



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 INTERIM REPORT



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

RESULTS

The board (the “**Board**”) of Directors hereby announces the unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024 (the “**Reporting Period**”), together with the comparative figures of the corresponding period in 2023 (the “**Corresponding Period**” or “**2023**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	For the six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	19,474	10,537
Cost of services rendered		(14,784)	(8,006)
Gross profit		4,690	2,531
Other income	4	102	4,690
General administrative expenses		(8,765)	(14,878)
Selling and distribution costs		(9,453)	(8,845)
Gain on extinguishment of financial liabilities	16	4	–
Loss on extinguishment of convertible bonds	16	(710)	–
Finance costs	5	(1,788)	(1,572)
Loss before tax	5	(15,920)	(18,074)
Income tax expenses	6	–	–
Loss for the period		(15,920)	(18,074)
Attributable to:			
Equity holders of the Company		(15,920)	(18,074)
		HK cent	HK cent
Loss per share attributable to equity holders of the Company			
Basic	7	(0.84)	(0.97)
Diluted	7	(0.84)	(0.97)

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

For the six months ended 30 September 2024

	Notes	For the six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period		(15,920)	(18,074)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign subsidiaries		(137)	(126)
Other comprehensive loss for the period, net of tax		(137)	(126)
Total comprehensive loss for the period		(16,057)	(18,200)
Total comprehensive loss attributable to:			
Equity holders of the Company		(16,057)	(18,200)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Notes	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Non-current assets			
Financial asset at fair value through profit or loss		300	300
Property, plant and equipment	9	38,201	42,874
Right-of-use assets		296	712
Intangible assets	10	5,209	6,815
		44,006	50,701
Current assets			
Trade receivables	11	5,822	46,064
Other receivables	11	7,942	6,756
Income tax recoverable		2,658	3,212
Restricted funds	12	751	1,523
Bank balances and cash		3,165	4,430
		20,338	61,985
Current liabilities			
Trade payables	13	6,676	47,473
Other payables	13	24,111	20,510
Lease liabilities		290	728
Liability component of convertible bonds	16	19,364	15,109
		50,441	83,820
Net current liabilities		(30,103)	(21,835)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2024

	Notes	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Total assets less current liabilities		13,903	28,866
Non-current liabilities			
Lease liabilities		24	25
Deferred tax liabilities	14	40	40
Other long-term liabilities	15	6,140	5,484
		6,204	5,549
NET ASSETS		7,699	23,317
Capital and reserves			
Share capital	17	18,981	18,981
Reserves	18	(11,282)	4,336
TOTAL EQUITY		7,699	23,317

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to equity holders of the Company								
	Share capital HK\$'000 (Note 17)	Share premium HK\$'000 (Note 18(a))	Capital reserve HK\$'000 (Note 18(b))	Convertible bonds reserve HK\$'000 (Note 16)	Exchange reserve HK\$'000 (Note 18(c))	Statutory reserve HK\$'000 (Note 18(d))	Other reserve HK\$'000 (Note 18(e))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023 (audited)	18,596	99,777	37,529	12,128	251	1,199	(11,252)	(105,876)	52,352
Loss for the period	-	-	-	-	-	-	-	(18,074)	(18,074)
Other comprehensive loss <i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(126)	-	-	-	(126)
Total comprehensive loss for the period	-	-	-	-	(126)	-	-	(18,074)	(18,200)
Transaction with owners <i>Contributions and distributions</i>									
Issue of share capital	385	5,498	-	-	-	-	-	-	5,883
Total transaction with owners	385	5,498	-	-	-	-	-	-	5,883
At 30 September 2023 (unaudited)	18,981	105,275	37,529	12,128	125	1,199	(11,252)	(123,950)	40,035
At 1 April 2024 (audited)	18,981	105,275	37,529	14,284	335	1,199	(11,252)	(143,034)	23,317
Loss for the period	-	-	-	-	-	-	-	(15,920)	(15,920)
Other comprehensive loss <i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(137)	-	-	-	(137)
Total comprehensive loss for the period	-	-	-	-	(137)	-	-	(15,920)	(16,057)
Transaction with owners <i>Contributions and distributions</i>									
Issue of convertible bonds (Note 16)	-	-	-	439	-	-	-	-	439
Extinguishment of convertible bonds (Note 16)	-	-	-	1,539	-	-	(1,539)	-	-
Total transaction with owners	-	-	-	1,978	-	-	(1,539)	-	439
At 30 September 2024 (unaudited)	18,981	105,275	37,529	16,262	198	1,199	(12,791)	(158,954)	7,699

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Notes	For the six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
OPERATING ACTIVITIES			
Cash (used in) generated from operations	20	(124)	141
Interest paid		(222)	(1,147)
Interest received		204	1,091
Net cash (used in) from operating activities		(142)	85
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,047)	(1,257)
Disposal of subsidiaries		–	(147)
Net cash used in investing activities		(1,047)	(1,404)
FINANCING ACTIVITIES			
Repayment of leases liabilities		(449)	(451)
Repayment of bond		–	(8,162)
Issue of share capital, net of issue costs	17	–	5,883
Net cash used in financing activities		(449)	(2,730)
Net decrease in cash and cash equivalents		(1,638)	(4,049)
Cash and cash equivalents at the beginning of the reporting period		4,430	11,015
Effect on exchange rate changes		373	(59)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash		3,165	6,907

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

The unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules.

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

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2024, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard (“**HKAS**”) and Interpretations issued by the HKICPA. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “**2024 Audited Consolidated Financial Statements**”).

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2024 Audited Consolidated Financial Statements.

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

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

For the six months ended 30 September 2024

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

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

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

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

Going Concern

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$30,103,000 at 30 September 2024. In addition, the Group incurred a loss of approximately HK\$15,920,000 for the period ended 30 September 2024. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

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

For the six months ended 30 September 2024

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

Going Concern *(Continued)*

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

2. SEGMENT INFORMATION

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

Geographical information

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

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

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

For the six months ended 30 September 2024

2. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(a) Revenue from external customers

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Thailand	19,469	10,368
The Philippines	5	139
Unallocated (Note)	–	30
	19,474	10,537

(b) Specified non-current assets

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
	Hong Kong	351
Thailand	4,587	5,004
The Philippines	38,768	44,620
	43,706	50,401

Note:

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

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

For the six months ended 30 September 2024

2. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the periods ended 30 September 2024 and 2023 is as follows:

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Customer A and its affiliates	7,406	2,174
Customer B and its affiliates	(Note)	1,454

Note:

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

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

For the six months ended 30 September 2024

3. REVENUE

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue from contracts with customers within HKFRS 15		
Merchant discount rate income ("MDR income")	17,945	9,102
Marketing and distribution service income	1,272	930
ESG Consultancy Services income	–	30
	19,217	10,062
Revenue from other sources		
Foreign exchange rate discount income	257	475
	19,474	10,537

4. OTHER INCOME

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Bank interest income	14	102
Gain on disposal of subsidiaries	–	4,296
Other interest income	88	290
Sundry income	–	2
	102	4,690

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

For the six months ended 30 September 2024

5. LOSS BEFORE TAX

This is stated after charging:

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Finance costs		
Effective interest expenses on convertible bonds	1,306	526
Finance charges on lease liabilities	7	18
Interest expenses for financial liabilities at amortised cost	475	492
Interest expenses on bond payable	–	536
	1,788	1,572
Staff costs, including key management's remuneration		
Salaries, allowances and other short-term employee benefits	2,956	3,739
Contributions to defined contribution plans	70	85
	3,026	3,824
Other items		
Amortisation of intangible assets (included in "Selling and distribution costs")	1,412	1,415
Depreciation of property, plant and equipment	5,775	5,826
Depreciation of right-of-use assets	420	437

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

For the six months ended 30 September 2024

6. INCOME TAX EXPENSES

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Income tax expenses for the period	–	–

(a) Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% (2023: 16.5%) has not been provided as the Group incurred a loss for taxation purpose for the Reporting Period and the Corresponding Period.

(b) Income taxes outside Hong Kong

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

Thailand Corporate Income Tax at the rate of 20% (2023: 20%) has not been provided as the Group's operation in Thailand incurred a loss for taxation purposes for the Reporting Period and the Corresponding Period.

Corporate income tax in the Philippines at the rate of 25% (2023: 25%) has not been provided as the Group's operation in the Philippines has commenced and has incurred a loss for taxation purpose during the Reporting Period and the Corresponding Period.

Corporate income tax in Cambodia at the rate of 20% (2023: 20%) has not been provided as the Group's operation in Cambodia has not yet commenced its business for the Reporting Period and the Corresponding Period.

Dividends payable by a foreign invested enterprise in Thailand to its foreign investors are subject to a 10% (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.

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

For the six months ended 30 September 2024

6. INCOME TAX EXPENSES *(Continued)*

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

Dividends payable by a foreign invested enterprise in the Philippines to its foreign investors are subject to a 25% (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.

7. LOSS PER SHARE

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

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period attributable to equity holders of the Company	(15,920)	(18,074)

	For the six months ended 30 September	
	2024 Number of Shares	2023 Number of Shares
Weighted average number of ordinary shares	1,898,107,000	1,872,203,000

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares has anti-dilutive effects during the Reporting Period and the Corresponding Period.

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

For the six months ended 30 September 2024

8. DIVIDENDS

The Directors did not recommend a payment of dividend for the six months ended 30 September 2024 (2023: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group incurred expenditures on property, plant and equipment with a total cost of approximately HK\$1,047,000 (2023: approximately HK\$1,257,000) and no property, plant and equipment has been disposed of or impaired by the Group for both periods.

10. INTANGIBLE ASSETS

During the six months ended 30 September 2024, the Group did not incur any expenditures on intangible assets (2023: Nil) and no intangible assets has been disposed of or impaired by the Group for both periods.

11. TRADE AND OTHER RECEIVABLES

	Notes	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Trade receivables			
Trade receivables from third parties	11(a)	5,822	46,064
Other receivables			
Deposits		60	48
Deposits for acquisition of assets (Note)		261	–
Prepayments		4,136	4,388
Other debtors	11(b)	3,485	2,320
		7,942	6,756

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

For the six months ended 30 September 2024

11. TRADE AND OTHER RECEIVABLES *(Continued)*

Note:

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

(a) Trade receivables

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

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Less than 1 month	5,768	46,064
Over 3 months	54	–
	5,822	46,064

(b) Other debtors

At the end of the Reporting Period, other debtors included:

- (i) loans to independent third parties of a total of approximately HK\$1,380,000 (31 March 2024: approximately HK\$1,398,000) which are unsecured, interest-bearing at 12% per annum and repayable on 31 March 2025 (31 March 2024: unsecured, interest bearing at 12% per annum and repayable on 30 September 2024); and
- (ii) the remaining items of other debtors, which are unsecured, interest-free and have no fixed repayment term.

12. RESTRICTED FUNDS

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

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

For the six months ended 30 September 2024

13. TRADE AND OTHER PAYABLES

	Notes	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Trade payables			
Trade payables to third parties	13(a)	6,676	47,473
Other payables			
Accruals and other payables	13(b)	24,111	20,510

(a) Trade payables

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

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Less than 1 month	6,517	47,434
1 month to 3 months	–	11
Over 3 months	159	28
	6,676	47,473

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

For the six months ended 30 September 2024

13. TRADE AND OTHER PAYABLES *(Continued)*

(b) Accruals and other payables

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

- (i) other payable to a third party guaranteed by a former director of the Company of approximately HK\$1,281,000 which bears interest at 12% per annum and repayable on demand (31 March 2024: approximately HK\$1,281,000 which bears interest at 12% per annum and repayable on demand);
- (ii) other borrowings from a third party of approximately HK\$2,325,000 which is unsecured, interest bearing at 12% per annum and repayable on demand (31 March 2024: 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 payables and borrowings of approximately HK\$2,865,000, HK\$2,626,000 and HK\$717,000 respectively (31 March 2024: approximately HK\$2,700,000, HK\$2,084,000 and HK\$723,000), which is unsecured, interest-free and repayable within one year;
- (iv) accrued salaries and directors' fees of approximately HK\$5,242,000 (31 March 2024: approximately HK\$4,531,000) which is unsecured, interest-free and repayable on demand; and
- (v) the remaining items of accruals and other payables, which are unsecured, interest-free and have no fixed repayment term.

14. DEFERRED TAXATION

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Liabilities		
Withholding tax on undistributed earnings of a foreign subsidiary	40	40

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

For the six months ended 30 September 2024

14. DEFERRED TAXATION *(Continued)*

At 30 September 2024, deferred tax liabilities of approximately HK\$40,000 (31 March 2024: approximately HK\$40,000) has been recognised for the future withholding tax implications of the portion of undistributed earnings of Oriental City Group (Thailand) Co., Ltd. ("**OCG Thailand**") that may be distributed in the foreseeable future. Started from 1 April 2016, certain retained earnings of OCG Thailand are kept for financing the continuing operations with reference to the working capital level. After considering the retained earnings available for distribution in the foreseeable future, no provision for additional deferred taxation has been provided for both periods.

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent the preference shares issued by OCG Thailand, which is one of the subsidiaries of the Group. The holder of such preference shares, who is a Thai citizen, has the following rights:

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

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

As at 30 September 2024, 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\$6,140,000) (31 March 2024: Baht 25,500,000 (equivalent to approximately HK\$5,484,000)) in respect of the issued and paid-up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% per annum (31 March 2024: 9.5% per annum), with accrued dividend payable of approximately Baht 10,904,568 (equivalent to approximately HK\$2,626,000) as included in "Trade and other payables" (31 March 2024: approximately Baht 9,690,000 (equivalent to approximately HK\$2,084,000)).

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS

16(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 consistent with those applied in the preparation of the 2024 Audited Consolidated Financial Statements.

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(a) Convertible Bonds issued on 26 June 2020 (the “Convertible Bonds I”) *(Continued)*

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.

During the six months ended 30 September 2024 and 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 19 of the Interim Financial Statements.

On 2 January 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.

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(a) Convertible Bonds issued on 26 June 2020 (the “Convertible Bonds I”) *(Continued)*

The Third Addendum was effective on 2 April 2024 and was considered as significant modification resulting in the extinguishment of the original Convertible Bonds I and the recognition a new Convertible Bonds I. The new Convertible Bonds I were separated into a liability component and an equity component representing the conversion options of the bondholders. The fair value of the liability component was calculated using market interest rate of 11.49% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by an independent professionally qualified valuer. The residual amount, representing the value of the equity conversion component, has been included in the convertible bonds reserve. As a result, the liability component was adjusted by approximately HK\$710,000 which was recognised as loss on extinguishment of convertible bonds. The convertible bonds reserve was adjusted by approximately HK\$1,539,000 which was recognised in equity under other reserve as owner’s transaction.

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

	HK\$'000
Liability component	
At 31 March 2023 and 1 April 2023 (audited)	11,835
Effective interest expenses	764
Interest accrued	(749)
<hr/>	
At 31 March 2024 and 1 April 2024 (audited)	11,850
Effective interest expenses	225
Loss on extinguishment of old Convertible Bonds I	710
<hr/>	
At 30 September 2024 (unaudited)	12,785

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS (Continued)

16(a) Convertible Bonds issued on 26 June 2020 (the “Convertible Bonds I”) (Continued)

	HK\$'000
Equity component	
At 31 March 2023, 1 April 2023, 31 March 2024 and 1 April 2024 (audited)	12,128
Gain on extinguishment of old Convertible Bonds I	1,539
	<hr/>
At 30 September 2024 (unaudited)	13,667

None of the Convertible Bonds I have been converted into the Company's ordinary shares during the Reporting Period (2023: Nil).

16(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 on 5 March 2024 (the “**Bond Issue Date II**”). The Convertible Bonds II will be matured on the date falling upon the expiry of one year from 16 February 2024 (the “**Subscription Agreement Date I**”) 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 Subscription Agreement Date I.

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(b) Convertible bonds issued on 5 March 2024 (the “Convertible Bonds II”) *(Continued)*

During the year ended 31 March 2024, 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 Subscription Agreement Date I. 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. The liability component was amortised over the term of the Convertible Bonds II with the effective interest method.

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(b) Convertible bonds issued on 5 March 2024 (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 and 1 April 2024 (audited)	3,259
Effective interest expenses	808
Interest accrued	(154)
	<hr/>
At 30 September 2024 (unaudited)	3,913

	HK\$'000
Equity component	
Fair value of equity component the Bond Issue Date II	2,167
Issue costs	(11)
	<hr/>
At the Bond Issue Date II, at 31 March 2024, 1 April 2024 (audited) and 30 September 2024 (unaudited)	2,156

None of the Convertible Bonds II have been converted into the Company's ordinary shares during the Reporting Period (2023: Nil).

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(c) Convertible Bonds issued on 22 May 2024 (the "Convertible Bonds III")

The Company issued the Convertible Bonds III with a coupon rate of 7% per annum, in aggregate principal amount of HK\$931,000 with the right to be converted into maximum number of 5,818,750 ordinary shares of the Company at the conversion price of HK\$0.16 per share subject to adjustments on 22 May 2024 (the "Bond Issue Date III"). The Convertible Bonds III will be matured on the date falling upon the expiry of one year from 20 March 2024 (the "Subscription Agreement Date II") or if such date is not a business day, the immediate preceding business day. The Convertible Bonds III 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 Subscription Agreement Date II.

At the initial recognition, the Convertible Bonds III 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 Subscription Agreement Date II. The fair value of the liability component was calculated using market interest rates at 10.28% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by an independent professionally qualified valuer. The residual amount, representing the value of the equity conversion component, has been included in the convertible bonds reserve.

The fair value of the Convertible Bonds III is determined using valuation models for which involved unobservable inputs. A day-one gain, which represented the difference between the nominal value and the fair value of the Convertible Bonds III at the Bond Issue Date III, is not recognised in profits of loss immediately but deferred. The carrying value of the liability component and the equity component of the Convertible Bonds III is net of the day-one gain and direct related costs which are allocated to the liability component and the equity component on the same allocation basis of the allocation of the fair value of the Convertible Bonds III. The deferred day-one gain in the liability component of approximately HK\$11,000 were amortised over the term of the Convertible Bonds III and included in "Effective interest expenses on convertible bonds" in profit or loss and deferred day-one gain in the equity component of approximately HK\$2,000 will be accounted for in the same basis as the equity component.

The liability component was amortised over the term of the Convertible Bonds III with the effective interest method. The effective interest rate of the liability component of the Convertible Bonds III on initial recognition, which excluded the impact of day-one gain is 34.76% per annum and is subsequently carried at amortised cost.

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(c) Convertible Bonds issued on 22 May 2024 (the "Convertible Bonds III") *(Continued)*

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

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

	Gross Amount HK\$'000	Deferred day-one gain HK\$'000	Net Amount HK\$'000
Liability component			
Fair value of liability component at the Bond Issue Date III	777	11	788
Issue costs	(7)	–	(7)
	770	11	781
Effective interest expenses	96	(5)	91
At 30 September 2024 (unaudited)	866	6	872
	HK\$'000	HK\$'000	HK\$'000
Equity component			
Nominal value of the Convertible Bonds	918	13	931
Fair value of liability component at the Bond Issue Date III	(777)	(11)	(788)
Issue costs	(2)	–	(2)
At the Bond Issue Date III and 30 September 2024 (unaudited)	139	2	141

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(d) Convertible Bonds issued on 28 May 2024 (the "Convertible Bonds IV")

The Company issued the Convertible Bonds IV with a coupon rate of 7% per annum, in aggregate principal amount of approximately HK\$1,918,000 with the right to be converted into maximum number of 11,989,431 ordinary shares of the Company at the conversion price of HK\$0.16 per share subject to adjustments on 28 May 2024 (the "**Bond Issue Date IV**"). The Convertible Bonds IV will be matured on the date falling upon the expiry of one year from Subscription Agreement Date II or if such date is not a business day, the immediate preceding business day. The Convertible Bonds IV 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 Subscription Agreement Date II.

Upon the completion, the principal amount of the Convertible Bonds IV (i.e., approximately HK\$1,918,000) is setting off against by the indebted amount of approximately HK\$313,000 and by cash amount of approximately HK\$1,605,000.

At the initial recognition, the Convertible Bonds IV were separated into a liability component and a 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 Subscription Agreement Date II. The fair value of the liability component was calculated using market interest rates at 10.38% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by an independent professionally qualified valuer. The residual amount, representing the value of the equity component net of direct related cost, has been included in the convertible bonds reserve.

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(d) Convertible Bonds issued on 28 May 2024 (the "Convertible Bonds IV") *(Continued)*

Since part of the Convertible Bonds IV is settled by the indebted amount of approximately HK\$313,000, the difference of approximately HK\$4,000 between the fair value of the liabilities component and equity component with total of approximately of HK\$309,000, which are allocated in proportion of consideration paid, has been recognised as gain on extinguishment of financial liabilities in profit or loss.

A day-one gain of which represents the difference between the nominal value and the fair value of the Convertible Bonds IV with cash settlement at the Subscription Agreement Date II, is not recognised in profit or loss immediately but deferred. The portion relating to the carrying value of the liability component of Convertible Bonds IV is net of the day-one gain and direct related costs. The deferred day-one gain in the liability component of HK\$19,000 were amortised over the term of the Convertible Bonds IV and included in "Effective interest expenses on convertible bonds" in profit or loss and deferred day-one gain in the equity component of approximately HK\$4,000 will be accounted for in the same basis as the equity component.

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

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(d) Convertible Bonds issued on 28 May 2024 (the "Convertible Bonds IV") *(Continued)*

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

	Gross Amount HK\$'000	Deferred day-one gain HK\$'000	Net Amount HK\$'000
Liability component			
Fair value of liability component at the Bond Issue Date IV	1,596	19	1,615
Issue costs	(3)	–	(3)
	1,593	19	1,612
Effective interest expenses	191	(9)	182
At 30 September 2024 (unaudited)	1,784	10	1,794
Equity component			
Nominal value of the Convertible Bonds	1,891	23	1,914
Fair value of liability component at the Bond Issue Date IV	(1,596)	(19)	(1,615)
Issue costs	(1)	–	(1)
At the Bond Issue Date IV and 30 September 2024 (unaudited)	294	4	298

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

For the six months ended 30 September 2024

16. CONVERTIBLE BONDS *(Continued)*

16(d) Convertible Bonds issued on 28 May 2024 (the "Convertible Bonds IV") *(Continued)*

Reconciliation of gain on extinguishment of financial liabilities:

	HK\$'000
Indebted amount being allocated as settled by Convertible Bonds IV	313
Fair value of the Convertible Bonds IV	(309)
Gain on extinguishment of financial liabilities	4

17. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 30 September 2024 and 31 March 2024	10,000,000,000	100,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 30 September 2024 and 31 March 2024	1,898,106,667	18,981

18. RESERVES

(a) Share premium

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

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

For the six months ended 30 September 2024

18. RESERVES *(Continued)*

(b) Capital reserve

The capital reserve represents:

- (i) the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the non-controlling interests (if any); and
- (ii) listing expenses and other listing expenses borne by China Smartpay Group Holdings Limited ("**China Smartpay**"), the former ultimate holding company of the Company, as a capital contribution from China Smartpay, which was recorded in the Group's equity.

(c) Exchange reserve

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

(d) Statutory reserve

In accordance with the relevant laws and regulations in Thailand, OCG Thailand is required to appropriate not less than 5% of its net profit to the statutory reserve upon each dividend distribution, until the statutory reserve reaches 10% of its registered authorised capital. The statutory reserve is not available for dividend distribution.

(e) Other reserve

The amount represents the difference between the carrying amount of the equity component of the old Convertible Bonds I and the new Convertible Bonds I at the date of significant modification as owners' transaction as set out in Note 16 of the Interim Financial Statements.

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

For the six months ended 30 September 2024

19. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 September 2024 and 2023, information of the related party transactions is set out below.

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

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Key management personnel		
Salaries and allowances	1,249	2,065
Contributions to defined contribution retirement schemes	18	27
	1,267	2,092
Close family member of key management personnel		
Salaries and allowances	150	150
Contributions to defined contribution retirement schemes	8	8
	158	158
	1,425	2,250
Substantial shareholders		
Interest expenses on convertible bonds	225	416

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

For the six months ended 30 September 2024

20. CASH (USED IN) GENERATED FROM OPERATIONS

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss before tax	(15,920)	(18,074)
Amortisation	1,412	1,415
Depreciation of property, plant and equipment	5,775	5,826
Depreciation of right-of-use assets	420	437
Foreign exchange differences	1,052	301
Loss on extinguishment of convertible bonds	710	–
Gain on extinguishment of financial liabilities	(4)	–
Gain on disposal of subsidiaries	–	(4,296)
Bank interest income	(14)	(102)
Other interest income	(88)	(290)
Finance costs	1,788	1,572
Changes in working capital		
Trade and other receivables	44,945	5,643
Restricted funds	3,624	456
Trade and other payables	(43,824)	7,253
Cash (used in) generated from operations	(124)	141

21. CAPITAL EXPENDITURE COMMITMENTS

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Contracted but not provided for, net of deposits paid – acquisition of tangible and intangible assets	108	–

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

For the six months ended 30 September 2024

22. EVENTS AFTER THE REPORTING PERIOD

Subscriptions of Convertible Bonds under General Mandate in October 2024

On 15 October 2024, the Company entered into the subscription agreement with Blu Venture Partners, LLC, an independent subscriber (the “**Subscriber**”), pursuant to which the Company conditionally agreed to issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for, the convertible bonds under general mandate (the “**October 2024 Convertible Bonds**”) with a coupon interest rate of 7% per annum for 1 year, in an aggregate principal amount of HK\$3,120,000 at the conversion price of HK\$0.14 per conversion share.

Details of the transaction regarding the October 2024 Convertible Bonds have been disclosed by the Company in its announcement dated 15 October 2024.

Save as disclosed herein, no important subsequent event was undertaken by the Group after 30 September 2024 and up to the date of this report.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the Board on 25 November 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

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

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

During the Reporting Period, the Group has benefited from the relief of coronavirus disease 2019 ("Covid-19") pandemic policies and the reopening of the border of the People's Republic of China (the "PRC"). In addition, after Thailand has waived its visa requirements in relation to visitors 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 promote tourism and boost trade and economic development. The Group's revenue significantly increased for the Reporting Period as a result of increase in the number of Chinese tourists travelling to Thailand.

Looking forward, with further improvement of the Covid-19 pandemic situation, the Group believes that we are on the right track of bringing the business back to normal. Though there are still challenges in the PRC's economic recovery which may adversely affect tourism and accordingly the Group's business, the Group will proactively strengthen its competitiveness and diligently respond to the rapidly changing global business environment. The Group will continue to explore 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 negotiating with potential business partners and distributors. With the enormous Southeast Asia market and new era technology, the Group is able to widen its range of services and 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, thereby 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, which is in line with the Group's key objective to be a leading payment-based technology platform provider.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a total revenue of approximately HK\$19.5 million (2023: approximately HK\$10.5 million) derived from the merchant acquiring business, which included (i) the MDR income of approximately HK\$17.9 million (2023: approximately HK\$9.1 million), (ii) the foreign exchange rate discount income of approximately HK\$0.3 million (2023: approximately HK\$0.5 million), and (iii) the marketing and distribution service income of approximately HK\$1.3 million (2023: approximately HK\$0.9 million). There was no ESG Consultancy Services income during the Reporting Period (2023: approximately HK\$30,000). The MDR income increased by approximately HK\$8.8 million when compared with that in the Corresponding Period due to the relief of policies in 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\$0.3 million as compared with that in the Corresponding Period was mainly due to the reopening of the mainland-Hong Kong border in January 2023 as mentioned above, and also the commencement of the bCode business and operation in the Philippines since April 2023. The decrease in the foreign exchange rate discount income by approximately HK\$0.2 million was noted during the Reporting Period. There was no ESG Consultancy Services income during the Reporting Period (2023: approximately HK\$30,000) due to the completion of disposal of subsidiaries (one of which engaged in the ESG consultancy and reporting business) on 18 April 2023.

Cost of services rendered

Cost of services rendered of the Group mainly includes the IT network service fee and franchise license fee for the merchant acquiring business. The total cost of services rendered for the Reporting Period amounted to approximately HK\$14.8 million (2023: approximately HK\$8.0 million). The increase in cost of services rendered of approximately 84.7% was mainly in line with the increase in revenue for the Reporting Period.

Gross profit and gross profit margin

The gross profit for the Reporting Period amounted to approximately HK\$4.7 million, representing an increase of approximately HK\$2.2 million or approximately 85.3% as compared with that of approximately HK\$2.5 million for the Corresponding Period, as a result of the increase in revenue for the Reporting Period. No material fluctuation in the Group's gross profit margin, which amounted to approximately 24.1% for the Reporting Period (2023: approximately 24.0%), was noted.

Other income

The other income of the Group for the Reporting Period amounted to approximately HK\$0.1 million (2023: approximately HK\$4.7 million). The significant decrease in the other income by approximately 97.8% was mainly due to the gain on disposal of subsidiaries of approximately HK\$4.3 million made in the Corresponding Period while no such gain was recorded in the Reporting Period.

General administrative expenses

The general administrative expenses of the Group for the Reporting Period amounted to approximately HK\$8.8 million (2023: approximately HK\$14.9 million). The decrease in general administrative expenses by approximately 41.1% was mainly due to better cost control measures during the Reporting Period.

Selling and distribution costs

The Group recorded selling and distribution costs of approximately HK\$9.5 million for the Reporting Period (2023: approximately HK\$8.8 million). The slight increase in selling and distribution costs was mainly due to the increase in business development, and sales and marketing activities during the Reporting Period.

Finance costs

The finance costs amounted to approximately HK\$1.8 million for the Reporting Period (2023: approximately HK\$1.6 million). The amount represented (i) the effective interest expenses on convertible bonds, (ii) the finance costs on lease liabilities, (iii) the finance costs on financial liabilities at amortised cost, and (iv) the finance costs of bond issued. Details of the finance costs are set out in Note 5 to the Interim Financial Statements.

Loss for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$15.9 million for the Reporting Period (2023: approximately HK\$18.1 million). The decrease in net loss was mainly attributable to the net effect of (i) the increase in revenue and gross profit, selling and distribution costs, loss on extinguishment of convertible bonds and finance costs, and (ii) the decrease in other income and general administrative expenses, during the Reporting Period.

Liquidity and financial resources

As at 30 September 2024, the Group had current assets of approximately HK\$20.3 million (31 March 2024: approximately HK\$62.0 million) including bank balances and cash of approximately HK\$3.2 million (31 March 2024: approximately HK\$4.4 million), which are denominated in HK\$, Baht and US\$. Total assets and total liabilities were approximately HK\$64.3 million (31 March 2024: approximately HK\$112.7 million) and HK\$56.6 million (31 March 2024: approximately HK\$89.4 million), respectively, as at 30 September 2024.

The gearing ratio, which was calculated by dividing other long-term liabilities and convertible bonds by total equity, was approximately 331.3% as at 30 September 2024 (31 March 2024: approximately 88.3%). Other long-term liabilities represent preference shares issued by OCG Thailand, a wholly-owned subsidiary of the Company. For details of these liabilities and other borrowings (e.g., dividend/interest rate, maturity date) as at 30 September 2024, which were denominated in HK\$, Baht and US\$, please refer to Notes 15 and 16 of the Interim Financial Statements. The increase in the gearing ratio was mainly due to the impact of the Covid-19 pandemic aftershocks facing the Group which caused a net loss attributable to owners of the Company of approximately HK\$15.9 million for the Reporting Period, thereby decreasing the total equity as at 30 September 2024.

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

Capital structure

As at 30 September 2024, total equity attributable to equity holders of the Company, which constituted the Group's capital, amounted to approximately HK\$7.7 million (31 March 2024: approximately HK\$23.3 million). The decrease in total equity attributable to equity holders of the Company was mainly due to the impact of the Covid-19 pandemic aftershocks to the Group which caused a net loss attributable to owners of the Company of approximately HK\$15.9 million for the Reporting Period.

Dividend policy

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

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

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

Treasury policy

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

Foreign exchange exposure

The Group mainly operates in Thailand and the Philippines with transactions denominated in Baht and Philippine Peso, respectively. The Group is exposed to foreign exchange risks as the Group's trade receivables are denominated in US\$. The Directors and senior management have monitored the related foreign exchange risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Board, the Group will enter into foreign currency forward contracts should the needs arise. As at 30 September 2024, the Group had outstanding foreign currency forward contracts of US\$300,000 (equivalent to approximately HK\$2,331,000) (31 March 2024: Nil) for the exchange of US\$ with Baht. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. The Group did not have other derivatives for hedging against the foreign exchange rate risk as at 30 September 2024.

Significant investment, material acquisitions and disposals

During the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries, associates, joint ventures and affiliated companies (2023: Nil).

Future plans for material investments and capital assets

Save as disclosed in this report, the Group did not have any plans for material investment or acquisition of capital assets as at 30 September 2024 and the date of this report. The Company will make further announcement in accordance with the GEM Listing Rules, where applicable, if any investments and acquisition opportunities materialise.

Segment information

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

Charges on the Group's assets

There was no charge on the Group's assets as at 30 September 2024 (2023: Nil).

Contingent liabilities

As at 30 September 2024, the Group did not have any material contingent liabilities (2023: Nil).

Employee and remuneration policies

As at 30 September 2024, the Group had a total of 20 employees (31 March 2024: 20 employees) among whom 7 (31 March 2024: 8) were based in Hong Kong, and 13 were based in Thailand (31 March 2024: 12). For the Reporting Period, the total staff costs, including key management's remuneration, amounted to approximately HK\$3.0 million (2023: approximately HK\$3.8 million).

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks involved in its operations, many of which are beyond its control. Please refer to the section headed "Principal Risks and Uncertainties" in the annual report dated 26 June 2024.

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on GEM of the Stock Exchange on 16 October 2018 with a total of 250,000,000 ordinary shares issued at HK\$0.22 each by way of share offer (the “**Share Offer**”). The Directors intended to apply the net proceeds from the Share Offer in accordance with the proposed applications as set out in the prospectus of the Company dated 27 September 2018 (the “**Prospectus**”), the supplemental announcement (the “**Supplemental Announcement**”) of the Company dated 29 September 2021 in relation to the annual results announcement and the annual report of the Company for the year ended 31 March 2020, the announcement (the “**Change in Use of Proceeds Announcement**”) of the Company dated 29 September 2022 in relation to change in use of proceeds, and the announcement (the “**Second Change in Use of Proceeds Announcement**”) of the Company dated 28 March 2024 in relation to second change in use of proceeds. The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$51.1 million. The amount of unutilised net proceeds brought forward to the six months ended 30 September 2024 from the year ended 31 March 2024 was approximately HK\$4.0 million. Up to 30 September 2024, the net proceeds from the Share Offer had been applied as follows:

	Intended use of net proceeds	Amount unutilised as at 31 March 2022	Revised allocation of the unutilised net proceeds	Amount utilised during the year ended 31 March 2023	Amount unutilised as at 31 March 2023	Amount utilised from 1 April 2023 to 28 March 2024	Amount unutilised as at 28 March 2024	Revised allocation of the unutilised net proceeds	Amount unutilised as at 31 March 2024	Amount utilised from 1 April 2024 to 30 September 2024	Amount unutilised as at 30 September 2024
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(Approximately)	(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	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 relevant 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 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 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 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\$0.1589 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. No rights in the March 2024 Convertible Bonds were exercised during the Reporting Period.

The net proceeds from the March 2024 Convertible Bonds were approximately HK\$2,829,000. As at 30 September 2024, the net proceeds from the March 2024 Convertible Bonds had been applied as follows:

	Intended use of net proceeds	Amount utilised up to 31 March 2024	Amount unutilised as at 31 March 2024	Amount utilised from 1 April 2024 to 30 September 2024	Amount unutilised as at 30 September 2024
	HK\$'000 <i>(Approximately)</i>	HK\$'000 <i>(Approximately)</i>	HK\$'000 <i>(Approximately)</i>	HK\$'000 <i>(Approximately)</i>	HK\$'000 <i>(Approximately)</i> (Note)
Offset against the indebted amount	313	–	313	313	–
General working capital of the Group	2,516	1,317	1,199	1,199	–
	2,829	1,317	1,512	1,512	–

Note:

During the Reporting Period, approximately HK\$313,000 and approximately HK\$1.2 million of the net proceeds from the March 2024 Convertible Bonds were utilised for the offset against the Group's indebted amount and the Group's general working capital, respectively, in accordance with the intended use previously disclosed.

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.

Saved as disclosed in this report, during the six months ended 30 September 2024, the Company did not issue for cash any equity securities (including shares, debentures, and securities convertible into equity securities) or sell treasury shares for cash.

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

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

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

Notes:

- (1) "L" denotes long position.
- (2) The calculation is based on the total number of shares of the Company in issue as at 30 September 2024, being 1,898,106,667 shares.

- (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 a loan agreement dated 14 March 2022 entered into between a shareholder of the Company as borrower and chargor and Best Practice as lender. As at 30 September 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.

Save as disclosed above, as at 30 September 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 and/or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

As at 30 September 2024, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of ordinary shares or underlying shares of the Company (Note 1)	Approximate percentage of issued shares of the Company (Note 2)
Mobile Technology Holdings Limited (" MTHL ") (Note 3)	Beneficial owner	476,666,667 (L)	25.11%
Mr. Choy Hok Man (" Mr. Choy ") (Note 4)	Beneficial owner	19,880,000 (L)	1.05%
	Interest in a controlled corporation	304,460,000 (L)	16.04%
	<i>Interest in convertible bonds</i>		
	Beneficial owner	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%
		404,329,590 (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 shares of the Company in issue as at 30 September 2024, being 1,898,106,667 shares.

- (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 were 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 19,880,000 shares were directly held by Mr. Choy and 304,460,000 shares were held by Metagate, which was in turn wholly-owned by Rainbow Capital. The unlisted Convertible Bonds with 85,624,011 underlying shares and 99,868,590 underlying shares were held by Mr. Choy and Metagate, respectively. As at 30 September 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 and the 99,868,590 shares underlying the Convertible Bonds held by Metagate pursuant to Part XV of the SFO.
- (5) These 200,000,000 shares were held by Gold Track which was in turn wholly-owned by Mr. Tsang, an executive Director and the managing Director of the Group.
- (6) These 138,000,000 shares were held by Straum Investments which was in turn wholly-owned by Mr. Yu. Ms. Choi is the wife of Mr. Yu, and hence Ms. Choi was deemed to be interested in such 138,000,000 shares due to the interest of her spouse (i.e., Mr. Yu) pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 September 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

The Company has adopted the principles and the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules as the basis of the Company’s corporate governance practices throughout the Reporting Period and up to the date of this report.

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

Pursuant to C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the retirement of the then executive Director and chief executive officer of the Company (“**CEO**”), Mr. Lin Xiaofeng, on 30 September 2022, and the retirement of the then executive Director and chairman of the Board (the “**Chairman**”), Dr. Ng Kit Chong, on 10 November 2022, Mr. Tsang Chi Kit, the executive Director and the Managing Director of the Company (the “**Managing Director**”), has continued the duties of (i) the CEO since 1 October 2022, and (ii) the Chairman since 11 November 2022, respectively. In the opinion of the Board, the roles of the Managing Director and the CEO are the same. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and effectively respond to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code to be appropriate in such circumstance.

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code, the Board comprises 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 CEO/the Managing Director, because the separation would render the decision-making process of the Company less efficient than the current structure. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the shareholders as a whole and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

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

NON-COMPLIANCE WITH RULES 5.05(1) AND 17.104 OF THE GEM LISTING RULES

At the annual general meeting of the Company held on 26 July 2024, Ms. Liao Pui Yee Bonnie (“**Ms. Liao**”), the then independent non-executive Director, did not offer herself for re-election as she would like to devote more time to her other personal and business commitments, and accordingly, has retired as an independent non-executive Director upon the conclusion of the meeting. Since the conclusion of the meeting and up to the end of the Reporting Period, no independent non-executive Director had been appointed in place of Ms. Liao, and therefore as at the end of the Reporting Period:

- (i) the number of independent non-executive Directors fell below the minimum number as required under Rule 5.05(1) of the GEM Listing Rules; and
- (ii) the composition of the Board consisted of a single gender, consequently failing to comply with Rule 17.104 of the GEM Listing Rules.

The Company had since taken remedial steps to identify suitable candidates with appropriate expertise for appointment as an independent non-executive Director. The Company has sought recommendations and referrals from its Directors, senior management, financial adviser and other professional parties, and reached out to certain candidates for further discussions. In October 2024, the Company has identified one female independent non-executive Director candidate, Ms. Tam Yuen Lam Angela (“**Ms. Tam**”), whom the Company considers suitable after considering her experience and qualifications. Several discussions have been held with Ms. Tam throughout October 2024 and Ms. Tam has verbally indicated her acceptance as the new independent non-executive Director in mid-October 2024. Ms. Tam was eventually appointed as an independent non-executive Director on 1 November 2024.

Upon the appointment of Ms. Tam as an independent non-executive Director on 1 November 2024, (i) the Board comprises five members, including one executive Director, one non-executive Director and three independent non-executive Directors, and (ii) the Board has at least one Director of a different gender. Accordingly, the Company fulfils the minimum number of independent non-executive Directors required under Rule 5.05(1) of the GEM Listing Rules, and the requirement of gender diversity of the Board as set out in Rule 17.104 of the GEM Listing Rules. For details, please refer to the announcement of the Company dated 1 November 2024.

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

Save as disclosed above in this report, the Company is not aware of any other changes in information of the Directors subsequent to the date of the annual report of the Company for the year ended 31 March 2024 which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 September 2024 which competed or may compete, directly or indirectly, with the Group's business.

DIRECTORS' SECURITIES TRANSACTIONS

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

SHARE OPTION SCHEME

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

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 18 September 2018. Since the date of adoption of the Share Option Scheme and up to 30 September 2024, no option has been granted by the Company. As at the beginning and the end of the Reporting Period and the date of this report, the Company has 100,000,000 shares available for issue under the Share Option Scheme (representing (i) 10% of the total issued shares of the Company as at the listing date of the Company (i.e., 16 October 2018); and (ii) approximately 5.3% of the total number of the existing issued shares of the Company as at the date of this report) pursuant to the provisions of the Share Option Scheme. Details of the Share Option Scheme are set out in the Prospectus.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 22 to the Interim Financial Statements, no significant events have taken place since the end of the interim period for the six months ended 30 September 2024.

REVIEW BY THE AUDIT COMMITTEE

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

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

Hong Kong, 25 November 2024

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