transactions” in “Report of the Directors” of this annual report. Other related party transactions set out in Note 30 to the consolidated financial statements either constituted fully-exempt connected transactions or continuing connected transactions, or did not constitute connected transactions under the GEM Listing Rules. The Company confirms that it has complied with the applicable disclosure and other requirements in respect of the abovementioned connected transactions and continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SECURITIES

As at 31 March 2024, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning under Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity/ Nature of interest	Number of ordinary Shares (Note 1)	Approximate percentage of issued Shares of the Company (Note 2)
Mr. Tsang Chi Kit (“ Mr. Tsang ”)	Beneficial owner (Note 3)	4,880,000 (L)	0.26%
	Interest in a controlled corporation (Note 3)	200,000,000 (L)	10.53%
		204,880,000 (L)	10.79%
Mr. Shiu Shu Ming (“ Mr. Shiu ”)	Interest in a controlled corporation (Note 4)	41,000,000 (L)	2.16%

Notes:

- (1) “L” denotes long position.
- (2) The calculation is based on the total number of 1,898,106,667 Shares in issue as at 31 March 2024.
- (3) These 4,880,000 Shares were directly held by Mr. Tsang, an executive Director and the managing Director of the Group and 200,000,000 Shares were held by Gold Track Ventures Limited (“**Gold Track**”), which was in turn wholly-owned by Mr. Tsang. Accordingly, Mr. Tsang was deemed to be interested in such 200,000,000 Shares held by Gold Track pursuant to Part XV of the SFO.
- (4) These 41,000,000 Shares had been pledged to Best Practice Limited (“**Best Practice**”) pursuant to the loan agreement dated 14 March 2022 entered into between a Shareholder as borrower and chargor and Best Practice as lender. As at 31 March 2024, Best Practice was wholly-owned by Mr. Shiu, who is a non-executive Director. Accordingly, Mr. Shiu was deemed to be interested in such 41,000,000 Shares due to the security interest in those Shares acquired from such chargor pursuant to Part XV of the SFO.

Report of the Directors

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning under Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 March 2024, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of ordinary Shares or underlying Shares of the Company (Note 1)	Approximate percentage of issued Shares of the Company (Note 2)
Mobile Technology Holdings Limited (“MTHL”) (Note 3)	Beneficial owner	476,666,667 (L)	25.11%
Mr. Choy Hok Man (“Mr. Choy”) (Note 4)	Beneficial owner	19,880,000 (L)	1.05%
	Interest in a controlled corporation	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Beneficial owner	85,624,011 (L)	4.51%
	Interest in a controlled corporation	99,868,590 (L)	5.26%
		509,832,601 (L)	26.68%
Rainbow Capital Limited (“Rainbow Capital”) (Note 4)	Interest in a controlled corporation	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Interest in a controlled corporation	99,868,590 (L)	5.26%
		404,328,290 (L)	21.30%

Name	Capacity/ Nature of interest	Number of ordinary Shares or underlying Shares of the Company (Note 1)	Approximate percentage of issued Shares of the Company (Note 2)
Metagate Investment SPC ("Metagate") (Note 4)	Beneficial owner	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Beneficial owner	99,868,590 (L)	5.26%
		404,328,590 (L)	21.30%
Gold Track (Note 5)	Beneficial owner	200,000,000 (L)	10.53%
Straum Investments Limited ("Straum Investments") (Note 6)	Beneficial owner	138,000,000 (L)	7.27%
Mr. Yu Chun Fai ("Mr. Yu") (Note 6)	Interest in a controlled corporation	138,000,000 (L)	7.27%
Ms. Choi Hiu Wa ("Ms. Choi") (Note 6)	Interest of spouse	138,000,000 (L)	7.27%

Notes:

- (1) "L" denotes long position.
- (2) The calculation is based on the total number of 1,898,106,667 Shares of the Company in issue as at 31 March 2024.
- (3) 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 31 March 2024, 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%.
- (4) These 304,460,000 Shares were held by Metagate, which was in turn wholly-owned by Rainbow Capital. As at 31 March 2024, 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 held by Metagate pursuant to Part XV of the SFO.
- (5) These 200,000,000 Shares were held by Gold Track which was in turn wholly-owned by Mr. Tsang, an executive Director and the managing Director of the Group.
- (6) These 138,000,000 Shares were held by Straum Investments Limited ("Straum Investments") which was in turn wholly-owned by Mr. Yu Chun Fai ("Mr. Yu"). Accordingly, Mr. Yu was deemed to be interested in such 138,000,000 Shares held by Straum Investments pursuant to Part XV of the SFO. On the other hand, Ms. Choi Hiu Wa is the wife of Mr. Yu and hence Ms. Choi Hiu Wa was deemed to be interested in such 138,000,000 Shares due to the interest of her spouse (i.e., Mr. Yu) pursuant to Part XV of the SFO.

Report of the Directors

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any other persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

None of the Directors and controlling Shareholders nor their respective associates (as defined under the GEM Listing Rules) had any business or interest in any other companies as at 31 March 2024 which may, directly or indirectly, compete with the Group's business, or had any other conflicts of interests with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float under the GEM Listing Rules at all times during the year ended 31 March 2024 and up to the date of this annual report.

AUDITOR

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Third Addendum of Convertible Bonds

On 2 January 2024, the Company executed the Third Addendum to amend and/or alter the terms and conditions of the Convertible Bonds in an aggregate principal amount of HK\$11,850,000 issued on 26 June 2020 with a view to giving effect to (i) further extension of the maturity date of the Convertible Bonds for a period of one year to 24 December 2024, (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, and all other terms and conditions of the Convertible Bonds shall remain unchanged. All of the conditions precedent of the Third Addendum were fulfilled on and the Third Addendum was effective from 2 April 2024.

Details of the Third Addendum (including the maximum number of conversion Shares to be allotted and issued upon exercise in full of the conversion rights) are set out in the announcements of the Company dated 2 January 2024 and 8 March 2024 and the circular of the Company dated 20 February 2024, respectively.

Subscriptions of Convertible Bonds under General Mandate in March 2024

On 20 March 2024, the Company entered into the subscription agreements with Blu Venture Partners, LLC and Mr. Wu Yao, independent Subscribers, pursuant to which the Company conditionally agreed to issue to the Subscribers, and the Subscribers conditionally agreed to subscribe for, the March 2024 Convertible Bonds under general mandate with a coupon interest rate of 7% per annum for 1 year, in an aggregate principal amount of HK\$3,910,000 at the conversion price of HK\$0.16 per conversion Share. According to the subscription agreements, the allocation of the March 2024 Convertible Bonds was HK\$3,519,000 to Blu Venture Partners, LLC and HK\$391,000 to Mr. Wu Yao, respectively. The Company entered into side letters supplemental to the subscription agreements with the Subscribers on 9 May 2024 and 17 May 2024, respectively, under which it was agreed to revise the subscription amount of the March 2024 Convertible Bonds issued by the Company and subscribed by (i) Mr. Wu Yao from HK\$391,000 to HK\$931,000, and (ii) Blu Venture Partners, LLC from HK\$3,519,000 to HK\$1,918,309. The revised subscription amount of the March 2024 Convertible Bonds was HK\$2,849,309 in total at the time of its completion on 17 May 2024 and 27 May 2024.

The bondholders have the right to convert all or any portion of the March 2024 Convertible Bonds into Shares of the Company at the conversion price of HK\$0.16 per Share subject to adjustments. The conversion rights can be exercised at any time on or after twelve months from the date of issue until the date before the maturity date. The subscription of the March 2024 Convertible Bonds by Blu Ventures Partners, LLC was completed on 27 May 2024, while the subscription of the March 2024 Convertible Bonds by Mr. Wu Yao was completed on 17 May 2024.

Details of the transactions have been disclosed by the Company in its announcement dated 20 March 2024, 9 May 2024 and 17 May 2024 and 27 May 2024.

Save as disclosed herein, no important subsequent event was undertaken by the Group after 31 March 2024 and up to the date of this annual report.

On behalf of the board

Mr. Tsang Chi Kit

Executive Director

Hong Kong, 26 June 2024



MAZARS CPA LIMITED

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Website 網址: www.mazars.hk

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

OPINION

We have audited the consolidated financial statements of Oriental Payment Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 87 to 153, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the “Going concern” section in note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred loss of approximately HK\$37,158,000 for the year ended 31 March 2024 and, as at that date, the Group had net current liabilities of approximately HK\$21,835,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material Uncertainty Related to Going Concern” section, we have determined the matters described below to be the key audit matter to be communicated in our report.

Key Audit Matter

Impairment assessment of property, plant and equipment and intangible assets attributed to separate identifiable of cash-generating units (the “CGU”)

Refer to significant accounting policy and critical accounting estimate and judgement in Note 2 and the disclosures of the property, plant and equipment and intangible assets in Notes 14 and 16 to the consolidated financial statements respectively

The Group had the property, plant and equipment and intangible assets relating to merchant acquiring business in the Philippines (the “**Philippines CGU**”) with carrying amounts of approximately HK\$39,438,000 and HK\$5,182,000 at 31 March 2024.

At the end of the reporting period, the management performs impairment assessments of the property, plant and equipment and intangible assets attributable to the Philippines CGU whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable and its recoverable amount was determined by the management based on value-in-use calculation using discounted cash flow projections.

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

How our audit addressed the Key Audit Matter

Our key procedures, among others, included:

- a) assessing the appropriateness of the impairment model applied by the management in estimating the recoverable amount contributed to the Philippines CGU;
- b) obtaining an understanding from the management about the methodologies used and key inputs, such as growth rate and discount rate, adopted in the valuation;
- c) reconciling key inputs mentioned above to supporting evidence, such as future operation plans and approved budgets and assessing the reasonableness and feasibility of such plans and budgets, if applicable;
- d) verifying the mathematical accuracy of the valuation in relation to the impairment assessment of the Philippines CGU and challenging the reasonableness of key assumptions;
- e) engaging our valuation specialist to evaluate the appropriateness the methodologies used and key inputs adopted in the valuation model; and
- f) considering the adequacy of the Group's disclosure in respect of the impairment assessment.

Independent Auditor's Report

Key Audit Matter

Preference shares structure

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

At 31 March 2024, Oriental City Group (Thailand) Co., Ltd. ("**OCG Thailand**") had issued 2,500,000 ordinary shares and 2,550,000 preference shares (the "**Preference Shares Structure**").

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

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

How our audit addressed the Key Audit Matter

Our key procedures, among others, included:

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

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2023/2024 annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 26 June 2024

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

Fong Chin Lung

Practising Certificate number: P07321

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	4	31,718	8,379
Cost of services rendered		(22,503)	(7,735)
Gross profit		9,215	644
Other income	5	558	2,970
General administrative expenses		(25,980)	(22,142)
Selling and distribution costs		(21,602)	(11,379)
Loss on extinguishment of financial liabilities	25	(939)	–
Loss on modification of convertible bonds	25	–	(1,100)
Gain on extinguishment of convertible bonds	25	–	5,216
Gain on disposal of the subsidiaries	29	4,296	–
Finance costs	6	(2,706)	(5,555)
Share of results of an associate		–	(355)
Loss before tax	6	(37,158)	(31,701)
Income tax expense	9	–	(530)
Loss for the year		(37,158)	(32,231)
Other comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign subsidiaries		84	(351)
Derecognition of exchange reserve upon disposal of an associate		–	(20)
Other comprehensive income (loss) for the year, net of tax		84	(371)
Total comprehensive loss for the year		(37,074)	(32,602)
Loss per share			
		HK cents	HK cents
Basic	10	(1.97)	(2.54)
Diluted	10	(1.97)	(2.54)

Consolidated Statement of Financial Position

At 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Financial asset at FVPL	13	300	300
Property, plant and equipment	14	42,874	52,948
Right-of-use assets	15	712	1,557
Intangible assets	16	6,815	9,709
Deferred tax assets	23	–	–
		50,701	64,514
Current assets			
Trade receivables	17	46,064	8,326
Other receivables	17	6,756	24,378
Income tax recoverable		3,212	2,560
Restricted funds	18	1,523	669
Bank balances and cash	19	4,430	11,015
		61,985	46,948
Current liabilities			
Trade payables	20	47,473	8,614
Other payables	20	20,510	18,109
Bond payable	21	–	13,004
Lease liabilities	22	728	975
Liability component of convertible bonds	25	15,109	11,835
		83,820	52,537
Net current liabilities		(21,835)	(5,589)
Total assets less current liabilities		28,866	58,925
Non-current liabilities			
Lease liabilities	22	25	653
Deferred tax liabilities	23	40	40
Other long term liabilities	24	5,484	5,880
		5,549	6,573
NET ASSETS		23,317	52,352
Capital and reserves			
Share capital	26	18,981	18,596
Reserves		4,336	33,756
TOTAL EQUITY		23,317	52,352

These consolidated financial statements on pages 87 to 153 were approved and authorised for issue by the Board of Directors on 26 June 2024 and signed on its behalf by

Tsang Chi Kit
Director

Shiu Shu Ming
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2024

	Share capital HK\$'000 (Note 26)	Share premium HK\$'000 (Note 27(a))	Capital reserve HK\$'000 (Note 27(b))	Convertible bonds reserve HK\$'000 (Note 25)	Exchange reserve HK\$'000 (Note 27(c))	Statutory reserve HK\$'000 (Note 27(d))	Other reserve HK\$'000 (Note 27(e))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	12,000	44,963	37,529	876	622	1,199	-	(73,645)	23,544
Loss for the year	-	-	-	-	-	-	-	(32,231)	(32,231)
Other comprehensive loss									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(351)	-	-	-	(351)
Derecognition of exchange reserve upon disposal of an associate	-	-	-	-	(20)	-	-	-	(20)
Total comprehensive loss for the year	-	-	-	-	(371)	-	-	(32,231)	(32,602)
Transaction with owners									
<i>Contributions and distributions</i>									
Issue of share capital (Note 26)	6,596	54,814	-	-	-	-	-	-	61,410
Extinguishment of convertible bonds (Note 25)	-	-	-	11,252	-	-	(11,252)	-	-
Total transaction with owners	6,596	54,814	-	11,252	-	-	(11,252)	-	61,410
At 31 March 2023	18,596	99,777	37,529	12,128	251	1,199	(11,252)	(105,876)	52,352

Consolidated Statement of Changes in Equity

Year ended 31 March 2024

	Share capital HK\$'000 (Note 26)	Share premium HK\$'000 (Note 27(a))	Capital reserve HK\$'000 (Note 27(b))	Convertible bonds reserve HK\$'000 (Note 25)	Exchange reserve HK\$'000 (Note 27(c))	Statutory reserve HK\$'000 (Note 27(d))	Other reserve HK\$'000 (Note 27(e))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023	18,596	99,777	37,529	12,128	251	1,199	(11,252)	(105,876)	52,352
Loss for the year	-	-	-	-	-	-	-	(37,158)	(37,158)
Other comprehensive income <i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	-	84	-	-	-	84
Total comprehensive loss for the year	-	-	-	-	84	-	-	(37,158)	(37,074)
Transaction with owners <i>Contributions and distributions</i>									
Issue of share capital (Note 26)	385	5,498	-	-	-	-	-	-	5,883
Issue of convertible bonds (Note 25)	-	-	-	2,156	-	-	-	-	2,156
Total transaction with owners	385	5,498	-	2,156	-	-	-	-	8,039
At 31 March 2024	18,981	105,275	37,529	14,284	335	1,199	(11,252)	(143,034)	23,317

Consolidated Statement of Cash Flows

Year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES			
Cash generated from (used in) operations	28(a)	3,568	(29,255)
Income tax paid		(839)	(168)
Interest paid		(31)	(562)
Interest received		1,574	634
Net cash from (used in) operating activities		4,272	(29,351)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,835)	(3,345)
Purchase of intangible assets		(29)	–
Net cash outflow on disposal of subsidiaries	29	(147)	–
Net cash used in investing activities		(2,011)	(3,345)
FINANCING ACTIVITIES			
Repayment of lease liabilities	28(b)	(936)	(1,239)
Repayment of bond payable	28(b)	(13,734)	(4,500)
Issue of share capital, net of issue costs	26	5,883	18,510
Net cash (used in) from financing activities		(8,787)	12,771
Net decrease in cash and cash equivalents		(6,526)	(19,925)
Cash and cash equivalents at the beginning of the reporting period		11,015	31,410
Effect on exchange rate changes		(59)	(470)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	19	4,430	11,015

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

1. CORPORATE INFORMATION

Oriental Payment Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability. The Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2018. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The Company’s principal place of business is situated at Room 5, 17/F, 80 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in merchant acquiring business in Thailand and the Philippines. Details of the principal subsidiaries of the Company and their principal activities are disclosed in Note 12 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022/2023 consolidated financial statements except for the adoption of the new/ revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

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

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised HKFRSs *(Continued)*

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

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

Going concern

The consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The Group incurred loss of approximately HK\$37,158,000 for the year ended 31 March 2024 and, as at that date, the Group had net current liabilities of approximately HK\$21,835,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going concern *(Continued)*

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

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

The board of Directors have reviewed the Group’s cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 March 2024. They, having considered the above plans and measures being taken by the Group, are of opinion that the Group would be able to continue as a going concern.

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

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

Basis of measurement

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

Allocation of total comprehensive income

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

Changes in ownership interests

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Subsidiaries

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

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

Property, plant and equipment

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

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

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

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

Intangible assets

Computer software

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

Payment network membership

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets

Recognition and derecognition

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Recognition and derecognition (Continued)

1) Financial assets measured at amortised cost

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

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

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

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

2) Financial assets at FVPL

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

Recognition and derecognition

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

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payables is recognised in profit or loss.

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

Classification and measurement

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

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

Impairment of financial assets and other items

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Measurement of ECL

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

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

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

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

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

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

Definition of default

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Assessment of significant increase in credit risk

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

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

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

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

Low credit risk

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

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

All financial assets are determined to have low credit risk.

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Simplified approach of ECL

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

Credit-impaired financial asset

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

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

Write-off

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Convertible bond

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

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

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

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

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

Share capital

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

Cash equivalents

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

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

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

Identification of performance obligations

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

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

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

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

Timing of revenue recognition

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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

Timing of revenue recognition (Continued)

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

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

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

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

ESG reporting service income and ESG consultancy service income are recognised over time when services are rendered.

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

The following output method is applied:

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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

Variable consideration

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

Income from financial assets

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

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

Foreign currency translation

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

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

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

Impairment of non-financial assets

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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

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

Borrowing costs

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

Leases

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

As lessee

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

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

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

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

A lease modification is accounted for as a separate lease if

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee *(Continued)*

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

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

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2023; and
- (c) there is no substantive change to other terms and conditions of the lease.

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

Employee benefits

Short term employee benefits

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

Defined contribution plans

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

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

Long service payments

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled transactions

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

Taxation

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

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

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

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

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

Related parties

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

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

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

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

Segment reporting

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements

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

(a) Critical judgements made in applying accounting policies

(i) Subsidiary – OCG Thailand

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

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

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

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

(b) Key sources of estimation uncertainty

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

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

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

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

(iii) Loss allowance for ECL of trade and other receivables

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in Note 31 to the consolidated financial statements.

(iv) Income tax

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁽¹⁾
Amendments to HKAS 1	Non-current Liabilities with Covenants ⁽¹⁾
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽¹⁾
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ⁽¹⁾
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback ⁽¹⁾
Amendments to HKAS 21	Lack of Exchangeability ⁽²⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2024

⁽²⁾ Effective for annual periods beginning on or after 1 January 2025

⁽³⁾ The effective date to be determined

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

3. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on merchant acquiring business during the years ended 31 March 2024 and 2023. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the executive Directors, the chief operating decision maker. They review the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment and no further analysis of this single segment is presented.

Geographical information

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

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

3. SEGMENT INFORMATION *(Continued)***Geographical information** *(Continued)***(a) Revenue from external customers**

	2024 HK\$'000	2023 HK\$'000
Thailand	31,633	6,926
The Philippines	55	–
Unallocated <Note>	30	1,453
	31,718	8,379

(b) Specified Non-current Assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	777	1,630
Thailand	5,004	13,087
The Philippines	44,620	49,465
Unallocated <Note>	–	32
	50,401	64,214

<Note>

ESG reporting services and ESG consultancy services are not considered as a reportable operating segment.

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the years ended 31 March 2024 and 2023 is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A and its affiliates	9,817	1,914

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

4. REVENUE

	Note	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within HKFRS 15			
MDR income	(a)	28,421	6,013
Marketing and distribution service income	(a)	2,185	201
ESG Reporting service income	(b)	–	800
ESG Consultancy service income	(b)	30	653
		30,636	7,667
Revenue from other sources			
Foreign exchange rate discount income		1,082	712
		31,718	8,379

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

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

5. OTHER INCOME

	Note	2024 HK\$'000	2023 HK\$'000
Bank interest income		137	118
Exchange gain, net		–	418
HKSAR Government subsidies	(a)	–	336
Other interest income		419	729
Write-off of trade payables		–	1,066
Gain on disposal of an associate		–	20
Sundry income		2	283
		558	2,970

(a) The amount represented subsidies from the 2022 Employment Support Scheme (the “Scheme”) under the Anti-epidemic Fund which was launched by the HKSAR Government. The purpose of the Scheme was to provide financial support to enterprises to retain their staff or even employ more staff when the business revives as soon as the epidemic situation permits. No such government grant received during the year.

6. LOSS BEFORE TAX

This is stated after charging (crediting):

	2024 HK\$'000	2023 HK\$'000
Finance costs		
Effective interest expenses on convertible bonds	880	3,112
Finance charges on lease liabilities	30	27
Interest expenses for financial liabilities at amortised cost	1,066	1,186
Interest expenses on bond payable	730	1,230
	2,706	5,555
Staff costs, including key management's remuneration		
Salaries, allowances and other short-term employee benefits	7,123	12,232
Discretionary bonus	800	1,548
Contributions to defined contribution plans	188	278
	8,111	14,058
Other items		
Auditor's remuneration	703	727
Amortisation of intangible assets (included in "Selling and distribution costs")	2,831	1,570
Depreciation of property, plant and equipment	11,543	2,692
Depreciation of right-of-use assets	876	1,280
Exchange loss (gain), net	327	(418)

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

7. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(a) Directors' remuneration

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

Year ended 31 March 2024

	Directors' fees HK\$'000	Salaries, allowances and other short-term employee benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Tsang Chi Kit	-	1,182	800	18	2,000
Yu Chun Fai (i)	-	445	-	6	451
	-	1,627	800	24	2,451
<i>Non-executive director</i>					
Shiu Shu Ming	120	-	-	-	120
<i>Independent non-executive directors</i>					
Chung, Wai Chuen Alfred (ii)	37	-	-	-	37
Ng Ka Po (ii)	37	-	-	-	37
Ng Yu Ki	120	-	-	-	120
Liao Pui Yee Bonnie (iii)	54	-	-	-	54
Tong Tsz Kwan (iv)	34	-	-	-	34
	282	-	-	-	282
	402	1,627	800	24	2,853

7. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(a) Directors' remuneration (Continued)

Year ended 31 March 2023

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

- (i) Mr. Yu Chun Fai retired as an executive director on 21 July 2023.
- (ii) Mr. Chung Wai Chuen Alfred and Mr. Ng Ka Po retired as independent non-executive director on 21 July 2023.
- (iii) Ms. Liao Pui Yee Bonnie was appointed as an independent non-executive director on 20 December 2023.
- (iv) Mr. Tong Tsz Kwan was appointed as an independent non-executive director on 20 October 2023.

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

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

(a) Directors' remuneration *(Continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 March 2024 while there was arrangement under which Dr. Ng Kit Chong agreed to waive a total of approximately HK\$779,000 during the year ended 31 March 2023. In addition, no emoluments were paid by the Group to or receivable by any of the Directors or former Directors as an inducement to join or upon joining the Group, or as a compensation for loss of office for the years ended 31 March 2024 and 2023.

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

There were no consideration provided to or receivable by third parties for making available Directors' services during the years ended 31 March 2024 and 2023.

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

There were no other loans, quasi-loans or other dealings in favour of the Directors, controlled bodies corporate by and connected entities with such Directors that were entered into or subsisted during the years ended 31 March 2024 and 2023.

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

After consideration, the Directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or an entity connected with the Directors, had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2024 and 2023.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 March 2024 and 2023 is as follows:

	Number of individuals	
	2024	2023
Director	2	1
Non-directors	3	4
	5	5

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

8. FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

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

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and other short-term employee benefits	2,346	4,006
Discretionary bonus	–	188
Contributions to defined contribution plans	54	66
	2,400	4,260

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

Band	Number of employees	
	2024	2023
Nil to HK\$1,000,000	3	1
HK\$1,000,001 to HK\$1,500,000	–	3
	3	4

During the years ended 31 March 2024 and 2023, no remuneration was paid by the Group to or receivable by any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office.

There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any remuneration during the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

9. TAXATION

	2024 HK\$'000	2023 HK\$'000
Current tax		
Thailand Corporate Income Tax		
Current year	-	-
The Philippines Corporate Income Tax		
Current year	-	-
	-	-
	-	-
Deferred tax (Note 23)		
Reversal of tax losses recognised	-	530
	-	530
Income tax expenses for the year	-	530

(a) Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% has not been provided as the Group incurred a loss for taxation purpose for the years ended 31 March 2024 and 2023.

(b) Income taxes outside Hong Kong

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

Thailand Corporate Income Tax at the rate of 20% has not been provided as the Group's operation in Thailand incurred a loss for taxation purpose for the years ended 31 March 2024 and 2023.

The Philippines Corporate Income Tax at the rate of 25% has not been provided as the Group's operation in the Philippines has commenced and has incurred a loss for taxation purpose during the year.

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

Dividends payable by a foreign invested enterprise in Thailand to its foreign investors are subject to a 10% (2023: 10%) withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with Thailand that provides for a different withholding arrangement.

Dividends payable by a foreign invested enterprise in the Philippines to its foreign investors are subject to a 25% (2023: 25%) withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the Philippines that provides for a different withholding arrangement.

Dividends payable by an enterprise in Cambodia to its foreign investors are subject to a 14% (2023: 14%) withholding tax.

9. TAXATION *(Continued)***(b) Income taxes outside Hong Kong** *(Continued)***Reconciliation of income tax expense**

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(37,158)	(31,701)
Income tax at applicable tax rate	(8,099)	(5,440)
Non-deductible expenses	6,857	1,832
Tax exempt revenue	(739)	(1,369)
Unrecognised tax losses	1,974	10,539
Unrecognised temporary differences	7	(5,562)
Reversal of tax losses recognised	-	530
Income tax expense for the year	-	530

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

10. LOSS PER SHARE

Basic loss per share is calculated on the loss for the year ended 31 March 2024 attributable to the equity holders of the Company of approximately HK\$37,158,000 (2023: approximately HK\$32,231,000) and on the weighted average number of approximately 1,885,119,000 ordinary shares (2023: approximately 1,269,777,000 ordinary shares) in issue during the year ended 31 March 2024.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares has anti-dilutive effects during the years ended 31 March 2024 and 2023.

11. DIVIDENDS

The Directors of the Company did not recommend a payment of a dividend for the year ended 31 March 2024 (2023: Nil).

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

12. SUBSIDIARIES

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

Name of subsidiary	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company		Principal activities/ place of operation
			31 March 2024	31 March 2023	
Directly held by the Company					
Newtech Asia Pacific Limited	Hong Kong, 1 November 2021	Ordinary, HK\$1	100%	100%	Investment holding/ Hong Kong
Global Principal Investment Limited ("Global Principal") (Note 29)	The BVI, 3 December 2020	Ordinary, United States Dollars ("US\$") 100	–	100%	Investment holding/ Hong Kong
Oriental City Group Thailand Limited ("OCG Thailand (BVI)")	The BVI, 7 May 2007	Ordinary, US\$100	100%	100%	Investment holding/ Hong Kong
Indirectly held by the Company					
bDigital Holdings Limited (formerly known as Mega Brilliant Group Limited and BCODE Systems Limited) ("bDigital")	The BVI, 1 April 2021	Ordinary, US\$100	100%	100%	Merchant acquiring business/ the Philippines
Baylight Consulting Limited ("Baylight") (Note 29)	Hong Kong, 22 January 2021	Ordinary, HK\$100	–	100%	ESG Reporting service and ESG Consultancy service/Hong Kong
OCGC Payment	Cambodia, 18 July 2017	Ordinary, Cambodian Riels ("Riels") 40,000,000	100%	100%	Not yet commence business/Cambodia
OCG Hong Kong Limited ("OCG HK")	Hong Kong, 6 November 2013	Ordinary, HK\$10,000	100%	100%	Marketing and administrative services/Hong Kong
Oriental City Group Asia Pacific Limited ("OCG Asia Pacific")	The BVI, 8 September 2011	Ordinary, US\$1	100%	100%	Investment holding/ Hong Kong
OCG Thailand	Thailand, 27 September 2004	Ordinary, Thai Baht ("Baht") 25,000,000 Preference, Baht 25,500,000	100%	100%	Merchant acquiring business/Thailand
		<Note a>	–	–	

12. SUBSIDIARIES *(Continued)*

The above information of ownership interests is presented as if the current group structure had always been in existence throughout the years ended 31 March 2024 and 2023 or since the respective date of establishment or incorporation where applicable.

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

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

<Note a>

At the end of the reporting period, OCG Thailand's share capital is comprised of 2,500,000 ordinary shares with paid up amount of Baht 25,000,000 (equivalent to approximately HK\$5,857,000) (2023: Baht 25,000,000 (equivalent to approximately HK\$5,857,000)) and 2,550,000 preference shares with paid up amount of Baht 25,500,000 (equivalent to approximately HK\$5,484,000) (2023: Baht 25,500,000 (equivalent to approximately HK\$5,880,000)).

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

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

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

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

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

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

13. FINANCIAL ASSET AT FVPL

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investment in Hong Kong		
Mandatorily measured at FVPL	300	300

The amount represents 5.0332% (2023: 5.0332%) interest in a private entity incorporated in Hong Kong (the “Investee”). Its principal activities are sales of point of sales machines and provision of internet payment services.

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Reconciliation of carrying amount – Year ended 31 March 2023			
At 1 April 2022	4,981	–	4,981
Additions	50,850	–	50,850
Depreciation	(2,692)	–	(2,692)
Exchange realignments	(191)	–	(191)
At 31 March 2023	52,948	–	52,948
Reconciliation of carrying amount – Year ended 31 March 2024			
At 1 April 2023	52,948	–	52,948
Additions	1,835	–	1,835
Depreciation	(11,543)	–	(11,543)
Disposal of subsidiaries (note 29)	(31)	–	(31)
Exchange realignments	(335)	–	(335)
At 31 March 2024	42,874	–	42,874
At 31 March 2023			
Cost	78,626	189	78,815
Accumulated depreciation	(25,678)	(189)	(25,867)
Net carrying amount	52,948	–	52,948
At 31 March 2024			
Cost	78,311	–	78,311
Accumulated depreciation	(35,437)	–	(35,437)
Net carrying amount	42,874	–	42,874

15. LEASES

Right-of-use assets

	Office premises HK\$'000	Machinery HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 March 2023			
At 1 April 2022	1,616	10	1,626
Additions	1,589	–	1,589
Early termination	(371)	–	(371)
Depreciation	(1,272)	(8)	(1,280)
Exchange differences	(6)	(1)	(7)
At 31 March 2023	1,556	1	1,557
Reconciliation of carrying amount – year ended 31 March 2024			
At 1 April 2023	1,556	1	1,557
Additions	–	36	36
Depreciation	(871)	(5)	(876)
Exchange differences	(4)	(1)	(5)
At 31 March 2024	681	31	712
At 31 March 2023			
Cost	6,402	36	6,438
Accumulated depreciation	(4,846)	(35)	(4,881)
Net carrying amount	1,556	1	1,557
At 31 March 2024			
Cost	1,976	36	2,012
Accumulated depreciation	(1,295)	(5)	(1,300)
Net carrying amount	681	31	712

The Group leases office premises and machinery for its daily operations with lease terms of 1 to 5 years (2023: 1 to 5 years). Most of the lease contracts contain an option to renew the lease when all terms are renegotiated.

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The interest expenses and total cash flow on lease liabilities are set out in Notes 6 and 28 to the consolidated financial statements respectively.

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

16. INTANGIBLE ASSETS

	Computer software <Note (a)> HK\$'000	Payment network membership <Note (b)> HK\$'000	Total HK\$'000
Reconciliation of carrying amount – Year ended 31 March 2023			
At 1 April 2022	3,846	307	4,153
Additions	6,770	376	7,146
Amortisation	(1,570)	–	(1,570)
Exchange realignments	(13)	(7)	(20)
At 31 March 2023	9,033	676	9,709
Reconciliation of carrying amount – Year ended 31 March 2024			
At 1 April 2023	9,033	676	9,709
Additions	29	–	29
Amortisation	(2,831)	–	(2,831)
Exchange realignments	(46)	(46)	(92)
At 31 March 2024	6,185	630	6,815
At 31 March 2023			
Cost	23,723	676	24,399
Accumulated amortisation and impairment loss	(14,690)	–	(14,690)
Net carrying amount	9,033	676	9,709
At 31 March 2024			
Cost	23,581	630	24,211
Accumulated amortisation and impairment loss	(17,396)	–	(17,396)
Net carrying amount	6,185	630	6,815

<Note>

- (a) Computer software mainly represents enhancement of host system to extend the payment processing services to cover other payment network associations and computer softwares for merchant acquiring business with carrying amount of HK\$700,000 (2023: HK\$2,100,000) and HK\$5,182,000 (2023: HK\$6,500,000) respectively. At the end of the reporting period, the remaining amortisation period of these computer software are 0.5 years (2023: 1.5 years) and 4 years (2023: 5 years) respectively.
- (b) The useful life of the payment network membership is determined to be indefinite because the Group is able to renew the payment network membership without incurring significant cost that there is no foreseeable limit to the period over which the payment network membership is expected to generate net cash inflows for the Group.

17. TRADE AND OTHER RECEIVABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade receivables			
Trade receivables from third parties	17(a)	46,064	8,326
Other receivables			
Deposits		48	3,073
Deposits for acquisition of assets		–	4,000
Prepayments		4,388	8,712
Other debtors	17(b)	2,320	8,593
		6,756	24,378

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 31 to the consolidated financial statements.

(a) Trade receivables

Included in trade receivables are the following amounts denominated in a currency other than the respective functional currency of the Group's entities:

	2024 HK\$'000	2023 HK\$'000
US\$	12,207	5,113
RMB	–	68
	12,207	5,181

(b) Other debtors

Included in other debtors are:

- i) loans to independent third parties of approximately HK\$1,398,000 (2023: approximately HK\$2,260,000) which are unsecured, interest-bearing at 12% (2023: 15%) per annum and repayable on 30 September 2024 (2023: repayable on demand); and
- ii) the remaining items of other debtors are unsecured, interest-free and have no fixed repayment term.

For other debtors balances which related to the advance to the Investee of HK\$4,700,000 which was unsecured, interest-bearing at 8% per annum and repayable on demand and the interest receivables of approximately HK\$1,018,000 which were unsecured, interest-free and repayable on demand at 31 March 2023 respectively, the amounts were fully settled during the year.

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

18. RESTRICTED FUNDS

The amounts represent bank balances in Thailand maintained solely for the purpose of settlement of net amount with outstanding trade payables and trade receivables for the merchant acquiring business pursuant to the agreements signed with a merchant acquiring business partner and the balances are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in Baht.

19. BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Short-term time deposits	548	6,731
Cash at banks and in hand	3,882	4,284
	4,430	11,015

Cash at banks earns interest at floating rates based on daily floating bank deposit rates. Short-term time deposits are made between two months to three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing fixed deposit rates.

	2024 HK\$'000	2023 HK\$'000
Bank balances and cash are denominated in:		
HK\$	1,312	9,911
Baht	3,118	844
US\$	–	260
	4,430	11,015

20. TRADE AND OTHER PAYABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade payables			
Trade payables to third parties	20(a)	47,473	8,614
Other payables			
Accruals and other payables	20(b)	20,510	18,109

20. TRADE AND OTHER PAYABLES *(Continued)***(a) Trade payables**

The creditors allow a credit period up to 30 days to the Group. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	47,434	8,612
1 month to 3 months	11	2
Over 3 months	28	–
	47,473	8,614

(b) Accruals and other payables

Included in accruals and other payables are:

- i) other payable to a third party guaranteed by a former director of the Company of approximately HK\$1,281,000 which bears interest at 12% per annum and repayable on demand (2023: approximately HK\$1,500,000 which bears interest at 12% per annum and repayable on demand);
- ii) other borrowings from a third party of approximately HK\$2,325,000 (2023: approximately HK\$2,325,000) which is unsecured, interest bearing at 12% per annum and repayable on demand;
- iii) interest payables on convertible bonds, other long terms liabilities, other payable and borrowings of approximately HK\$2,700,000, HK\$2,084,000 and HK\$723,000 respectively (2023: approximately HK\$1,864,000, HK\$1,676,000 and HK\$320,000 respectively) which are unsecured, interest-free and repayable within one year;
- iv) accrued salaries and directors' fees of approximately HK\$4,531,000 (2023: approximately HK\$6,894,000) which is unsecured, interest-free and repayable on demand;
- v) other creditors of approximately HK\$2,111,000 (2023: Nil) which are unsecured, interest-free and repayable on demand; and
- vi) the remaining items of accruals and other payables are unsecured, interest-free and have no fixed repayment term.

21. BOND PAYABLE

The amounts represented the bond issued to a third party with the outstanding principal of approximately HK\$12,029,000 and accrued bond interest of approximately HK\$975,000, which was unsecured, bears interest of 10% per annum and repayable on demand at 31 March 2023. The amounts had been fully settled during the year.

22. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities		
Current portion	728	975
Non-current portion	25	653
	753	1,628

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

23. DEFERRED TAXATION

The movement in the Group's deferred tax (assets) liabilities for the years ended 31 March 2024 and 2023 was as follows:

Withholding tax on undistributed earnings of a foreign subsidiary

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period and at the end of the reporting period	40	40

Tax losses

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period	–	(530)
Charge to profit or loss (Note 9)	–	530
At the end of the reporting period	–	–

At the end of the reporting period, deferred tax liabilities of approximately HK\$40,000 (2023: approximately HK\$40,000) has been recognised for the future withholding tax implications of the portion of undistributed earnings of OCG Thailand that may be distributed in the foreseeable future. Started from 1 April 2016, certain retained earnings of OCG Thailand are kept for financing the continuing operations with reference to the working capital level. After considering the remaining retained earnings available for distribution in the foreseeable future, no reversal of deferred tax liabilities has been made for the years ended 31 March 2024 and 2023.

23. DEFERRED TAXATION *(Continued)***Tax losses** *(Continued)*

At the end of the reporting period, no deferred tax assets were recognised in respect of the entire tax losses of certain subsidiaries of the Company carried forward. The tax losses do not expire under current tax legislation.

Unrecognised deferred tax assets

	2024 HK\$'000	2023 HK\$'000
Before multiplied by the applicable tax rates:		
Tax losses	55,223	109,228

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses will expire as follows:

	2024 HK\$'000	2023 HK\$'000
Year 2027	8,001	8,291
Year 2028	10,199	10,568
Year 2029	5,964	5,964
Year 2030	5,756	–
No expiry	25,303	84,405
	55,223	109,228

Upon the date on disposal of subsidiaries as disclosed in note 29 of the consolidated financial statements, unrecognised tax losses contributed by Global Principal and Baylight were in aggregate of approximately HK\$3,052,000 that are not available for offsetting against future taxable profits.

24. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand and the major terms are set out in Note 12 to the consolidated financial statements.

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of OCG Thailand amounted to Baht 25,500,000 (equivalent to approximately HK\$5,484,000) (2023: Baht 25,500,000 (equivalent to approximately HK\$5,880,000)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% (2023: 9.5%) per annum, with accrued payable, which of approximately Baht 9,690,000 (equivalent to approximately HK\$2,084,000) (2023: approximately Baht 7,268,000 (equivalent to approximately HK\$1,676,000)).

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

25. CONVERTIBLE BONDS

25(a) Convertible bonds issued on 26 June 2020 (the “Convertible Bonds I”)

The Company issued convertible bonds (the “**Convertible Bonds I**”), with a coupon interest rate of 7% per annum, in an aggregate principal amount of HK\$11,850,000 to not less than six independent placees who, and where applicable, whose ultimate beneficial owners were independent third parties. The Convertible Bonds I shall be initially mature on the date (the “**Maturity Date**”) falling upon the expiry of two years from 26 June 2020 (the “**Bond Issue Date I**”) or if such date is not a business day, the immediate preceding business day (which is 24 June 2022). The Convertible Bonds I can be converted into a maximum number of 79,000,000 ordinary shares of the Company at the initial conversion price of HK\$0.15 per share of the Company.

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

The Convertible Bonds I were separated into a liability component and an equity component at initial recognition and subsequent measured in accordance with the relevant accounting policies as disclosed in note 2 of the consolidated financial statements.

Upon the execution of the first addendum and second addendum dated on 24 June 2022 and 18 October 2022 respectively, the Company amended the terms and conditions of the Convertible Bonds I with a view to giving effect to (i) the extension of the maturity date of the Convertible Bonds I for a period of eighteen months to 23 December 2023; (ii) the deletion of the additional interest at the rate of 10% per annum on the principal amount of the Convertible Bonds I to which a holder of the Convertible Bonds I is initially entitled in any event if such holder has not exercised any of its conversion rights to convert the whole or any part of the principal amount of the Convertible Bonds I during the conversion period; (iii) the adjustment of the conversion price of the Convertible Bonds I to HK\$0.1 per conversion share; and (iv) the extension of the scope of the conversion rights to convert the whole or part of the aggregate sum of the outstanding principal amount and any outstanding accrued interest of the Convertible Bonds I into conversion shares during the conversion period, and all other terms and conditions of the Convertible Bonds I remain unchanged.

During the year ended 31 March 2023, the Company was informed by the Bondholders that the Bondholders was entered into agreements to transfer the Convertible Bonds I with an aggregate principal amount of HK\$6,380,000 to Metagate Investment SPC (“**Metagate**”) and HK\$5,470,000 to Mr. Choy Hok Man (“**Mr. Choy**”) respectively.

At 31 March 2024 and 31 March 2023, Metagate and Mr. Choy are shareholders of the Company and the balance of Convertible Bonds I of approximately \$11,850,000 (2023: approximately HK\$11,835,000) are considered as related party balances while the relevant interest expenses on Convertible Bonds I are considered as related party transactions which are disclosed in Note 30 of the consolidated financial statements

25. CONVERTIBLE BONDS *(Continued)***25(a) Convertible bonds issued on 26 June 2020 (the “Convertible Bonds I”) (Continued)**

During the year, none of the Convertible Bonds I have been converted into the Company’s ordinary shares.

The Convertible Bonds I recognised at the end of the reporting period are calculated as follows:

	HK\$’000
Liability component	
At 1 April 2022	13,669
Effective interest expenses	3,112
Interest accrued	(830)
Loss on non-substantial modification of Convertible Bonds I	1,100
Gain on extinguishment of old Convertible Bonds I	(5,216)
<hr/>	
At 31 March 2023 and 1 April 2023	11,835
Effective interest expenses	764
Interest accrued	(749)
<hr/>	
At 31 March 2024	11,850
<hr/>	
	HK\$’000
Equity component	
At 1 April 2022	876
Loss on extinguishment of old Convertible Bonds I	11,252
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At 31 March 2023, 1 April 2023 and 31 March 2024	12,128
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On 2 April 2024, the Company executed the third addendum (the “**Third Addendum**”) to amend the terms and conditions of the Convertible Bonds I with a view to giving effect to (i) the further extension of the maturity date of the Convertible Bonds I for a period of twelve months to 24 December 2024; (ii) adjust the interest rate from 7% per annum to 12% per annum accrued on the principal amount from the date of immediately after the date falling upon the expiry of three years and six months; (iii) charge a penalty interest payable at 20% per annum on the outstanding principal and accrued interest of the Convertible Bonds I; and (iv) adjust the convertible price from HK\$0.1 per share to HK\$0.088 per share. Details of the Third Addendum are set out in the announcements of the Company dated 2 January 2024 and 8 March 2024 and in the circular of the Company dated 21 February 2024.

The directors are in the process of assessing the impact on the modification of the Convertible Bonds I, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements for the year ending 31 March 2025.

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25. CONVERTIBLE BONDS (Continued)

25(b) Convertible bonds issued on 5 March 2024 (the “Convertible Bonds II”)

The Company issued the Convertible Bonds II with a coupon rate of 7% per annum, in aggregate principal amount of HK\$4,388,000 with the right to be converted into maximum number of 30,262,068 ordinary shares of the Company at the conversion price of HK\$0.145 per share subject to adjustments. The Convertible Bonds II will be matured on the date falling upon the expiry of one year from 5 March 2024 (the “**Bond Issue Date II**”) or if such date is not a business day, the immediate preceding business day. The Convertible Bonds II shall bear 7% per annum interest coupons, which shall be payable by the Company semi-annual basis in arrears on the date falling one year after the Bond Issue Date II.

During the year, the vendors, which are engaged to provide technical assistance and support services for the bCode System, assigned the indebted amount of US\$561,142 (equivalent to HK\$4,388,000) to an independent third party under the deed of assignment agreement. On 16 February 2024, the Company agreed with this independent third party (the “**bondholder**”) to settle the indebted amount of HK\$4,388,000 through issuance of Convertible Bonds II.

Upon the completion, the Company issued the Convertible Bonds II to the bondholder by setting it off against by the indebted amount of HK\$4,388,000 due to the vendors which constitute non-cash transaction. Also, the issuance of Convertible Bonds II discharged the repayment obligation of the Group for the indebted amount with immediate effect.

At the initial recognition, the Convertible Bonds II were separated into a liability component and an equity component representing the convertible options of the bondholder. The fair values of the liability component and the equity conversion component were determined at the Bond Issue Date II. The fair value of the liability component was calculated using market interest rates at 10.76% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by an independent professionally qualified valuer. The fair value of the equity conversion component net of direct related cost has been included in the convertible bonds reserve.

Since the Convertible Bonds II is a settlement of the indebted amount of HK\$4,388,000, the difference of approximately HK\$939,000 between the fair value of liabilities component and equity component in sum of HK\$5,327,000, which is estimated by the Binomial model with the key input such as volatility of 77.84%, has been recognised as loss on extinguishment of financial liabilities in profit or loss.

During the year, none of the Convertible Bonds II have been converted into the Company's ordinary shares.

25. CONVERTIBLE BONDS *(Continued)***(b) Convertible bonds issued on 5 March 2024 containing liability and equity component (the “Convertible Bonds II”) (Continued)**

The Convertible Bonds II recognised at the end of the reporting period are calculated as follows:

	HK\$'000
Liability component	
Fair value of liability component at the Bond Issue Date II	3,160
Issue costs	(17)
	<hr/>
	3,143
Effective interest expenses	116
	<hr/>
At 31 March 2024	3,259
	<hr/>

	HK\$'000
Equity component	
Fair value of equity component at the Bond Issue Date II	2,167
Issue costs	(11)
	<hr/>
At the Bond Issue Date II and at 31 March 2024	2,156
	<hr/>

Reconciliation of loss on extinguishment of financial liabilities:

	HK\$'000
Indebted amount being allocated as settled by Convertible Bonds II	4,388
Fair value of the Convertible Bonds II	(5,327)
	<hr/>
Loss on extinguishment of financial liabilities	939
	<hr/>

Notes to the Consolidated Financial Statements

Year ended 31 March 2024

26. SHARE CAPITAL

	2024		2023	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised:				
<i>Ordinary shares of HK\$0.01 each</i>				
At the beginning and the end of the reporting period	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
<i>Ordinary shares of HK\$0.01 each</i>				
At the beginning of the year	1,859,566,667	18,596	1,200,000,000	12,000
New shares issued on 2 August 2023				
<Note>	38,540,000	385	-	-
New shares issued on 2 November 2022	-	-	148,000,000	1,480
New shares issued on 10 January 2023	-	-	34,900,000	349
Consideration Shares issued on 30 March 2023	-	-	476,666,667	4,767
At the end of the reporting period	1,898,106,667	18,981	1,859,566,667	18,596

<Note>

On 2 August 2023, the Company issued 38,540,000 new ordinary shares under the general mandate at a subscription price of HK\$0.153 per share to the independent third parties. The net proceeds from the subscription after deducting related expenses were approximately HK\$5,883,000, which intended to be utilised for general working capital of the Group. These shares rank pari passu with the existing shares in all respects.

27. RESERVES

27(a) Share premium

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

27(b) Capital reserve

The capital reserve represents:

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

27. RESERVES (Continued)**27(c) Exchange reserve**

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policies as set out in Note 2 to the consolidated financial statements.

27(d) Statutory reserve

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

27(e) Other reserve

The amount represents the difference between the carrying amount of the equity component of the old Convertible Bonds I and the new Convertible Bonds I at the date of significant modification as owners' transaction as set out in Note 25 of the consolidated financial statements.

28. OTHER CASH FLOW INFORMATION**28(a) Cash generated from (used in) operations**

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(37,158)	(31,701)
Amortisation	2,831	1,570
Depreciation of property, plant and equipment	11,543	2,692
Depreciation of right-of-use assets	876	1,280
Loss on extinguishment of financial liabilities	939	–
Loss on modification of convertible bonds	–	1,100
Gain on extinguishment of convertible bonds	–	(5,216)
Foreign exchange differences	312	(57)
Bank interest income	(137)	(118)
Gain on disposal of an associate	–	(20)
Gain on disposal of subsidiaries	(4,296)	–
Early termination of the lease	–	(6)
Other interest income	(419)	(729)
Share of results of an associate	–	355
Write-off of trade payables	–	(1,066)
Finance costs	2,706	5,555
Operating cash flow before changes in working capital	(22,803)	(26,361)
Changes in working capital		
Trade and other receivables	(22,710)	(7,843)
Restricted funds	(899)	(595)
Trade and other payables	49,980	5,544
Cash generated from (used in) operations	3,568	(29,255)

Notes to the Consolidated Financial Statements

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28. OTHER CASH FLOW INFORMATION (Continued)

28(b) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

Year ended 31 March 2024

	Lease liabilities HK\$'000	Other long term liabilities HK\$'000	Bond payable HK\$'000	Liability component of convertible bonds HK\$'000	Total HK\$'000
At the beginning of the reporting period	1,628	5,880	13,004	11,835	32,347
<i>Cash flows</i>	(936)	–	(13,734)	–	(14,670)
<i>Non-cash changes</i>					
New leases	36	–	–	–	36
Convertible Bonds II issued, net of costs	–	–	–	3,143	3,143
Interest expenses	30	–	730	880	1,640
Interest accrued	–	–	–	(749)	(749)
Exchange realignments	(5)	(396)	–	–	(401)
At the end of the reporting period	753	5,484	–	15,109	21,346

Year ended 31 March 2023

	Lease liabilities HK\$'000	Other long term liabilities HK\$'000	Bond payable HK\$'000	Liability component of convertible bonds HK\$'000	Total HK\$'000
At the beginning of the reporting period	1,635	6,000	16,274	13,669	37,578
<i>Cash flows</i>	(1,239)	–	(4,500)	–	(5,739)
<i>Non-cash changes</i>					
New leases	1,589	–	–	–	1,589
Early termination	(377)	–	–	–	(377)
Loss on modification of Convertible Bonds	–	–	–	1,100	1,100
Gain on extinguishment of Convertible Bonds	–	–	–	(5,216)	(5,216)
Interest expenses	27	539	1,230	3,112	4,908
Interest accrued	–	(539)	–	(830)	(1,369)
Exchange realignments	(7)	(120)	–	–	(127)
At the end of the reporting period	1,628	5,880	13,004	11,835	32,347

Details of convertible bonds are disclosed in Note 25 to the consolidated financial statements.

29. DISPOSAL OF BUSINESSES

On 18 April 2023, the Company completed the disposal of the entire issued share capital of Global Principal to an independent third party at a total cash consideration of HK\$1. Upon completion of the disposal, the Group had no further control on Global Principal and its wholly owned subsidiary, Baylight, and gain on disposal of the subsidiaries of approximately HK\$4,296,000 was recognised in the profit or loss. Details of disposal are set out in the announcement of the Company dated 13 April 2023.

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

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

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

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

* Represent the cash consideration of HK\$1

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30. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related party relationship	Nature of transaction	2024 HK\$'000	2023 HK\$'000
Key management personnel, including directors	Salaries and allowances	4,583	5,905
	Discretionary bonus	800	1,460
	Contributions to defined contribution retirement schemes	86	90
		5,469	7,455
Close family member of key management personnel	Salaries and allowance	300	300
	Discretionary bonus	–	24
	Contributions to defined contribution retirement schemes	15	18
		315	342
Metagate, substantial shareholder	Interest expenses on convertible bonds	411	445
Mr. Choy, substantial shareholder	Interest expenses on convertible bonds	353	382

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of restricted and unrestricted bank balances and cash, convertible bonds and preference shares issued by OCG Thailand. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) foreign currency risk, (ii) interest rate risk, (iii) credit risk and (iv) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the management identifies and evaluates risks and generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum as follows:

(i) Foreign currency risk

The Group mainly operates in Hong Kong and Thailand with majority of business transactions being denominated and settled in HK\$ and Baht which are the functional currencies of the relevant group entities.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***(i) Foreign currency risk** *(Continued)*

However, as disclosed in Note 17(a) to the consolidated financial statements, the Group's trade receivables arising from the operation of merchant acquiring business in Thailand are mainly denominated in US\$. The management monitors the related foreign currency risk exposure closely on daily basis and, pursuant to a written foreign currency hedging policy as approved by the management, the Group would enter into foreign currency forward contracts should the needs arise. At 31 March 2024, the Group had no outstanding foreign currency forward contracts for the exchange of US\$ with Baht (2023: US\$1,451,000 equivalent to approximately HK\$11,392,000).

At the end of the reporting period, the following table indicates the approximate change in the Group's loss before tax, mainly as a result of translation of the US\$ denominated financial assets in Baht with a corresponding credit/charge to profit or loss, if exchange rate of US\$ had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant:

	2024 HK\$'000	2023 HK\$'000
US\$	610	256

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at end of the reporting period and had been applied to each of the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In addition, as detailed in Notes 18 and 19 to the consolidated financial statements, part of the restricted and unrestricted bank balances and cash are denominated in Baht. The conversion of Baht into foreign currencies, including HK\$, is subject to the rules and regulations of foreign exchange control promulgated by the Thailand government.

(ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including restricted and unrestricted bank balance and cash as detailed in Notes 18 and 19 to the consolidated financial statements.

At the end of the reporting period, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before tax for both years would have been approximately HK\$44,000 (2023: approximately HK\$108,000) lower/higher.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Interest rate risk (Continued)

The Group's sensitivity to interest rates would change in the same direction as the changes in its interest-bearing balances of financial assets as mentioned above.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the reporting period and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing financial assets in existence during the reporting period. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

(iii) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Credit risk mainly arises from trade and other receivables, restricted funds and bank balances and cash. The Group limits its exposure to credit risk by rigorously selecting the counterparties with reference to their past credit history and/or market reputation. The Group's exposure to the maximum credit risk is summarised as follows:

	2024 HK\$'000	2023 HK\$'000
Trade receivables	46,064	8,326
Other receivables	2,368	15,666
Restricted funds	1,523	669
Bank balances and cash	4,430	11,015

Trade receivables from third parties

The Group trades only with recognised, creditworthy third parties. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a credit policy in place and exposures to credit risks are monitored on an ongoing basis. The Group allows a credit period up to 90 days to its trade debtors.

At the end of the reporting period, there were only four (2023: eight) trade debtors accounted for all of the total outstanding trade receivables. As at 31 March 2024, the Group had a concentration of credit risk as 61% (2023: 61%) of the total trade receivables made up by the Group's largest trade receivables.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***(iii) Credit risk** *(Continued)****Trade receivables from third parties*** *(Continued)*

The management considers the credit risk in respect of the largest customer is minimal because it is an authorised financial institution in the People's Republic of China (the "PRC") with high credit ratings and there is no history of default or late payment. For other customers, the management of the Group considers the ECL of this balance to be minimal after taking into account the actual credit loss experience during the year and adjusted for the current and forward-looking factors over the recoverability of the receivable. No loss allowance was recognised for the balance for year ended 31 March 2024 (2023: Nil).

There was no change in the estimation techniques or significant assumptions made during the year.

At the end of each reporting period, the ageing analysis of the trade receivables prepared based on transaction date or date of service rendered, is as follows:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	46,064	8,326

At the end of each reporting period, the ageing analysis of the trade receivables by due date, prepared based on contractual due date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Current	46,064	7,945
Past due:		
Less than 1 month	–	381
	46,064	8,326

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risk *(Continued)*

Other receivables

Other receivables include deposits and other receivables. Impairment on other receivables is measured on lifetime ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Group has taken into account the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default. There was no change in the estimation techniques or significant assumptions made during the year.

At the end of the reporting period, the Group considered the credit quality of debtors are not significantly deteriorated and therefore no additional loss allowance was recognised for the year on the credit-impaired other receivable. The movement in the loss allowance for other receivables is summarised below.

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period and at the end of the reporting period	2,990	2,990

The Group considers that the remaining other receivables have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on the remaining other receivables is measured on 12-month ECL and reflects the short maturities of the exposures. At 31 March 2024, the additional loss allowance for provision of the remaining other receivables was insignificant.

Restricted funds and bank balances and cash

The credit risk on restricted funds and bank balances and cash is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance is recognised based on the measurement on 12-month ECL.

There was no change in the estimation techniques or significant assumptions made during the year.

None of the Group's financial assets are securitised by collateral or other credit enhancements at the end of the reporting period.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***(iv) Liquidity risk**

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment and intangible assets. The Group finances its working capital requirements mainly by the funds generated from operations.

The Group's non-derivative financial liabilities at the end of each reporting period based on contractual undiscounted payments are summarised below:

	Within 1 year or on demand HK\$'000	After 1 year but within 5 years HK\$'000	Upon winding up of OCG Thailand <Remark 1> HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
At 31 March 2024					
Trade payables	47,473	-	-	47,473	47,473
Other payables	20,510	-	-	20,510	20,510
Lease liabilities	736	26	-	762	753
Other long-term liabilities <Remark 2>	-	-	5,484	5,484	5,484
Liability component of convertible bonds	15,395	-	-	15,395	15,109
	84,114	26	5,484	89,624	89,329
At 31 March 2023					
Trade payables	8,614	-	-	8,614	8,614
Other payables	18,109	-	-	18,109	18,109
Bond payable	13,004	-	-	13,004	13,004
Lease liabilities	935	730	-	1,665	1,628
Other long-term liabilities <Remark 2>	-	-	5,880	5,880	5,880
Liability component of convertible bonds	13,289	-	-	13,289	11,835
	53,951	730	5,880	60,561	59,070

<Remark 1>

In case of the winding up of OCG Thailand, the holder of preference shares has the right to the distribution of the residual assets of OCG Thailand prior to the ordinary shares, but limited to the paid up amount of the preference shares.

<Remark 2>

The estimated annual finance cost of other long-term liabilities approximates to Baht 2,423,000 (equivalent to approximately HK\$521,000) (2023: Baht 2,423,000 (equivalent to approximately HK\$539,000)), which is not included in the above summary.

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32. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability

a) Assets and liabilities measured at fair value

	Level 2	
	2024 HK\$'000	2023 HK\$'000
Financial asset measured at FVPL		
Unlisted equity investment (Note 13)	300	300

The fair value of the unlisted equity investment is determined with reference to its net asset value.

During the years ended 31 March 2024 and 2023, there were no transfer between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

b) Assets and liabilities not measured at fair value

The carrying amounts of financial assets and liabilities not measured at fair value are carried at amounts not materially different from their fair values at 31 March 2024 and 2023.

33. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The management considers the total equity as disclosed in the consolidated statement of financial position as the Group's capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2024 and 2023.

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34. CAPITAL EXPENDITURE COMMITMENTS

	2024 HK\$'000	2023 HK\$'000
Contracted but not provided for, net of deposits paid – acquisition of property, plant and equipment and intangible assets	–	579

35. EVENTS AFTER THE REPORTING PERIOD

In May 2024, the Company issued convertible bonds (the “**Convertible Bonds III**”) with a coupon rate of 7% per annum in an aggregate principal amount of approximately HK\$2,849,000 to the independent third parties. The Convertible Bonds III bear interest from the date of issue at 7% per annum on the principal amount and payable by the Company annually in arrear.

The bondholders have the right to convert all or any portion of the Convertible Bond III into shares of the Company at the conversion price of HK\$0.16 per share subject to adjustments. The conversion rights can be exercised at any time on or after twelve months from the date of issue until the date before the maturity date. Details of the transactions have been disclosed by the Company in its announcement dated 20 March 2024, 9 May 2024 and 17 May 2024 and 27 May 2024.

The director are in the process of assessing the impact on the initial recognition of the Convertible Bonds III, but are not yet in a position to estimate their impact on the consolidated financial statements for the year ending 31 March 2025.

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirement of the Companies Ordinance, the statement of financial position of the Company and the movements in its reserves are set out below:

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment in subsidiaries	12	–	2
Financial asset at FVPL		300	300
Property, plant and equipment		27	49,508
Intangible assets		700	8,600
		1,027	58,410
Current assets			
Other receivables		2,178	19,859
Due from subsidiaries		74,315	6,774
Bank balances and cash		65	729
		76,558	27,362
Current liabilities			
Other payables		15,381	9,847
Bond payable		–	13,004
Due to subsidiaries		3,340	3,771
Liability component of convertible bonds		15,109	11,835
		33,830	38,457
Net current assets (liabilities)		42,728	(11,095)
NET ASSETS		43,755	47,315
Capital and reserves			
Share capital	26	18,981	18,596
Reserves	36(a)	24,774	28,719
TOTAL EQUITY		43,755	47,315

The statement of financial position was approved and authorised for issue by the Board of Directors on 26 June 2024 and signed on its behalf by

Tsang Chi Kit
Director

Shiu Shu Ming
Director

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Movements of the reserves

	Share premium HK\$'000 (Note 27(a))	Capital reserve HK\$'000 (Note 27(b))	Convertible bonds reserve HK\$'000 (Note 25)	Exchange reserve HK\$'000 (Note 27(c))	Other reserve HK\$'000 (Note 27(e))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	44,963	23,107	876	20	-	(69,259)	(293)
Loss for the year	-	-	-	-	-	(25,782)	(25,782)
Other comprehensive loss							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Derecognition of exchange reserve upon disposal of an associate	-	-	-	(20)	-	-	(20)
Total comprehensive loss for the year	-	-	-	(20)	-	(25,782)	(25,802)
Transaction with owners							
<i>Contributions and distributions</i>							
Issue of share capital (Note 26)	54,814	-	-	-	-	-	54,814
Extinguishment of convertible bonds (Note 25)	-	-	11,252	-	(11,252)	-	-
Total transaction with owners	54,814	-	11,252	-	(11,252)	-	54,814
At 31 March 2023	99,777	23,107	12,128	-	(11,252)	(95,041)	28,719
At 1 April 2023	99,777	23,107	12,128	-	(11,252)	(95,041)	28,719
Loss for the year and total comprehensive loss for the year	-	-	-	-	-	(11,599)	(11,599)
Transaction with owners							
<i>Contributions and distributions</i>							
Issue of share capital (Note 26)	5,498	-	-	-	-	-	5,498
Issue of convertibles bonds (Note 25)	-	-	2,156	-	-	-	2,156
Total transaction with owners	5,498	-	2,156	-	-	-	7,654
At 31 March 2024	105,275	23,107	14,284	-	(11,252)	(106,640)	24,774

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years. The financial information for the years ended/as at 31 March 2020, 2021, 2022, 2023 and 2024 are extracted from the consolidated financial statements in the respective annual reports.

Results of the Group for the year ended 31 March

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	31,718	8,379	3,891	12,369	80,845
Loss before taxation	(37,158)	(31,701)	(39,482)	(31,117)	(4,418)
Income tax (expense) credit	-	(530)	976	462	(1,157)
Loss for the year	(37,158)	(32,231)	(38,506)	(30,655)	(5,575)

Assets and liabilities of the Group as at 31 March

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Non-current assets	50,701	64,514	23,945	16,058	29,778
Current assets	61,985	46,948	58,055	66,609	64,325
Total assets	112,686	111,462	82,000	82,667	94,103
Current liabilities	(83,820)	(52,537)	(52,137)	(16,254)	(11,005)
Non-current liabilities	(5,549)	(6,573)	(6,319)	(18,965)	(7,304)
Net assets	23,317	52,352	23,544	47,448	75,794