Oi Wah Pawnshop Credit Holdings Limited
靄華押業信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1319)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2017, DECLARATION OF INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS

		Six months ended 31 August		
		2017	2016	Change
		HK$'000	*HK$'000*	
Revenue		**110,472**	106,597	3.6%
Profit before taxation		**65,213**	64,439	1.2%
Profit for the period attributable to shareholders		**54,435**	53,792	1.2%
Net profit margin		**49.3%**	50.5%	
Basic earnings per share *(HK cents)*		**2.5**	2.5	
Net interest margin	*Note 1*	**13.8%**	14.9%	
For pawn loan services		**40.6%**	40.5%	
For mortgage loan services		**10.4%**	11.0%	
Aggregated new loans granted				
For pawn loan services *(HK million)*		**278.1**	300.9	-7.6%
For mortgage loan services *(HK million)*		**432.4**	474.6	-8.9%

	As at 31 August 2017	As at 28 February 2017	
	HK$'000	*HK$'000*	
Gross loan receivables	**1,280,394**	1,294,193	-1.1%
Total assets	**1,393,490**	1,364,543	2.1%
Total equity	**774,071**	738,436	4.8%

Note 1: Net interest margin during the period refers to our interest income in respect of our pawn loans and mortgage loans less our finance costs, divided by the average of month-end gross loan receivables balances of the corresponding loans during the period.

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2017

The board (the "**Board**") of directors (the "**Directors**") of Oi Wah Pawnshop Credit Holdings Limited (the "**Company**" or "**our Company**") is pleased to announce the unaudited interim results of our Company and its subsidiaries (collectively referred to as the "**Group**" or "**our Group**") for the six months ended 31 August 2017, with the comparative figures for the corresponding period in 2016 as follows:

Consolidated Statement of Comprehensive Income
for the six months ended 31 August 2017 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 31 August	
		2017	2016
	Note	***$'000***	*$'000*
Revenue	*5*	**110,472**	106,597
Other revenue	*6*	**1,942**	1,757
Operating income		**112,414**	108,354
Operating expenses		**(28,799)**	(28,008)
Release of impairment losses on loan receivables	*7(b)*	**141**	36
Profit from operations		**83,756**	80,382
Finance costs	*7(a)*	**(18,543)**	(15,943)
Profit before taxation		**65,213**	64,439
Income tax	*8*	**(10,778)**	(10,647)
Profit and total comprehensive income for the period		**54,435**	53,792
Profit and total comprehensive income for the period attributable to shareholders		**54,435**	53,792
Earnings per share *(in HK cents)*	*9*	**2.5**	2.5

Consolidated Statement of Financial Position

as at 31 August 2017 – unaudited

(Expressed in Hong Kong dollars)

	Note	**31 August 2017** *$'000*	28 February 2017 *$'000*
Non-current assets			
Property, plant and equipment		**1,002**	1,268
Loan receivables	*10*	**92,637**	90,709
Trade and other receivables	*11*	**2,805**	2,458
Deferred tax assets		**218**	230
		96,662	94,665
Current assets			
Repossessed assets		**7,404**	8,081
Loan receivables	*10*	**1,186,579**	1,202,165
Trade and other receivables	*11*	**33,054**	32,182
Cash and cash equivalents	*12*	**69,791**	27,450
		1,296,828	1,269,878
Current liabilities			
Accruals and other payables	*14*	**8,103**	6,780
Bank loans and overdrafts	*13*	**81,387**	37,667
Obligations under finance leases		**218**	215
Loans from ultimate holding company	*15*	**91,500**	113,500
Current taxation		**12,822**	22,533
Other loans	*16*	**273,751**	308,639
		467,781	489,334
Net current assets		**829,047**	780,544
Total assets less current liabilities		**925,709**	875,209
Non-current liabilities			
Debt securities issued	*17*	**151,450**	136,476
Obligations under finance leases		**188**	297
		151,638	136,773
NET ASSETS		**774,071**	738,436
CAPITAL AND RESERVES	*18*		
Capital		**21,278**	21,376
Reserves		**752,793**	717,060
TOTAL EQUITY		**774,071**	738,436

Consolidated Statement of Changes in Equity

for the six months ended 31 August 2017 – unaudited
(Expressed in Hong Kong dollars)

	Note	Paid-in capital/share capital $'000	Share premium $'000	Capital reserve $'000	Capital redemption reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000
At 1 March 2016		21,200	239,137	44,963	–	12,001	349,293	666,594
Change in equity for the six months ended 31 August 2016								
Profit and total comprehensive income		–	–	–	–	–	53,792	53,792
Dividends approved in respect of the previous year	*18(b)(ii)*	–	(13,780)	–	–	–	–	(13,780)
Special dividends with scrip dividend option approved in respect of the previous year	*18(c)*	176	(1,538)	–	–	–	–	(1,362)
At 31 August 2016		21,376	223,819	44,963	–	12,001	403,085	705,244
At 1 September 2016		21,376	223,819	44,963	–	12,001	403,085	705,244
Change in equity for the six months ended 28 February 2017								
Profit and total comprehensive income		–	–	–	–	–	49,438	49,438
Interim dividends approved in respect of the current year	*18(b)(i)*	–	(16,246)	–	–	–	–	(16,246)
At 28 February 2017		21,376	207,573	44,963	–	12,001	452,523	738,436
At 1 March 2017		21,376	207,573	44,963	–	12,001	452,523	738,436
Change in equity for the six months ended 31 August 2017								
Profit and total comprehensive income		–	–	–	–	–	54,435	54,435
Dividends approved in respect of the previous year	*18(b)(ii)*	–	(14,750)	–	–	–	–	(14,750)
Purchase of own shares	*18(d)*	(98)	(4,050)	–	98	–	–	(4,050)
At 31 August 2017		21,278	188,773	44,963	98	12,001	506,958	774,071

Condensed Consolidated Cash Flow Statement
for the six months ended 31 August 2017 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 31 August 2017 $'000	2016 $'000
Operating activities			
Operating profit before changes in working capital		**83,890**	80,351
Decrease/(increase) in loan receivables		**13,799**	(174,195)
Other cash flows generated from operations		**232**	1,753
Cash generated from/(used in) operations		**97,921**	(92,091)
Hong Kong Profits Tax paid		**(20,476)**	(3,964)
Net cash generated from/(used in) operating activities		**77,445**	(96,055)
Investing activities			
Payment for the purchase of property, plant and equipment		**(8)**	(268)
Other cash flows generated from investing activities		**1**	1
Net cash used in investing activities		**(7)**	(267)
Financing activities			
(Decrease)/increase in loans from the ultimate holding company		**(22,000)**	25,000
Proceeds from debt securities issued, net of issuing expenses		**14,925**	4,975
Finance costs paid		**(17,940)**	(15,892)
(Repayments for)/proceeds from other loans		**(34,888)**	142,910
Proceeds from/(repayments for) bank loans		**44,096**	(55,684)
Dividends paid		**(14,750)**	(15,142)
Payments for purchase of own shares		**(4,050)**	–
Other cash flows used in financing activities		**(114)**	(114)
Net cash (used in)/generated from financing activities		**(34,721)**	86,053
Net increase/(decrease) in cash and cash equivalents		**42,717**	(10,269)
Cash and cash equivalents at the beginning of period		**22,040**	48,985
Cash and cash equivalents at the end of period	*12*	**64,757**	38,716

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

Oi Wah Pawnshop Credit Holdings Limited (the "**Company**") was incorporated in the Cayman Islands and is listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company and its subsidiaries (together referred to as "**the Group**") are principally engaged in secured financing business in Hong Kong, including pawn loans and mortgage loans.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 30 October 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the year ended 28 February 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the year ending 28 February 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes 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 the year ended 28 February 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report for the period ended 31 August 2017 is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA, whose unmodified review report is included in the interim report to be sent to shareholders.

The financial information relating to the financial year ended 28 February 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 28 February 2017 are available from the Company's registered office. The Company's auditor have expressed an unqualified opinion on those financial statements in their report dated 25 May 2017.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the group. None of these developments has had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 SEGMENT REPORTING

The Group has one reportable segment, which is the provision of secured financing business in Hong Kong, including pawn loans and mortgage loans. Therefore, no additional reportable segment and geographical information has been presented.

5 REVENUE

The principal activities of the Group are the granting of pawn loans and mortgage loans in Hong Kong.

Revenue represents interest income earned on pawn loans and mortgage loans and gain on disposal of repossessed assets. The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Revenue from pawn loan business		
– Interest earned on loan receivables	**29,940**	31,542
– Gain on disposal of repossessed assets	**3,135**	2,304
Total revenue from pawn loan business	**33,075**	33,846
Revenue from mortgage loan business		
– Interest earned on loan receivables	**77,397**	72,751
Total	**110,472**	106,597

Cost of repossessed assets disposed for the six months ended 31 August 2017 amounted to $22.2 million (six months ended 31 August 2016: $27.8 million).

The Group's customer base is diversified and includes two customers (six months ended 31 August 2016: one customer) with whom transactions have exceeded 10% of the Group's revenues. During the six months ended 31 August 2017, revenues from interest earned on mortgage loan receivables from the two customers (six months ended 31 August 2016: one customer), including interest earned from entities which are known to the Group to be under common control with these customers, amounted to approximately $20.0 million and $12.3 million respectively (six months ended 31 August 2016: $15.3 million).

6 OTHER REVENUE

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Rental income	**540**	540
Interest earned on unsecured loans	**320**	38
Credit related fee income	**923**	594
Bank interest income	**1**	1
Others	**158**	584
	1,942	1,757

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
(a) Finance costs		
Finance charges on obligations under finance leases	**8**	11
Interest on loans from ultimate holding company	**2,600**	2,941
Interest on bank loans and overdrafts	**1,391**	759
Interest on other loans	**9,927**	8,279
Interest on debt securities issued	**4,617**	3,953
	18,543	15,943
(b) Other items		
Depreciation	**274**	255
Release of impairment losses on loan receivables	**(141)**	(36)
Staff costs	**11,015**	10,930
Premises and equipment expenses excluding depreciation	**6,091**	5,861
Advertising expenses	**6,095**	5,500
Auditor's remuneration	**551**	557
Legal and professional fees	**1,361**	1,236
Others	**3,412**	3,669
	28,658	27,972

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Taxation in the consolidated statement of comprehensive income represents:

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Current tax – Hong Kong Profits Tax	**10,766**	10,592
Deferred taxation	**12**	55
	10,778	10,647

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 31 August 2016: 16.5%) to the estimated assessable profits for the six months ended 31 August 2017.

9 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company of $54.4 million (six months ended 31 August 2016: $53.8 million) and the weighted average of 2,136.8 million ordinary shares (six months ended 31 August 2016: 2,120.1 million ordinary shares) in issue during the interim period.

Weighted average number of ordinary shares

	31 August	31 August
	2017	2016
	'000	*'000*
Issued ordinary shares at 1 March	**2,137,624**	2,120,000
Effect of scrip dividend issued *(note 18(c))*	**–**	96
Effect of purchase of own shares *(note 18(d))*	**(776)**	–
Weighted average number of ordinary shares at 31 August	**2,136,848**	2,120,096

No dilutive earnings per share is presented as there was no potential dilutive ordinary shares in issue during both periods.

10 LOAN RECEIVABLES

	31 August 2017	28 February 2017
	$'000	*$'000*
Pawn loans	**139,191**	143,140
Mortgage loans	**1,141,203**	1,151,053
Gross loan receivables	**1,280,394**	1,294,193
Less: Impairment allowance *(note 10(a))*		
– Individually assessed	**(1,034)**	(1,025)
– Collectively assessed	**(144)**	(294)
	(1,178)	(1,319)
Net loan receivables	**1,279,216**	1,292,874
Current portion included under current assets	**(1,186,579)**	(1,202,165)
Amounts due after one year included under non-current assets	**92,637**	90,709

(a) Movement in impairment losses

	Six months ended 31 August					
	2017			2016		
	Individual	**Collective**	**Total**	Individual	Collective	Total
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
At 1 March	**1,025**	**294**	**1,319**	29	790	819
Impairment losses charged/(released) to profit or loss	**9**	**(150)**	**(141)**	(4)	(32)	(36)
At 31 August	**1,034**	**144**	**1,178**	25	758	783

(b) Ageing analysis

Ageing analysis is prepared based on contractual due date.

	Pawn loans *$'000*	Mortgage loans *$'000*	Total *$'000*
31 August 2017			
Neither past due nor impaired	134,216	1,083,849	1,218,065
Less than 1 month past due	4,477	46,854	51,331
1 to less than 3 months past due	498	4,000	4,498
3 to less than 6 months past due	–	–	–
6 months to 1 year past due	–	–	–
Over 1 year past due	–	6,500	6,500
	139,191	1,141,203	1,280,394
28 February 2017			
Neither past due nor impaired	136,378	1,065,246	1,201,624
Less than 1 month past due	6,081	36,873	42,954
1 to less than 3 months past due	601	17,934	18,535
3 to less than 6 months past due	80	–	80
6 months to 1 year past due	–	10,000	10,000
Over 1 year past due	–	21,000	21,000
	143,140	1,151,053	1,294,193

Of these mortgage loans which have been past due for one month or above, except for one mortgage loan amounted to $1.5 million which an individually assessed impairment loss had been recognised, the respective valuations of the collateral can fully cover the outstanding balances and the related interest receivables (see note 11(b)) of these loans as at 31 August 2017.

In respect of the mortgage loans which have been past due for less than one month, the amounts mainly represent occasional delay in repayment and are not an indication of significant deterioration of credit quality of these mortgage loans.

11 TRADE AND OTHER RECEIVABLES

	31 August 2017 *$'000*	28 February 2017 *$'000*
Trade receivables	**147**	1,055
Interest receivables	**18,921**	21,959
	19,068	23,014
Deposits and payments in advance	**16,689**	11,524
Others	**102**	102
	35,859	34,640
Non-current portion of deposits and payments in advance included under non-current assets	**(2,805)**	(2,458)
Amounts due within one year included under current assets	**33,054**	32,182

Trade receivables are due within 60 days from the date of billing. All of the trade and other receivables are not impaired and expected to be recovered within one year, except for prepayment amounting to $2.8 million (28 February 2017: $2.5 million) that is expected to be recovered over one year.

(a) Ageing analysis of trade receivables

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	31 August 2017 *$'000*	28 February 2017 *$'000*
Neither past due nor impaired	**147**	1,055
Less than 1 month past due	**–**	–
1 to less than 3 months past due	**–**	–
3 to less than 6 months past due	**–**	–
	147	1,055

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(b) Ageing analysis of interest receivable

The ageing analysis of interest receivables that are neither individually nor collectively considered to be impaired is as follows:

	Pawn loans	Mortgage loans	Total
	$'000	*$'000*	*$'000*
31 August 2017			
Neither past due nor impaired	9,398	6,020	15,418
Less than 1 month past due	458	567	1,025
1 to less than 3 months past due	104	174	278
3 to less than 6 months past due	–	–	–
6 months to 1 year past due	–	–	–
Over 1 year past due	–	2,200	2,200
	9,960	8,961	18,921
28 February 2017			
Neither past due nor impaired	9,415	4,899	14,314
Less than 1 month past due	580	478	1,058
1 to less than 3 months past due	105	359	464
3 to less than 6 months past due	8	–	8
6 months to 1 year past due	–	2,127	2,127
Over 1 year past due	–	3,988	3,988
	10,108	11,851	21,959

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 August 2017	28 February 2017
	$'000	*$'000*
Cash in hand	**5,080**	4,884
Cash at banks	**64,711**	22,566
Cash and cash equivalents in the consolidated statements of financial position	**69,791**	27,450
Bank overdrafts *(note 13)*	**(5,034)**	(5,410)
Cash and cash equivalents in the consolidated cash flow statements	**64,757**	22,040

13 BANK LOANS AND OVERDRAFTS

The details of the bank loans and overdrafts were as follows:

	31 August 2017	28 February 2017
	$'000	*$'000*
Unsecured bank overdrafts *(note 13(a))*	**5,034**	5,410
Bank loans, secured *(note 13(b))*	**47,000**	15,200
Bank loans, unsecured *(note 13(c))*	**29,353**	17,057
	76,353	32,257
Total bank loans and overdrafts – repayable within 1 year or on demand	**81,387**	37,667

(a) At 31 August 2017, unsecured bank overdraft facilities of $11.5 million (28 February 2017: $11.5 million) were provided to the subsidiaries and utilised to the extent as disclosed above.

(b) At 31 August 2017, uncommitted secured revolving bank loan facilities of the lower of $50 million (28 February 2017: $50 million) and a certain percentage of the aggregate principal amount of the mortgage loan receivables of a subsidiary which are then charged to the bank were obtained. The tenor for the facilities ranged from one month, two months, three months or six months as selected by the subsidiary. As at 31 August 2017, the available uncommitted banking facilities after taking into consideration of the drawdown was approximately $3 million (28 February 2017: $12.7 million). These uncommitted secured revolving bank loan facilities were secured by loan receivables with a carrying value of approximately $112.3 million (28 February 2017: $55.7 million).

(c) At 31 August 2017, unsecured bank loan facilities of $49.4 million (28 February 2017: $17.1 million) were provided to the subsidiaries and utilised to the extent as disclosed above.

During the period, the Group had fulfilled all the financial covenants, if any, under the Group's banking facilities and all banking facilities were guaranteed by the Company.

14 ACCRUALS AND OTHER PAYABLES

	31 August 2017	28 February 2017
	$	*$*
Accrued interest expense	**3,643**	3,096
Accrued expenses	**3,221**	2,109
Provision for long services payment	**545**	680
Other payable and deposits received	**694**	895
	8,103	6,780

All of the accruals and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

15 LOANS FROM ULTIMATE HOLDING COMPANY

The loans from ultimate holding company are unsecured, interest bearing at Prime Rate less 0.25% (currently 5%) per annum and repayable within one year.

16 OTHER LOANS

The Group obtained uncommitted secured revolving loan facilities from an independent third party. The limit of the facilities is the lower of $458.6 million (28 February 2017: $400 million) and a certain percentage of the aggregate principal amount of the mortgage loan receivables of the subsidiaries which are then sub-charged/sub-mortgaged to the independent third party. The tenor for these facilities are one year. As at 31 August 2017, the available uncommitted loan facilities after taking into consideration of the drawdown was approximately $Nil (28 February 2017: $Nil). These uncommitted secured revolving loan facilities were secured by mortgage loan receivables for the Group with carrying value of $342.2 million (28 February 2017: $390.8 million).

17 DEBT SECURITIES ISSUED

The debt securities are unsecured, denominated in HKD, interest-bearing at 6% per annum with interest coupon being paid semi-annually and will be matured in between 2021 and 2024. All debt securities issued are measured at amortised cost.

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Share Capital

	Note	**Par value**	**No of shares**	**Nominal value of ordinary shares**
		$	*'000*	*$'000*
Authorised:				
At 29 February/31 August 2016 and 28 February/31 August 2017		0.01	100,000,000	1,000,000
Issued and fully paid:				
At 1 March 2016		0.01	2,120,000	21,200
Scrip dividend issued	*18(c)*		17,624	176
At 31 August 2016 and 28 February 2017			2,137,624	21,376
At 1 March 2017		0.01	2,137,624	21,376
Purchase of own shares	*18(d)*	0.01	(9,784)	(98)
At 31 August 2017			2,127,840	21,278

(b) Dividends

(i) Dividend payable to equity shareholders of the Company attributable to the six months ended 31 August 2017:

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Interim dividend declared after the interim period of $0.78 cents per ordinary share (2016: $0.76 cents per ordinary share)	**16,501**	16,246

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of $0.69 cents per ordinary share (Six months ended 31 August 2016: $0.65 cents per ordinary share)	**14,750**	13,780
Special dividend with scrip dividend option in respect of the previous financial year, approved and paid during the following interim period, of $Nil per ordinary share (Six months ended 31 August 2016: $0.43 per ordinary share)	**–**	9,116

(c) Scrip dividend issue

By an ordinary resolution passed at the annual general meeting on 25 July 2016, special dividend of HK$0.43 cent per share, totaling $9,116,000, with a scrip dividend option was approved for the year ended 29 February 2016. The special dividend was distributed out of share premium. Ordinary shares of 17,623,825 were issued by the Company in order to satisfy shareholders' scrip dividend elections and the relevant scrip price is HK$0.44 per share. These shares rank pasi passu with the existing ordinary shares in all respects.

The share premium was decreased by $1,538,000 as a result of the special dividend. Of which, $1,362,000 represents the amount settled by cash and $176,000 represents the par value of the ordinary shares issued.

(d) Purchase of own shares

During August 2017, the Company repurchased 9,784,000 shares of the Company on The Stock Exchange of Hong Kong Limited with prices ranging from $0.395 to $0.43. The total consideration paid for these shares was $4,050,000. Of the 9,784,000 repurchased shares, 5,344,000 shares were cancelled before the period end date and 4,440,000 shares were cancelled after the period end date.

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, the issued share capital of the Company was reduced by the nominal value of the repurchased shares. Pursuant to 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of $98,000 was transferred from share premium to the capital redemption reserve. The premium paid on the repurchased shares of $3,952,000 was charged to share premium.

19 OPERATING LEASE COMMITMENTS

Operating lease commitments

The Group's total future minimum lease payments under non-cancellable operating leases of properties are payable as follows:

	31 August 2017 *$'000*	28 February 2017 *$'000*
Within one year	**11,534**	12,234
After one year but within five years	**5,979**	11,357
	17,513	23,591

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years. Lease payments are usually increased at the end of the lease term to reflect market rentals. None of the leases includes contingent rentals.

20 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Salary and other emoluments	**2,772**	2,595
Contributions to Mandatory Provident Fund	**45**	45
Others	**19**	13
	2,836	2,653

(b) Transactions with other related parties

During the period, the Group entered into transactions with related parties in the ordinary course of its business as follows:

	Six months ended 31 August	
	2017	2016
	$'000	*$'000*
Rental expense paid to		
– Kwan Chart (Holding) Company Ltd.	**480**	480
– Kwan Chart Estate Company Ltd.	**288**	288
– Mr. Chan Chart Man	**480**	480

The directors consider that all related party transactions during the period were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Oi Wah Pawnshop Credit Holdings Limited (the "**Company**" or "our **Company**"), and its subsidiaries (together with the Company collectively referred to as the "**Group**" or "our **Group**") is a financing service provider in Hong Kong operating under the brand name of "Oi Wah", principally engaged in providing secured financing, including mortgage loans and pawn loans.

MORTGAGE LOAN BUSINESS

For the six months ended 31 August 2017 ("**FP2018**"), the mortgage loan business remained a major source of income of the Group. During the period, the interest income increased by approximately HK$4.7 million or 6.5% from approximately HK$72.7 million for the six months ended 31 August 2016 ("**FP2017**") to approximately HK$77.4 million in FP2018, which was mainly due to the average month end balance for the gross mortgage loans receivables from March to August increased from approximately HK$1,033.9 million in FP2017 to approximately HK$1,136.7 million in FP2018 with total new mortgage loans granted of approximately HK$432.4 million during FP2018.

In FP2018, the Company was committed to improve the mortgage loan portfolio of the Group. During FP2018, the loan-to-value ratio for first mortgage decreased by approximately 2.9% from approximately 51.3% to approximately 48.4%, while the overall loan-to-value ratio for subordinary mortgage decreased by approximately 2.0% from approximately 56.0% to approximately 54.0%, of which, loan-to-value ratio of subordinate mortgage that the Group participated in increased by approximately 1.3% from approximately 18.8% to approximately 20.1%.

Furthermore, the management are doing their best to attract high quality customers during FP2018, resulting in a substantial improvement in minimising the occurrence of overdue issues. The mortgage loan receivables that were past due for one month or more decreased from approximately HK$48.9 million as at 28 February 2017 (which is approximately 4.25% of the mortgage loan portfolio of the Group) to approximately HK$10.5 million as at 31 August 2017 (which is approximately 0.92% of the mortgage loan portfolio of the Group), representing a decrease of approximately HK$38.4 million or 78.5%.

PAWN LOAN BUSINESS

During FP2018, pawn loan business remains steady and revenue from that reached HK$33.1 million, with HK$30.0 million interest income from pawn loan receivables and HK$3.1 million from gain on disposal. Average loan amount reached approximately HK$6,200 per transaction (FP2017: HK$6,100 per transaction) with the aggregate new loan amount slightly decreased by 7.8% to HK$278.1 million (FP2017: HK$300.9 million).

During the period, the luxurious market has seen a rebound and the Group is confident of the demand for the pawn loan business. The Group will continue to channel resources to advertising and promotion to enhance the Group's brand awareness.

INDUSTRY OVERVIEW

In FP2018, the demand and prices of luxurious goods have seen a rebound, especially gold and high-end watches. It is believed that luxurious market has bottomed and the Group is optimistic about the demand for the pawn loan business.

During the period, the local first-hand property market remains active despite the government's close monitoring on 'irrational' purchases. Meanwhile, developers continue to launch new projects throughout the period which keeps pushing property values up. However, transaction volume of the second-hand market is relatively low. Given the increasing risk of overheating in the market, the Directors are of the view that the Hong Kong property market remains unpredictable. The Group will continue to implement a prudent strategy and to maintain its focus on high net worth customers and remain cautious when granting mortgage loans.

In addition, the implementation of more stringent conditions for Money Lenders Ordinance to combat the rise in illegal loans since the end of 2016 has enhanced the competition of the industry. Currently, small and medium-sized finance companies, which rely heavily on intermediaries' referral in the past, offer lower interest to attract customers, affecting overall interest rate level of the industry. Being one of the few listed financial institutions in Hong Kong, it is believed that the Group will be more competitive in capturing the opportunity to expand its market share in the industry.

FINANCIAL REVIEW

Revenue

Our Group's revenue increased from approximately HK$106.6 million in FP2017 to approximately HK$110.5 million in FP2018, representing an increase of approximately HK$3.9 million or 3.6%.

The increase was mainly attributable to an increase in our interest income from mortgage business by approximately HK$4.7 million or 6.5% from approximately HK$72.7 million in FP2017 to approximately HK$77.4 million in FP2018, which was mainly due to the continuous expansion of our mortgage loan portfolio in FP2018. The average month end balance for the gross mortgage loans receivables from March to August increased from approximately HK$1,033.9 million in FP2017 to approximately HK$1,136.7 million in FP2018 with total new mortgage loans granted of approximately HK$432.4 million during FP2018.

Our pawn loan business remained stable during FP2018. Revenue from our pawn loan business slightly decreased by approximately HK$0.8 million or 2.4% from approximately HK$33.9 million in FP2017 to approximately HK$33.1 million in FP2018. The decrease was attributable to the decrease in our interest income earned on our loan receivables by approximately HK$1.6 million or 5.1% from approximately HK$31.6 million in FP2017 to approximately HK$30.0 million in FP2018 and the increase in gain on disposal of repossessed assets by approximately HK$0.8 million or 34.8% from approximately HK$2.3 million in FP2017 to approximately HK$3.1 million in FP2018.

The decrease in our interest income earned on our pawn loan receivables was primarily attributable to a slight decrease in the aggregated amount of total new pawn loans granted from approximately HK$300.9 million in FP2017 to approximately HK$278.1 million in FP2018; and offset by the increase in the average amount of pawn loans granted from approximately HK$6,100 per transaction in FP2017 to approximately HK$6,200 per transaction in FP2018.

Revenue from disposal of repossessed assets represents the gain/(loss) we received as we sold the repossessed assets in the event of default in repayment of our pawn loans. The increase in our gain on disposal of repossessed assets in FP2018 was mainly due to (i) the rebound in the second-hand market in branded watches; and (ii) the increase in gold price per ounce from approximately US$1,200 in February 2017 to US$1,300 in July 2017. Since every pawn loan has a loan term of four lunar months, the revenue increased with the appreciation of gold price and branded watches in FP2018 and thus a better result in gain on disposal of repossessed assets was recorded in FP2018.

Other revenue

Other revenue increased from approximately HK$1.8 million in FP2017 to approximately HK$1.9 million in FP2018, representing an increase of approximately HK$0.1 million or 5.6%, which was mainly due to the increase in our credit-related fee income by approximately HK$0.3 million representing early repayment fees and handling charges from our mortgage loan customers.

Operating expenses

Operating expenses slightly increased by approximately HK$0.7 million or 2.5% from approximately HK$28.0 million in FP2017 to approximately HK$28.7 million in FP2018.

Staff costs remained relatively stable during FP2018 and slightly increased by approximately HK$0.1 million or 0.9% from approximately HK$10.9 million in FP2017 to approximately HK$11.0 million in FP2018. No significant change is noted during FP2018.

Rental expenses increased by approximately HK$0.2 million or 3.4% from approximately HK$5.9 million in FP2017 to approximately HK$6.1 million in FP2018. The increase was mainly due to the effect of the increase in the rental expenses under the terms in the rental agreements for several pawnshops during FP2018.

Excluding the staff costs and rental expenses of approximately HK$16.8 million and HK$17.1 million in FP2017 and FP2018 respectively as mentioned above, other operating expenses increased by approximately HK$0.4 million or 3.6% from approximately HK$11.2 million in FP2017 to approximately HK$11.6 million in FP2018, which was mainly due to the increase in advertising expenses and legal and professional fee by approximately HK$0.6 million and HK$0.1 million respectively, offset by the decrease of commission fee paid by approximately HK$0.5 million.

Finance costs

The finance costs increased by approximately HK$2.6 million or 16.4% from approximately HK$15.9 million in FP2017 to approximately HK$18.5 million in FP2018 after netting off with the decrease in other loans by approximately HK$34.8 million in FP2018. The increase was mainly due to the increase in bank loans and overdrafts and debt securities issued in FP2018 for funding our mortgage loan portfolios.

Credited to impairment losses on loan receivables

The impairment losses on loan receivables released to profit or loss in FP2018 of approximately HK$141,000 was attributable to the net effect of (i) the subsequent reassessment on the recoverability of previously impaired loan receivables that were individually assessed being charged to profit or loss of approximately HK$8,000; and (ii) the impairment losses on loan receivables that were collectively assessed being released to profit or loss of approximately HK$149,000.

In FP2017, the impairment losses on loan receivables released to profit or loss in FP2017 of approximately HK$36,000 was attributable to the net effect of (i) the subsequent reassessment on the recoverability of previously impaired loan receivables that were individually assessed being released to profit or loss of approximately HK$4,000; and (ii) the impairment losses on loan receivables that were collectively assessed being released to profit or loss of approximately HK$32,000.

Income tax expenses

Our Group's effective tax rate was approximately 16.5% in FP2017 and FP2018. No material change is noted.

Profit and total comprehensive income for the period

Our Group's profit for FP2018 increased to approximately HK$54.4 million from approximately HK$53.8 million in FP2017, representing an increase of approximately HK$0.6 million or 1.2%. The increase was mainly attributable to the increase in revenue amounting to approximately HK$3.9 million, netting off with the increase in rental expenses, advertising expenses and finance costs amounting to HK$0.2 million, HK$0.6 million and HK$2.6 million respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 August 2017, cash and cash equivalents, after netting off with the bank overdraft, amounted to approximately HK$64.8 million, representing a net increase of approximately HK$22.1 million as compared to the position as at 28 February 2017.

For FP2018, net cash inflow from operating activities of our Group amounted to approximately HK$77.4 million. It is mainly due to the cash inflow from the revenue amounting to approximately HK$83.9 million during FP2018. The net cash outflow from financing activities of our Group amounted to approximately HK$34.7 million for FP2018 which was mainly the dividend paid and repayments from other loans and loans from ultimate holding company during FP2018 amounting to approximately HK$14.8 million, HK$34.9 million and HK$22.0 million respectively, offset by proceeds for bank loans and proceeds from debt securities which amounted to approximately HK$44.1 million and HK$14.9 million respectively.

Pledge of assets

At 31 August 2017, the Group had pledged its mortgage loan receivables with net book value of HK$454.5 million (28 February 2017: HK$446.5 million) for the purpose of obtaining facilities from an independent third party.

Contingent liabilities

There were no significant contingent liabilities for the Group as at 31 August 2017.

KEY FINANCIAL RATIOS

	As at 31 August 2017	As at 28 February 2017
	$	*$*
Current ratio (1)	**3x**	3x
Gearing ratio (2)	**77.3%**	80.8%

	For the six months ended 31 August 2017	For the six months ended 31 August 2016
	$	*$*
Return on total assets (3)	**7.8%**	8.3%
Return on equity (4)	**14.1%**	15.3%
Net profit margin (5)	**49.3%**	50.5%
Net interest margin (6)	**13.8%**	14.9%
– pawn loan services	**40.6%**	40.5%
– mortgage loan services	**10.4%**	11.0%

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities as at the respective period/year end.

(2) Gearing ratio is calculated by dividing total borrowings (summation of bank loans, bank overdrafts, loans from ultimate holding company, obligations under finance leases, other loans and debt securities issued) by total equity as at the respective period/year end.

(3) Return on total assets is calculated by dividing annualised profit for the period by the total assets as at the respective period end.

(4) Return on equity is calculated by dividing annualised profit for the period by the total equity as at the respective period end.

(5) Net profit margin is calculated by dividing profit for the period by the revenue for the respective period.

(6) Net interest margin during the period refers to our interest income in respect of our pawn loans and mortgage loan less our finance costs, divided by the average of month-end gross loan receivables balances of the corresponding loans during the period.

Current ratio

Our Group's current ratio remained stable at approximately 3 times as at 28 February 2017 and 31 August 2017, which was mainly due to the decrease in current loan receivables from approximately HK$1,202.2 million as at 28 February 2017 to approximately HK$1,186.6 million as at 31 August 2017 or by approximately 1.3%, offset by the decrease in other loans amounting to HK$34.9 million.

Gearing ratio

Our Group's gearing ratio slightly decreased from at approximately 80.8% as at 28 February 2017 to approximately 77.3% as at 31 August 2016, which was mainly due to the decrease in other loans and loans from ultimate holding company amounting to approximately HK$34.9 million and HK$22.0 million respectively, offset by the increase in bank loans and overdrafts amounted to approximately HK$43.7 million.

Return on total assets and return on equity

Our return on total assets and return on total equity slightly decreased from approximately 8.3% and 15.3% in FP2017 to 7.8% and 14.1% in FP2018 respectively, which was mainly due to the decrease in net interest margin from 14.9% in FP2017 to 13.8% in FP2018.

Net profit margin

There was a slight decrease in our net profit margin from approximately 50.5% in FP2017 to 49.3% in FP2018. The reason for the decrease was mainly due to the decrease in net interest margin of our mortgage loan services as a result of obtaining more mortgage loans with lower loan-to-value ratio during FP2018, which led to relatively lower interest rates charged as compared to those in FP2017.

Net interest margin

The net interest margin decreased from approximately 14.9% in FP2017 to approximately 13.8% in FP2018 since a greater proportion of our revenue was earned from mortgage loan business in FP2018, from which we generally charged comparatively lower interest rate than that charged for our pawn loans. For FP2017 and FP2018, revenue from mortgage loan business contributed approximately 68.2% and 70.1% to our total revenue respectively, resulted from the expansion of our mortgage loan business during FP2018.

PROSPECTS

In FP2018, the Group adopted a cautious and prudent approach when granting loans by increasing the proportion of first mortgage loans in the Group's portfolio and maintaining its focus on high net worth customers, in order to remain a healthy risk level.

Looking forward, with the potential impact of the Fed's balance sheet reduction and further US rate hikes, as well as housing policies outlined in "The Chief Executive's 2017 Policy Address", such as the "Starter Homes" scheme, increase supply of units under the Green Form Subsidised Home Ownership Scheme (GSH) and the Interim Scheme of Extending the Home Ownership Scheme (HOS), the Group is of the view that the Hong Kong property market remains unpredictable.

Meanwhile, the Directors are aware that peers are actively diversifying their lending business such as granting private loans and providing online money lending services. However, in response to the uncertainties of the local property market and the global economy, the Group will maintain its focus on secured loans to ensure effective risk management.

In regard to the pawn loan business, the Board is of the view that luxurious goods market has bottomed and that its pawn loan business will remain stable. The Group will actively diversify its collaterals to other luxurious items, such as automobiles and yachts, and will continue to broaden its customer base.

SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted by the Company on 19 February 2013. As at 31 August 2017, being the end of FP2018 for the Group:

i) a total of 40,000,000 options to subscribe for Shares were available for issue under the Share Option Scheme, representing approximately 1.88% of the total issued Shares of the Company as at 31 August 2017;

ii) an option granted under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof; and

iii) the Share Option Scheme will remain in force until 18 February 2023.

HUMAN RESOURCES

As at 31 August 2017, our Group had a total of 48 staff (28 February 2017: 49). Total staff costs (including Directors' emoluments) were approximately HK$11.0 million for FP2018 (FP2017: approximately HK$10.9 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of an individual employee. Bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include a share option scheme and contributions to statutory mandatory provident fund scheme to our Group's employees in Hong Kong.

INTERNAL CONTROL

The Board considers that our Group's internal control system was effective and adequate for FP2018.

The Board, through the audit committee of our Company, has conducted a review on the internal control system and identified no significant areas of concern which could affect the operation of our Company.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

During FP2018, the Company repurchased a total of 9,784,000 shares of the Company on The Stock Exchange at the aggregate consideration of HK$4,050,160. 5,344,000 repurchased shares were cancelled before 31 August 2017[(1)] and 4,440,000 repurchased shares were cancelled after 31 August 2017[(2)].

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share Highest *(HK$)*	Lowest *(HK$)*	Aggregate consideration *(HK$)*
August 2017	9,784,000	0.430	0.395	4,050,160
	9,784,000			4,050,160

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during FP2018.

Notes:

(1) On 7 August 2017, 8 August 2017, 9 August 2017, 10 August 2017 and 11 August 2017, the Company repurchased a total of 5,344,000 ordinary shares, all of which were cancelled on 30 August 2017.

(2) On 24 August 2017, 28 August 2017, 29 August 2017 and 30 August 2017, the Company repurchased 4,440,000 ordinary shares, all of which were cancelled on 15 September 2017.

MATERIAL ACQUISITIONS AND DISPOSALS

Our Group did not engage in any material acquisitions or disposals during FP2018.

ADVANCE TO ENTITY

Advances to Group A Customers

As disclosed in the announcements of our Company dated 20 January 2017 and 10 August 2017 (the "**Group A Announcements**"), Oi Wah Property Credit Limited ("**Oi Wah PL**"), an indirectly wholly-owned subsidiary of our Company, as lender entered into three loan agreements ("**Group A Loan Agreements**") with eleven customers ("**Group A Customers**") which are associate or connected to each other as borrower. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Group A Customers are independent third parties and are not connected with our Group.

Pursuant to Group A Loan Agreements, Oi Wah PL granted loans in an aggregate amount of HK$200.5 million to Group A Customers ("**Group A Loans**") for terms ranging from one month to twelve months at the interest rates ranging from P + 5.55% to P + 15.75% per annum, where P represented the prime rate of 5.25% of Wing Lung Bank Limited as of the respective dates of the Group A Loan Agreements. Group A Customers shall repay the interests on a daily basis, monthly basis and/or yearly basis with the principal amount at loan maturity respectively.

HK$200.5 million represents approximately 14.4% of the total assets of our Group of approximately HK$1,393.5 million as at 31 August 2017, approximately 25.9% to the net assets of our Group of approximately HK$774.1 million and approximately 17.6% to the total mortgage loan portfolio of our Group of approximately HK$1,141.2 million as at 31 August 2017 (all based on the unaudited consolidated financial statements of our Group for FP2018).

Group A Loans are collateralised. The collaterals provided by Group A Customers to Group A Loans amounted to an aggregate amount of approximately HK$1,148.5 million, the valuations of which were conducted by two independent property valuers. The collaterals are sufficient as the aggregate loan-to-value ratio of the mortgaged properties is approximately 64.5% (loan-to-value ratio of first mortgage: 36.4%, loan-to-value ratio as subordinated mortgages to other independent mortgagees: approximately 10.6%, loan-to-value ratio of the Group A Loans as a first/subordinated mortgage: 17.5%) based on the value of the mortgaged properties determined by two independent property valuers. Pursuant to Group A Loan Agreements, Group A Loans are guaranteed by independent third parties who are not connected with our Group.

For further details of Group A Loans, please refer to the Group A Announcements.

Advances to Group Customers B

As disclosed in the announcements of our Company dated 30 March 2017, 12 July 2017 and 10 August 2017 (the "**Group B Announcements**"), Oi Wah PL as lender entered into nine loan agreements ("**Group B Loan Agreements**") with three customers ("**Group B Customers**") which are associate or connected to each other as borrower. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Group B Customers are independent third parties and are not connected with our Group.

Pursuant to Group B Loan Agreements, Oi Wah PL granted loans in an aggregate amount of HK$224.0 million to Group B Customers ("**Group B Loans**") for terms ranging from one month to twelve months at the interest rates ranging from P + 4.00% to P + 9.75% per annum, where P represented the prime rate of 5.25% of Wing Lung Bank Limited as of the respective dates of the Group B Loan Agreements. Group B Customers shall repay the interests on a daily basis, monthly basis and/or yearly basis with the principal amount at loan maturity respectively.

HK$224.0 million represents approximately 16.1% of the total assets of our Group of approximately HK$1,393.5 million as at 31 August 2017, approximately 28.9% to the net assets of our Group of approximately HK$774.1 million and approximately 19.6% to the total mortgage loan portfolio of our Group of approximately HK$1,141.2 million as at 31 August 2017 (all based on the unaudited consolidated financial statements of our Group for FP2018).

Group B Loans are collateralised. The collaterals provided by Group B Customers to Group B Loans amounted to an aggregate amount of approximately HK$387.0 million, the valuations of which were conducted by an independent property valuer. The collaterals are sufficient as the aggregate loan-to-value ratio of the mortgaged properties is approximately 64.3% (loan-to-value ratio of first mortgage: 6.4%, loan-to-value ratio of the Group B Loans as a first/subordinated mortgage: 57.9%) based on the value of the mortgaged properties determined by an independent property valuer. Pursuant to Group B Loan Agreements, Group B Loans are guaranteed by independent third parties who are not connected with our Group.

For further details of Group B Loans, please refer to the Group B Announcements.

CORPORATE GOVERNANCE PRACTICES

For the six months ended 31 August 2017, our Company has complied with the code provisions in the Corporate Governance Code (the "**Code Provisions**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except Code Provision A.2.1 which requires that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Chan Kai Ho Edward, an executive Director, currently holds both positions. Mr. Chan Kai Ho Edward has been the key leadership figure of our Group, who has been primarily involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises other executive Directors and senior management of our Group. Taking into account the continuation of the implementation of our Group's business plans, the Directors (including the independent non-executive Directors) consider that Mr. Chan Kai Ho Edward is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and the shareholders of the Company as a whole.

MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. The Board has made specific enquiry to all Directors and the Directors confirmed that they have complied with the required standards as set out in the Model Code for the six months ended 31 August 2017.

REVIEW OF INTERIM RESULTS

The audit committee together with the management of our Company have reviewed our Group's unaudited interim consolidated financial statements for the six months ended 31 August 2017. The audit committee is of the opinion that such financial statements have complied with the applicable accounting standards, and the requirements of the Stock Exchange and the applicable legal requirements, and that adequate disclosure has been made. The audit committee has also reviewed this announcement and confirmed that it is complete and accurate and complies with the Listing Rules.

INTERIM DIVIDEND

On 30 October 2017, our Board declared an interim dividend of HK0.78 cents per ordinary share, representing approximately 30.3% of the profit attributable to the shareholders of our Company for FP2018. The total payout for the interim dividend will be amounted to approximately HK$16.5 million. The aforesaid interim dividend will be paid on 20 December 2017 to the shareholders of our Company whose names appear on the register of members of our Company at the close of business on 5 December 2017.

CLOSURE OF REGISTER OF MEMBERS

In order to establish the identity of the shareholders of our Company who are entitled to the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with our Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong(Note 1), no later than 4:30 p.m. on 1 December 2017. The register of members of our Company will be closed from 2 December 2017 to 5 December 2017, both days inclusive, during which no transfer of shares will be registered.

Note 1: Effective from 20 November 2017, the address will be changed to 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

PUBLICATION

The interim results announcement of our Company for the six months ended 31 August 2017 is published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.pawnshop.com.hk) respectively. The 2017 interim report will be dispatched to the shareholders of our Company and published on the respective websites of the Stock Exchange and our Company in due course.

By Order of the Board of
Oi Wah Pawnshop Credit Holdings Limited
Chan Kai Ho Edward
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 October 2017

As at the date of this announcement, the Board comprises Mr. Chan Kai Ho Edward (Chief Executive Officer and Chairman), Mr. Chan Chart Man, Ms. Chan Mei Fong and Ms. Chan Ying Yu as executive Directors; Mr. Chan Kai Kow Macksion as non-executive Director; and Mr. Lam On Tai, Dr. Leung Shiu Ki Albert and Dr. Yip Ngai as independent non-executive Directors.