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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 29 April 2020, the Loan Agreement was entered into between Oi Wah PL as lender and Customer A as borrower. Pursuant to the Loan Agreement, Oi Wah PL has agreed to grant the Loan to Customer A 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 A under the Loan Agreement are below 5%, the grant of the Loan will not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As Customer C is the ultimate beneficial owner of both Customer A and Customer D, 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 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 29 April 2020, the Loan Agreement was entered into between Oi Wah PL as lender and Customer A as borrower. Pursuant to the Loan Agreement, Oi Wah PL has agreed to grant the Loan to Customer A for a term of 12 months.

Summarised below are the principal terms of the Loan Agreement.

## **LOAN AGREEMENT**

Date of the agreement:	29 April 2020
Lender:	Oi Wah PL
Borrower:	Customer A
Principal:	HK\$25,000,000.00
Interest rate:	10% per annum
Term:	12 months commencing from the drawdown date
Security:	A first legal charge/mortgage in respect of the two commercial properties located in Sheung Wan with valuation conducted by an independent property valuer on 3 April 2020 with an aggregate amount of approximately HK\$97,600,000.00 as at 3 April 2020
Repayment:	Customer A shall repay the interests on a monthly basis.  Customer A shall repay HK\$3,550,000.00 of the principal amount within 3 months from the drawdown date and repay the remaining principal amount at loan maturity.

### **Other terms of the Loan Agreement**

Pursuant to the Loan Agreement, the Loan is guaranteed by an individual who is an Independent Third Party. The mortgaged properties under the Loan Agreement are insured against fire risks with an insurance company approved by Oi Wah PL.

### **PROVISION OF THE EXISTING LOANS**

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

## **EXISTING LOAN AGREEMENT B**

Date of the agreement: 12 September 2019

Lender: Oi Wah PL

Borrower: Customer C

Principal: HK\$3,000,000.00

Interest rate: P + 7.75% 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 B

Term: 12 months commencing from the drawdown date

Security: A first legal charge/mortgage in respect of a residential property located in Lantau Island with valuation conducted by an independent property valuer on 27 August 2019 with an amount of approximately HK\$11,700,000.00 as at 27 August 2019

Repayment: Customer C shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity

## **EXISTING LOAN AGREEMENT C**

Date of the agreement: 14 February 2020

Lender: Oi Wah CL

Borrower: Customer D

Principal: HK\$6,500,000.00

Interest rate: P + 7.875% per annum where P represented the prime rate of 5.25% per annum of CMB Wing Lung Bank Limited as of the date of Existing Loan Agreement C

Term: 12 months commencing from the drawdown date

Security: A first legal charge/mortgage in respect of two residential properties located in Lantau Island with valuation conducted by an independent property valuer on 13 February 2020 with an aggregate amount of approximately HK\$27,600,000.00 as at 13 February 2020

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\$426,500.00 is payable if Existing Loan C is fully repaid within 6 months from the drawdown date

#### **EXISTING LOAN AGREEMENT D**

Date of the agreement: 7 April 2020

Lender: Oi Wah PL

Borrower: Customer C

Principal: HK\$6,000,000.00

Interest rate: 22% per annum

Term: 1 month commencing from the drawdown date

Security: A second legal charge/mortgage in respect of a residential property located in Lantau Island with valuation conducted by an independent property valuer on 24 March 2020 with an amount of approximately HK\$54,000,000.00 as at 24 March 2020

Repayment: Customer C shall repay the interests with the principal amount at loan maturity

#### **Other terms of the Existing Loan Agreements**

The mortgaged properties under Existing Loan Agreement B and Existing Loan Agreement D are insured against fire risks with an insurance company approved by Oi Wah PL, while the mortgaged properties under Existing Loan Agreement C are insured against fire risks with an insurance company approved by Oi Wah CL.

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

The making of the Loan and the Existing Loans is collateralised.

The collateral provided by Customer A for the Loan is sufficient as the loan-to-value ratio of the mortgaged properties is approximately 72% (loan-to-value ratio as a first mortgage to other independent mortgagees: approximately 46%, loan-to-value ratio of the Loan as a first mortgage to the Group: approximately 26%) based on the aggregate value of the mortgaged properties for the Loan as determined by an independent valuer.

The collateral provided by Customer C for Existing Loan B is sufficient as the loan-to-value ratio of the mortgaged property is approximately 51% (loan-to-value ratio as a first mortgage to another independent mortgagee: approximately 25%, loan-to-value ratio of Existing Loan B as a first mortgage to the Group: approximately 26%) based on the value of the mortgaged property for Existing Loan B as determined by an independent valuer.

The collateral provided by Customer D for Existing Loan C is sufficient as the loan-to-value ratio of the mortgaged properties is approximately 47% (loan-to-value ratio as a first mortgage to another independent mortgagee: approximately 23%, loan-to-value ratio of Existing Loan C as a first mortgage to the Group: approximately 24%) based on the aggregate value of the mortgaged properties for Existing Loan C as determined by an independent valuer.

The collateral provided by Customer C for Existing Loan D is sufficient as the loan-to-value ratio of the mortgaged property is approximately 58% (loan-to-value ratio as a first mortgage: approximately 36%, loan-to-value ratio as a subordinate mortgage to another independent mortgagee: approximately 11%; loan-to-value ratio of Existing Loan D as a subordinate mortgage to the Group: approximately 11%) based on the value of the mortgaged property for Existing Loan D 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**

Customer A is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in the business of property investment.

Customer D is a company incorporated in Hong Kong with limited liability which is principally engaged in the business of property investment.

Customer C is an individual and the ultimate beneficial owner of both Customer A and Customer D. Customer C is also the director of Customer D.

Customer C is a controlling shareholder, an executive director and the chairman of the board of directors of a company whose shares are listed on the main board of the Stock Exchange. Furthermore, Customer C is currently a member of the Standing Committee of the Shaanxi Provincial Committee of the Chinese People's Political Consultative Conference.

The Customers are our repeated customers with no default record.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Customer A, Customer D and their ultimate beneficial owner (i.e. Customer C) 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, Existing Loan B and Existing Loan D, is an indirect wholly-owned subsidiary of the Company. Oi Wah CL, as the lender of Existing Loan C, 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, Existing Loan Agreement B and Existing Loan Agreement D were negotiated on an arm's length basis between Oi Wah PL and the relevant Customers. The terms of Existing Loan Agreement C were negotiated on an arm's length basis between Oi Wah CL and Customer D. 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 A under the Loan Agreement are below 5%, the grant of the Loan is not subject to the discloseable requirement under Chapter 14 of the Listing Rules.

As Customer C is the ultimate beneficial owner of both Customer A and Customer D, 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 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:

“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 A”	the borrower being a company incorporated in the British Virgin Islands and an Independent Third Party

“Customer C”	the borrower being an individual and an Independent Third Party, and the ultimate beneficial owner of both Customer A and Customer D
“Customer D”	the borrower being a company incorporated in Hong Kong and an Independent Third Party
“Customers”	Customer A, Customer C and Customer D
“Director(s)”	the director(s) of the Company
“Existing Customers”	Customer C and Customer D
“Existing Loan B”	a mortgage loan in the amount of HK\$3,000,000.00 provided by Oi Wah PL to Customer C
“Existing Loan C”	a mortgage loan in the amount of HK\$6,500,000.00 provided by Oi Wah CL to Customer D
“Existing Loan D”	a mortgage loan in the amount of HK\$6,000,000.00 provided by Oi Wah PL to Customer C
“Existing Loans”	Existing Loan B, Existing Loan C and Existing Loan D
“Existing Loan Agreement B”	the loan agreement dated 12 September 2019 entered into between Oi Wah PL and Customer C for granting Existing Loan B
“Existing Loan Agreement C”	the loan agreement dated 14 February 2020 entered into between Oi Wah CL and Customer D for granting Existing Loan C
“Existing Loan Agreement D”	the loan agreement dated 7 April 2020 entered into between Oi Wah PL and Customer C for granting Existing Loan D
“Existing Loan Agreements”	Existing Loan Agreement B, Existing Loan Agreement C and Existing Loan Agreement D
“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)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a mortgage loan in the amount of HK\$25,000,000.00 provided by Oi Wah PL to Customer A
“Loan Agreement”	the loan agreement dated 29 April 2020 entered into between Oi Wah PL and Customer A in respect of the Loan
“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
“Oi Wah CL”	Oi Wah Credit Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“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, 29 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.*