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Oi Wah Pawnshop Credit Holdings Limited

靚華押業信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1319)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 8 April 2020, the Loan Agreement was entered into between Oi Wah PL as lender and Customer B as borrower. Pursuant to the Loan Agreement, Oi Wah PL has agreed to grant the Loan to Customer B for a term of 12 months.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan granted to Customer B under the Loan Agreement exceed 5% but are less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As (i) Customer B is the borrower of the Loan and Existing Loan F; and (ii) Customer B and Customer D are associated with each other, the grant of the Loan and the Existing Loans requires aggregation under Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the Loan and the Existing Loans granted to the Customers under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the grant of the Loan and the Existing Loans in aggregate still constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

PROVISION OF THE LOAN

The Board is pleased to announce that on 8 April 2020, the Loan Agreement was entered into between Oi Wah PL as lender and Customer B as borrower. Pursuant to the Loan Agreement, Oi Wah PL has agreed to grant the Loan to Customer B for a term of 12 months.

Summarised below are the principal terms of the Loan Agreement.

LOAN AGREEMENT

Date of the agreement:	8 April 2020
Lender:	Oi Wah PL
Borrower:	Customer B
Principal:	HK\$38,000,000.00
Interest rate:	12% per annum
Term:	12 months commencing from the drawdown date
Security:	A first and further legal charge/mortgage in respect of the two commercial properties located in Mong Kok with valuation conducted by an independent property valuer on 27 February 2020 with an aggregate amount of approximately HK\$53,000,000.00 as at 27 February 2020
Repayment:	Customer B shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity

PROVISION OF THE EXISTING LOANS

Prior to the entering into of the Loan Agreement, Oi Wah PL, as lender, has entered into the Existing Loan Agreements for the grant of the following existing secured loans to the Customers. A summary of the Existing Loan Agreements is set out as follows:

EXISTING LOAN AGREEMENT D

Date of the agreement:	12 July 2019
Lender:	Oi Wah PL
Borrower:	Customer D
Principal:	HK\$30,000,000.00
Interest rate:	P + 6.75% per annum where P represented the prime rate of 5.375% per annum of CMB Wing Lung Bank Limited as of the date of Existing Loan Agreement D

Term:	12 months commencing from the drawdown date
Security:	A legal charge/mortgage in respect of a commercial property located in Tsim Sha Tsui with valuation conducted by an independent property valuer on 11 July 2019 with an amount of approximately HK\$90,000,000.00 as at 11 July 2019
Repayment:	Customer D shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Early redemption:	An administration fee of a sum of HK\$303,125.00 if Existing Loan D is fully repaid within 1 month from the drawdown date

EXISTING LOAN AGREEMENT E

Date of the agreement:	10 August 2019
Lender:	Oi Wah PL
Borrower:	Customer D
Principal:	HK\$16,000,000.00*
Interest rate:	P + 6.75% per annum where P represented the prime rate of 5.375% per annum of CMB Wing Lung Bank Limited as of the date of Existing Loan Agreement E
Term:	12 months commencing from the drawdown date
Security:	A legal charge/mortgage in respect of a commercial property located in Tsim Sha Tsui with valuation conducted by an independent property valuer on 2 August 2019 with an amount of approximately HK\$90,000,000.00 as at 2 August 2019
Repayment:	Customer D shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Early redemption	An administration fee of HK\$262,708.70 is payable if Existing Loan E is fully repaid within 1 month from the drawdown date

* As disclosed in the announcement of the Company dated 12 August 2019, the original amount of the principal of Existing Loan E was HK\$26,000,000.00. Customer D made partial repayments as to the principal of Existing Loan E in the amounts of HK\$6,000,000.00, HK\$1,000,000.00 and HK\$3,000,000.00 on 27 August 2019, 4 September 2019 and 20 March 2020 respectively.

AGREEMENTS FOR EXISTING LOAN F

Date of the agreement:	16 January 2020
Date of the MOU:	20 January 2020
Lender:	Oi Wah PL and Lender B
Borrower:	Customer B
Principal:	Oi Wah PL: HK\$5,000,000.00 Lender B: HK\$25,000,000.00
Interest rate:	11.5% per annum
Term:	12 months commencing from the drawdown date
Security:	A legal charge/mortgage in respect of a commercial property located in Tsuen Wan with valuation conducted by an independent property valuer on 20 January 2020 with an amount of approximately HK\$46,000,000.00 as at 20 January 2020
Repayment:	Customer B shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity

OTHER TERMS OF THE EXISTING LOAN AGREEMENTS AND THE LOAN AGREEMENT

Pursuant to the Existing Loan Agreements and the Loan Agreement, the Existing Loans and the Loan are guaranteed by two individuals who are Independent Third Parties. The mortgaged properties under the Existing Loan Agreements and the Loan Agreement are insured against fire risks with an insurance company approved by Oi Wah PL.

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN AND THE EXISTING LOANS

The making of the Loan is collateralised. The collateral provided by Customer B for the Loan is sufficient as the loan-to-value ratio of the mortgaged properties for the Loan to the Group is approximately 72% based on the value of the mortgaged properties for the Loan as determined by an independent valuer.

The making of the Existing Loans are also collateralised. The collateral provided by Customer D for Existing Loan D and Existing Loan E is sufficient as the aggregate loan-to-value ratio of the mortgaged property is approximately 51% based on the value of the mortgaged property for Existing

Loan D and Existing Loan E as determined by an independent valuer. In addition, the collateral provided by Customer B for Existing Loan F is sufficient as the loan-to-value ratio of the mortgaged property is approximately 65% (loan-to-value ratio as a first mortgage to another independent mortgagee: approximately 54%, loan-to-value ratio of Existing Loan F as a first mortgage to the Group: approximately 11%) based on the value of the mortgaged property for Existing Loan F as determined by an independent valuer.

The advances in respect of the Existing Loans and the Loan were also made on the basis of the Company's credit assessments made on (i) the collateral provided by the Customers, which are at the prime sites in Hong Kong; (ii) the fact that the Customers are our repeated customers with no default record; and (iii) the relatively short term nature of the advances. After taking into account the factors as disclosed above in assessing the risks of the relevant advances, the Company considers that the risks involved in the advances to the Customers are relatively low.

FUNDING OF THE LOAN

The Group will finance the Loan with the Company's general working capital.

INFORMATION ON THE CUSTOMERS AND THEIR ULTIMATE BENEFICIAL OWNERS

Information on the Customers

Customer B and Customer D are both companies incorporated in Hong Kong with limited liability which are principally engaged in the business of property investment in Hong Kong. Customer B and Customer D are our repeated customers with no default record.

The issued share capital of Customer B is owned as to 60%, 25% and 15% by Merchant A, Merchant B and Merchant C.

The issued share capital of Customer D is owned as to 60% by Merchant A and as to 40% by Merchant C.

Information on the ultimate beneficial owners of the Customers

Merchant A, Merchant B, and Merchant C are all individuals. Merchant A, Merchant B and Merchant C are brothers.

Merchant A and Merchant C are directors of Customer B and Customer D.

Merchant A, Merchant B and Merchant C are principally engaged in the business of property investment in Hong Kong.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Customers and their ultimate beneficial owners are Independent Third Parties and not connected with the Group.

INFORMATION ON THE GROUP AND THE LENDERS

The Group is a financing service provider in Hong Kong mainly providing secured financing, including pawn loans and mortgage loans under the provisions of the Pawnbrokers Ordinance and the Money Lenders Ordinance. Oi Wah PL, as the lender of the Loan, is an indirect wholly-owned subsidiary of the Company.

REASONS FOR ENTERING INTO THE LOAN AGREEMENT AND THE EXISTING LOAN AGREEMENTS

Taking into account the principal business activities of the Group, the grant of the Loan and the Existing Loans to the Customers is in the ordinary and usual course of business of the Group.

The terms of the Loan Agreement and the Existing Loan Agreements were negotiated on an arm's length basis between Oi Wah PL and the Customers. The Directors consider that the grant of the Loan and the Existing Loans is financial assistance provided by the Company within the meaning of the Listing Rules. The Directors are of the view that the terms of the Loan Agreement and the Existing Loan Agreements were entered into on normal commercial terms based on the Company's credit policy. Taking into account the satisfactory financial background of the Customers and that a stable revenue and cashflow stream from the interest income is expected, the Directors consider that the terms of the Loan Agreement and the Existing Loan Agreements are fair and reasonable and the entering into of the Loan Agreement and the Existing Loan Agreements is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan granted to Customer B under the Loan Agreement exceed 5% but are less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As (i) Customer B is the borrower of the Loan and Existing Loan F; and (ii) Customer B and Customer D are associated with each other, the grant of the Loan and the Existing Loans requires aggregation under Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the Loan and the Existing Loans granted to the Customers under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the grant of the Loan and the Existing Loans in aggregate still constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

It is required under Rule 14.58(2) of the Listing Rules to disclose the identities of the Customers. Since (i) the Loan (aggregated with the Existing Loans) is not regarded as a material transaction of the Company as compared to the Company's overall financial position; (ii) the Company has practical difficulties in complying with the aforesaid disclosure requirement as the Customers have confirmed to the Group that they will not consent to the disclosure of their identities in this announcement; (iii) the disclosure of the identities of the Customers does not reflect their financial standing or repayment abilities and thus will serve little purpose in assisting the Shareholders to

evaluate their creditworthiness and the risks and exposure of the Loan and the Existing Loans; and (iv) the Company has made alternative disclosures in respect of the Loan and the Existing Loans in this announcement, including but not limited to the details of the collateral and the loan-to-value ratio of the collateral in respect of the Loan and the Existing Loans, which would be much more meaningful for the Shareholders in assessing the risk and exposure of the Loan and the Existing Loans as well as the repayment abilities of the Customers, the Company has applied to, and been granted by, the Stock Exchange for a waiver from strict compliance with Rule 14.58(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Agreements for Existing Loan F”	the MOU and the loan agreement entered into between Lender B and Customer B dated 16 January 2020 in respect of Existing Loan F, particulars of which are stated in the section headed “Agreements for Existing Loan F”
“Board”	the board of Directors
“Company”	Oi Wah Pawnshop Credit Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Customer B”	the borrower being a company incorporated in Hong Kong and an Independent Third Party
“Customer D”	the borrower being a company incorporated in Hong Kong and an Independent Third Party
“Customers”	Customer B and Customer D
“Director(s)”	the director(s) of the Company
“Existing Loan D”	a mortgage loan in the amount of HK\$30,000,000.00 provided by Oi Wah PL to Customer D as set out in the Company’s announcement dated 12 July 2019
“Existing Loan E”	a mortgage loan in the amount of HK\$16,000,000.00 provided by Oi Wah PL to Customer D as set out in the Company’s announcement dated 12 August 2019
“Existing Loan F”	a mortgage loan in the amount of HK\$5,000,000.00 provided by Oi Wah PL to Customer B pursuant to the Agreements for Existing Loan F

“Existing Loans”	Existing Loan D, Existing Loan E and Existing Loan F
“Existing Loan Agreement D”	the loan agreement dated 12 July 2019 entered into between Oi Wah PL and Customer D in respect of Existing Loan D, particulars of which are stated in the section headed “Existing Loan Agreement D”
“Existing Loan Agreement E”	the loan agreement dated 10 August 2019 entered into between Oi Wah PL and Customer D in respect of Existing Loan E, particulars of which are stated in the section headed “Existing Loan Agreement E”
“Existing Loan Agreements”	Existing Loan Agreement D, Existing Loan Agreement E and Agreements for Existing Loan F
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Lender B”	a company incorporated in Hong Kong holding a money lenders licence under the Money Lenders Ordinance and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a mortgage loan in the amount of HK\$38,000,000.00 provided by Oi Wah PL to Customer B
“Loan Agreement”	the loan agreement dated 8 April 2020 entered into between Oi Wah PL and Customer B in respect of the Loan
“Merchant A”	one of the directors and ultimate beneficial owners of both Customer B and Customer D, being an individual and an Independent Third Party;
“Merchant B”	one of the ultimate beneficial owners of Customer B, being an individual and an Independent Third Party;

“Merchant C”	one of the directors and ultimate beneficial owners of both Customer B and Customer D, being an individual and an Independent Third Party;
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“MOU”	the memorandum of understanding dated 20 January 2020 entered into between Oi Wah PL and Lender B in relation to the loan agreement dated 16 January 2020 entered into between Lender B and Customer B
“Oi Wah PL”	Oi Wah Property Credit Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Pawnbrokers Ordinance”	the Pawnbrokers Ordinance (Chapter 166 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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, 8 April 2020

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 Mackston and Mr. Ng Siu Hong as non-executive Directors; and Mr. Lam On Tai, Dr. Leung Shiu Ki Albert and Dr. Yip Ngai as independent non-executive Directors.