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Issuer: OxPay Financial Limited

Stock code: TVV

Meeting details:

Date: 19 Dec 2024

Time: 10.00 a.m.

Venue: 137 Cecil Street, Cecil Building, #05-02, Singapore 069537

Q1. At the extraordinary general meeting scheduled to be held on 19 December 2024, shareholders are asked to approve several resolutions, including the proposed issue of conversion shares pursuant to the convertible loan agreement, the proposed transfer of controlling interest to the lender and the proposed whitewash resolution.

- (i) **Has the company already drawn down on the convertible loan facility of up to \$2 million? If not, under what circumstances does the board foresee utilising this facility?**
- (ii) **With cash and cash equivalents of \$6.47 million as at 30 June 2024¹, how critical is the convertible loan in relation to the group’s working capital?**

For reference, the group secured a temporary bridging loan of \$1 million under the Singapore Enterprise Financing Scheme, bearing interest rate of 4.5% per annum. The group has also a \$500,000 term loan facility from Green Link Digital Bank.

- (iii) **What is the interest rate on the Green Link Digital Bank term loan and how was the interest rate of 6.9% per annum for the convertible loan determined?**
- (iv) **Before deciding on the convertible loan facility, what alternative financing options did management explore, and why were these deemed less suitable?**

Status	Announcement Date	Issuer	Aggregate Principal Amount	IRR at Final Redemption	Financial Health	Conversion Price (\$)	VWAP/ (last traded) (\$)	Interest (per annum)	Tenure	Premium/ (Discount) to VWAP
Completed	12-Jul-24	Vividthree Holdings Ltd.	S\$700,000	8% per annum	Net Assets	0.0600	0.0252	6.0%	36 months	138.1%
Ongoing	13-Jun-24	Mooreast Holdings Ltd.	S\$20,010,000	Principal only	Net Assets	0.2900	0.1036	3.7%	36 months	179.9%
Ongoing	26-Mar-24	SunMoon Food Company Limited	S\$4,000,000	Principal only	Net Assets	0.0300	0.0200	-	24 months	50.0%
Ongoing	26-Jan-24	GS Holdings Limited	S\$1,000,000	Principal only	Net Assets	0.0153	0.0170	5.0%	24 months	(10.0)%
Completed	13-Oct-23	Addvalue Technologies Ltd	S\$1,020,500	Principal only	Net Liabilities	0.0130	0.0120	9.0%	24 months	8.3%
Completed	4-Jul-23	EuroSports Global Limited	S\$3,300,000	Principal only	Net Assets	0.4500	0.1900	4.0%	36 months	136.8%
Completed	3-Jul-23	IX Biopharma Ltd	S\$2,000,000	Principal only	Net Assets	0.1337	0.0910	9.0%	24 months	46.9%
Completed	15-Mar-23	Medi Lifestyle Limited	S\$30,000,000	Principal only	Net Liabilities	0.0200	0.0070	-	36 months	185.7%
Completed	17-Feb-23	Medi Lifestyle Limited	S\$100,000	Principal only	Net Liabilities	0.0090	0.0090	15.0%	24 months	0.0%
Completed	11-Oct-22	Leader Environmental Technologies Limited	US\$15,000,000	8% per annum, compounded	Net Assets	0.1000	0.0575	-	36 + 24 months	73.9%

Max	15.0%	36 months	185.7%
Min	3.7%	24 months	(10.0)%
Mean	7.39%	29.3 months	81.0%
Median	6.45%	24 months	62.0%

Ongoing	23-Jun-24	Company	S\$2,000,000	Principal only	Net Assets	0.0499	6.9%	24 months	(10.0)%
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Source: Bloomberg L.P. and respective financial instruments prospectus.

(Source: EGM circular dated 4 December 2024)

¹ As at 30 June 2024, included in the cash and cash equivalents is an amount of \$2.8 million which has been earmarked for settlement of merchant funding.



As shown in the table above, all but one comparable transaction involved positive conversion premia, with one as high as 185.7% and an average of 81%.

- (v) **What were the independent directors' deliberations regarding the conversion price, particularly in safeguarding the interests of minority shareholders?**

Q2. For the six months ended 30 June 2024, the group's revenue fell by 73% year-on-year, to \$1.81 million, primarily due to WorldPay's termination of the PayFac agreement, which significantly affected the merchant payment services (MPS) segment.

The group recorded a net loss of \$(1.41) million for the financial year ended 31 December 2023 (FY2023), and a further loss of \$(1.25) million for the 6 months ended 30 June 2024 (1H2024). The auditors have also highlighted material uncertainty related to going concern due to the loss and the net operating cash outflows of \$(13.5) million for FY2023. The net operating cash outflows for 1H2024 amounted to \$(2.76) million.

- (i) For the benefit of shareholders, can the board provide insights into the reasons behind WorldPay's termination of the PayFac agreement, especially given it was signed only two years ago? Were there specific operational or compliance issues that contributed to this decision, and how has management addressed them?**
- (ii) Can management elaborate on the group's revised business model, its ability to generate sustainable cash and the potential use of the convertible loan proceeds? Specifically, how will the group's strategies and business plans be affected if shareholders do not approve the convertible loan?**
- (iii) If the resolutions are not passed at the EGM, will the group encounter liquidity constraints?**

Q3. Assuming that the convertible loan facility is fully disbursed, and the loan and the interest accrued thereon are fully converted into new shares, the controlling shareholder and the lender will have total interest of 40.06% of the enlarged share capital of the company, triggering a mandatory general offer under Rule 14 of the Takeover Code.

- (i) **If the loan is disbursed, does the company have the right or intention to repay the loan amounts to the lender within the repayment period to avoid conversion into new shares by the lender? If not, what factors influence this decision?**
- (ii) **Given that the conversion price represents a premium of approximately 234.71% over the net asset value per share of the company as at 30 June 2024, would the proposed whitewash resolution be prejudicial to the interests of independent shareholders, particularly those who are considering an exit due to the group's continued losses and the fallout from WorldPay's termination of the PayFac agreement?**
- (iii) **Has the board considered alternative options to safeguard shareholders' interests, such as pursuing a privatisation offer from the controlling shareholder?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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