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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 7 January 2022, 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 each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of the Loan granted to Customer B is less than 5%, the grant of the Loan does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Notwithstanding the above, as (i) Customer B is the spouse of Merchant C (one of the ultimate beneficial owners of Customer A) and sister-in-law of both Merchant A and Merchant B (both being two of the ultimate beneficial owners of Customer A); and (ii) the Loan Agreement and the Existing Loan Agreement were entered into within a 12-month period, the transactions contemplated under the Loan Agreement and the Existing Loan Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregate amount of the Loan and the Existing Loan exceeds 5% but is less than 25%, the grant of the Loan and the Existing Loan in aggregate constitutes discloseable transactions of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

PROVISION OF THE LOAN

The Board is pleased to announce that on 7 January 2022, 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.

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

Date of the agreement:	7 January 2022
Lender:	Oi Wah PL
Borrower:	Customer B
Principal:	HK\$14,000,000.00
Interest rate:	10% per annum
Term:	12 months commencing from the drawdown date
Security:	A first legal charge/mortgage in respect of a residential property located in Tai Po with valuation conducted by an independent property valuer on 9 December 2021 with an amount of approximately HK\$21,000,000.00 as at 9 December 2021
Repayment:	Customer B shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Early redemption:	Administrative fees of a sum of HK\$350,000.00 is payable if the Loan is fully repaid within 3 months from the drawdown date.

Other terms of the Loan Agreement

The mortgaged property under the Loan Agreement is insured against fire risks with an insurance company approved by Oi Wah PL.

PROVISION OF THE EXISTING LOAN

Prior to the entering into of the Loan Agreement, the Group has entered into the Existing Loan Agreement for the grant of the Existing Loan to Customer A. The principal terms of the Existing Loan Agreement are set out as follows:

EXISTING LOAN AGREEMENT

Date of the agreement:	24 August 2021
Lender:	Oi Wah PL
Borrower:	Customer A
Principal:	HK\$26,000,000.00
Interest rate:	10% per annum
Term:	12 months commencing from the drawdown date
Security:	A first legal charge/mortgage in respect of a residential property located in Tai Po with valuation conducted by an independent property valuer on 24 August 2021 with an amount of approximately HK\$40,000,000.00 as at 24 August 2021
Repayment:	Customer A shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Early redemption:	Administrative fees of a sum of HK\$650,000.00 is payable if the Existing Loan is fully repaid within 3 months from the drawdown date.

Other terms of the Existing Loan Agreement

Pursuant to the Existing Loan Agreement, the Existing Loan is guaranteed by Merchant A, Merchant B and Merchant C. The mortgaged property under the Existing Loan Agreement is 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 LOAN

The making of the Existing Loan and the Loan are collateralised.

The collateral provided by Customer A for the Existing Loan is sufficient as the loan-to-value ratio of the mortgaged property for the Existing Loan is approximately 65.0% based on the value of the mortgaged property for the Existing Loan as determined by an independent valuer.

The collateral provided by Customer B for the Loan is sufficient as the loan-to-value ratio of the mortgaged property for the Loan is approximately 66.7% based on the value of the mortgaged property for the Loan as determined by an independent valuer.

The advances in respect of the Existing Loan 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 Customer A 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 Customers are relatively low.

FUNDING OF THE LOAN AND THE EXISTING LOAN

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

INFORMATION OF THE CUSTOMERS AND THEIR ULTIMATE BENEFICIAL OWNERS

Customer A is a company incorporated in Hong Kong with limited liability which is an investment holding company. Customer A is owned as to 51%, 40% and 9% by Merchant A, Merchant B and Merchant C, respectively.

Merchant A is an individual, the spouse of Merchant B, the brother of Merchant C, the brother-in-law of Customer B and a merchant who principally engages in the business of investment. Merchant A is a director and one of the ultimate beneficial owners of Customer A, respectively.

Merchant B is an individual, the spouse of Merchant A, the sister-in-law of both Merchant C and Customer B and a merchant who principally engages in the business of investment. Merchant B is a director of Customer B and one of the ultimate beneficial owners of Customer A, respectively.

Merchant C is an individual, the spouse of Customer B, the brother of Merchant A, the brother-in-law of Merchant B and a merchant who principally engages in the business of investment. Merchant C is a director and one of the ultimate beneficial owners of Customer A.

Customer B is an individual, the spouse of Merchant C, the sister-in-law of both Merchant A and Merchant B and a homemaker.

Customer A is our existing customer with no default record.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Customers and their ultimate beneficial owners are Independent Third Parties 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 PL, as the lender of the Loan and the Existing Loan, is an indirect wholly-owned subsidiary of the Company.

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

Having taken into account the principal business activities of the Group, the grant of the Loan to Customer B and the Existing Loan to Customer A are in the ordinary and usual course of business of the Group.

The terms of the Loan Agreement was negotiated on an arm's length basis between Oi Wah PL and Customer B. The terms of the Existing Loan Agreement was negotiated on an arm's length basis between Oi Wah PL and Customer A. The Directors consider that the grant of the Loan and the Existing Loan are 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 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 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 Agreement are fair and reasonable and the entering into the Loan Agreement and the Existing Loan Agreement are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of the Loan granted to Customer B is less than 5%, the grant of the Loan does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Notwithstanding the above, as (i) Customer B is the spouse of Merchant C (one of the ultimate beneficial owners of Customer A) and sister-in-law of both Merchant A and Merchant B (both being two of the ultimate beneficial owners of Customer A); and (ii) the Loan Agreement and the

Existing Loan Agreement were entered into within a 12-month period, the transactions contemplated under the Loan Agreement and the Existing Loan Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregate amount of the Loan and the Existing Loan exceeds 5% but is less than 25%, the grant of the Loan and the Existing Loan in aggregate constitutes discloseable transactions 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 identities of the Customers are required to be disclosed. Since (i) the granting of the Loan (which have been aggregated with the Existing Loan) are 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 Loan; and (iv) the Company has made alternative disclosures in respect of the Loan and the Existing Loan 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 Loan, which would be much more meaningful for the Shareholders in assessing the risk and exposure of the Loan and the Existing Loan as well as the repayment abilities of the Customers, 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
“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 A”	the borrower being a company incorporated in Hong Kong and an Independent Third Party
“Customer B”	the borrower being an individual and an Independent Third Party
“Customers”	Customer A and Customer B
“Directors”	the director(s) of the Company

“Existing Loan”	a mortgage loan in the amount of HK\$24,000,000.00 provided by Oi Wah PL to Customer A
“Existing Loan Agreement”	the loan agreement dated 24 August 2021 entered into between Oi Wah PL and Customer A in respect of the Existing Loan, particulars of which are stated in the section headed “Provision of the Existing Loan” in this announcement
“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
“Loan”	a mortgage loan in the amount of HK\$14,000,000.00 provided by Oi Wah PL to Customer B
“Loan Agreement”	the loan agreement dated 7 January 2022 entered into between Oi Wah PL and Customer B in respect of the Loan
“Merchant A”	a director and one of the ultimate beneficial owners of Customer A, being an individual and an Independent Third Party
“Merchant B”	a director and one of the ultimate beneficial owner of Customer A, being an individual and an Independent Third Party
“Merchant C”	a director and one of the ultimate beneficial owner of Customer A, 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
“Oi Wah PL”	Oi Wah Property Credit Limited (靄華物業信貸有限公司), 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
“%”	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, 7 January 2022

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 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.