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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)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 15 December 2021, the Framework Loan Agreement was entered into between Oi Wah PCL as lender and the Customer as borrower, pursuant to which Oi Wah PCL has agreed to advance the Facility to the Customer for a term of 12 months subject to Oi Wah PCL and the Customer entering into a formal loan agreement to set out the specific terms and conditions of such loan.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of the Facility exceeds 5% but is less than 25%, the advance of the Facility constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

PROVISION OF THE FACILITY

The Board is pleased to announce that on 15 December 2021, the Framework Loan Agreement was entered into between Oi Wah PCL as lender and the Customer as borrower, pursuant to which Oi Wah PCL has agreed to advance the Facility to the Customer for a term of 12 months subject to Oi Wah PCL and the Customer entering into a formal loan agreement to set out the specific terms and conditions of such loan.

The principal terms of the Framework Loan Agreement is set out as follows:

FRAMEWORK LOAN AGREEMENT

Date of the agreement: 15 December 2021

Parties:

1. Oi Wah PCL (as lender)
2. The Customer (as borrower)

Subject matter: Oi Wah PCL agrees to advance the Facility to the Customer subject to Oi Wah PCL and the Customer entering into a formal loan agreement to set out the specific terms and conditions of such loan.

At any time during the Term (i.e. the period commencing on the date of the Framework Loan Agreement to the date falling 12 months from the date of the Framework Loan Agreement), Oi Wah PCL and the Customer may enter into a loan agreement setting out the terms and conditions for which a loan in the maximum amount of the lower of HK\$40,000,000 or 70% of the market value of the Collateral may be made available to the Customer. The following terms shall be reflected in the loan agreement(s) for the Facility:

Lender: Oi Wah PCL

Borrower: The Customer

Maximum amount of facilities to be granted: The lower of HK\$40,000,000.00 or 70% of the market value of the Collateral

Purpose of the loan: For financing the general working capital of the Customer

Interest rate: 12% per annum

Maturity date: Any date before expiry of the Term as agreed between Oi Wah PCL and the Customer

Collateral: Branded watches and jewelleryes

Upon the maturity date of the loan granted under the Facility, Oi Wah PCL and the Customer may enter into subsequent loan agreements to refinance the outstanding principal amount of the loan (each a “**Loan Rollover**”), provided that (a) the maturity date of any Loan Rollover shall not fall behind the expiry date of the Term; and (b) the terms as specified in the paragraph above shall be reflected in the loan agreement for all Loan Rollovers.

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN UNDER THE FACILITY

The making of the loan under the Facility is collateralised. Prior to the loan under the Facility is being granted to the Customer, the Collateral shall be collected by the Group and be stored safely in a designated place of the Group. The Collateral shall only be returned to the Customer upon the respective loan principal and all outstanding interest accrued thereon being fully settled.

The Collateral provided by the Customer for the loan signed under the Facility is sufficient as the loan-to-value ratio of the Collateral for the relevant loan will not be more than 70% based on the value of the Collateral as determined by a professional valuer.

The advances in respect of the Facility were also made on the basis of the Company’s credit assessments made on (i) the collaterals provided by the Customer, which include branded watches and jewelleryes; (ii) the fact that the Customer is our existing customer with no default record; and (iii) the relatively short term nature of the advances. After having taken 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 Customer are relatively low.

FUNDING OF THE FACILITY

The Group will finance the Facility with the Company’s general working capital.

INFORMATION OF THE CUSTOMER

The Customer is an individual and a merchant who is principally engaged in the trading of watches and jewelleryes.

The Customer is our existing customer with no default record.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Customer is an Independent Third Party and not connected with the Group.

INFORMATION OF THE GROUP AND THE LENDER

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 PCL, as the lender of the Facility, is an indirect wholly-owned subsidiary of the Company.

REASONS FOR THE ENTERING INTO OF THE FRAMEWORK LOAN AGREEMENT

Having taken into account the principal business activities of the Group, the advance of the Facility to the Customer is in the ordinary and usual course of business of the Group.

The terms of the Framework Loan Agreement were negotiated on an arm's length basis between Oi Wah PCL and the Customer. The Directors consider that the advance of the Facility 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 Framework Loan Agreement were entered into on normal commercial terms based on the Company's credit policy. After having taken into account the satisfactory financial background of the Customer and that a stable revenue and cashflow stream from the interest income is expected, the Directors consider that the terms of the Framework Loan Agreement are fair and reasonable and the entering into of the Framework Loan Agreement is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of the Facility exceeds 5% but is less than 25%, the advance of the Facility constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.58(2) of the Listing Rules, the identity of the Customer is required to be disclosed. Since (i) the advance of the Facility 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 Customer has confirmed to the Group that it will not consent to the disclosure of its identities in this announcement; (iii) the disclosure of the identity of the Customer does not reflect its 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 Facility; and (iv) the Company has made alternative disclosures in respect of the Facility 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 Facility, which would be much more meaningful for the Shareholders in assessing the risk and exposure of the Facility as well as the repayment abilities of the Customer, the Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(2) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Collateral”	branded watches and jewelleryes
“Company”	Oi Wah Pawnshop Credit Holdings Limited (靄華押業信貸控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1319)
“Customer”	the borrower being an individual and an Independent Third Party
“Directors”	the director(s) of the Company
“Facility”	a loan facility in the principal amount of the lower of HK\$40,000,000.00 (in aggregate) or 70% of the market value of the Collateral to be granted to the Customer
“Framework Loan Agreement”	the framework loan agreement dated 15 December 2021 entered into between Oi Wah PCL and the Customer in respect of the Facility
“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)”	a third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 PCL”	Oi Wah Pawnshop Credit Limited, a company incorporated in Hong Kong with limited liability 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
“percentage ratio(s)”	has the meaning ascribed to it in the Listing Rules
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the period commencing on the date of the Framework Loan Agreement to the date falling 12 months from the date of the Framework Loan Agreement
“%”	per cent

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, 15 December 2021

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 Mackson 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.