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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2024

FINANCIAL HIGHLIGHTS

		2024 HK\$'000	2023 HK\$'000	Change
Revenue		179,307	165,841	8.1%
Profit before taxation		103,282	102,727	0.5%
Profit for the year attributable to shareholders		86,447	86,107	0.4%
Net profit margin		48.2%	51.9%	
Basic earnings per share (in HK cents)		4.5	4.5	
Proposed dividend for the year				
– Final dividend (in HK cents)		0.76	0.87	
		As at 29 February 2024 HK\$'000	As at 28 February 2023 HK\$'000	
Gross loan receivables – principal	Note 1	949,978	927,595	2.4%
– Pawn loan receivables at amortised cost		42,045	42,225	
– Pawn loan receivables at fair value through profit or loss		138,434	130,879	
– Mortgage loan receivables at amortised cost		769,499	754,491	
Total assets		1,188,706	1,153,570	3.0%
Total equity		1,079,682	1,030,045	4.8%
Net interest margin	Note 2	16.4%	15.6%	
For pawn loan services		37.7%	37.6%	
For mortgage loan services		11.5%	10.5%	

Note 1: Under HKFRS 9, pawn loan receivables under the Pawnbrokers Ordinance will be measured at fair value through profit or loss, and pawn loan and mortgage loan receivables under the Money Lenders Ordinance will be measured at amortised cost.

Note 2: Net interest margin during the year refers to our interest income in respect of our pawn loans and mortgage loans less the respective finance costs, divided by the average of month-end gross loan receivables balances of the corresponding loans during the year.

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 consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the year ended 29 February 2024, together with the comparative figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 29 February 2024

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2024 \$'000	2023 \$'000
Revenue	4	179,307	165,841
Other income, gains or losses	6	<u>4,730</u>	<u>3,734</u>
Operating income		184,037	169,575
Other operating expenses	7(c)	(59,499)	(57,075)
Impairment losses recognised on loan receivables		<u>(15,126)</u>	<u>–</u>
Profit from operations		109,412	112,500
Finance costs	7(a)	<u>(6,130)</u>	<u>(9,773)</u>
Profit before taxation	7	103,282	102,727
Income tax	8	<u>(16,835)</u>	<u>(16,620)</u>
Profit and total comprehensive income for the year attributable to shareholders		<u>86,447</u>	<u>86,107</u>
Earnings per share (in HK cents) – basic and diluted	9	<u>4.5</u>	<u>4.5</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

(Expressed in Hong Kong dollars)

	Notes	2024 \$'000	2023 \$'000
Non-current assets			
Plant and equipment		3,019	2,036
Right-of-use assets	10	13,210	14,719
Interest in an associate		–	–
Loan receivables	11	36,699	67,926
Other receivables	12	1,740	3,463
Deferred tax assets		2,408	109
		<u>57,076</u>	<u>88,253</u>
Current assets			
Reposessed assets		13,875	10,226
Loan receivables	11	937,230	885,304
Trade and other receivables	12	9,925	7,340
Cash and cash equivalents		170,600	162,447
		<u>1,131,630</u>	<u>1,065,317</u>
Current liabilities			
Accruals and other payables	14	4,906	5,487
Bank loans and overdrafts	13	10,000	10,060
Loans from the immediate holding company	16	47,500	47,500
Lease liabilities	10	6,772	7,803
Debt securities issued	17	25,991	11,993
Tax payable		6,642	6,972
		<u>101,811</u>	<u>89,815</u>
Net current assets		<u>1,029,819</u>	<u>975,502</u>
Total assets less current liabilities		<u>1,086,895</u>	<u>1,063,755</u>

	<i>Notes</i>	2024 \$'000	2023 \$'000
Non-current liabilities			
Debt securities issued	<i>17</i>	–	25,973
Lease liabilities	<i>10</i>	<u>7,213</u>	<u>7,737</u>
		<u>7,213</u>	<u>33,710</u>
NET ASSETS		<u>1,079,682</u>	<u>1,030,045</u>
CAPITAL AND RESERVES			
Capital		19,272	19,272
Reserves		<u>1,060,410</u>	<u>1,010,773</u>
TOTAL EQUITY		<u>1,079,682</u>	<u>1,030,045</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (hereinafter collectively referred to as the “**Group**”) are principally engaged in secured financing business in Hong Kong, including pawn loans and mortgage loans.

The directors of the Company (the “**Directors**”) consider the immediate parent and ultimate controlling party of the Group to be Kwan Lik Holding Limited, which is incorporated in the British Virgin Islands (the “**BVI**”), and TMF (Cayman) Ltd. as trustee of a reserved power discretionary trust for the benefit of Mr. Chan Chart Man, Mr. Chan Kai Ho Edward, Ms. Chan Ying Yu, Ms. Chan Mei Fong, Ms. Chan Nga Yu, Ms. Mui Hang Sin and Mr. Chan Kai Kow Mackson, which is incorporated in the Cayman Islands, respectively. These entities do not produce financial statements available for public use.

The Company’s registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its head office and principal place of business in Hong Kong is located at Rooms 2302–2303, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HKD**” or “**HK\$**” or “**\$**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 29 February 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 28 February 2023.

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 March 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies.

Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for loan receivables at fair value through profit or loss (“**FVPL**”) that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

4. REVENUE

The principal activities of the Group are engaged in secured financing business in Hong Kong including pawn loans and mortgage loans.

Revenue represents interest income earned on pawn loans and mortgage loans and results on disposal of repossessed assets. The amount of each nature of business of revenue recognised during the year is as follows:

	2024	2023
	\$'000	\$'000
Revenue from pawn loan business		
– Interest income from pawn loan receivables calculated using the effective interest method	9,477	14,411
– Interest income from pawn loan receivables at FVPL	63,367	56,693
– Gain on disposal of repossessed assets	6,715	3,205
	<u>79,559</u>	<u>74,309</u>
Revenue from mortgage loan business		
– Interest income from mortgage loan receivables calculated using the effective interest method	99,748	91,532
	<u>179,307</u>	<u>165,841</u>

Gain on disposal of repossessed assets is the revenue from contracts with customers within the scope of HKFRS 15 and the timing of recognition is at a point in time. The cost of disposal of repossessed assets for the year ended 29 February 2024 amounted to approximately HK\$58.3 million (2023: approximately HK\$49.2 million).

During the year ended 29 February 2024 and 28 February 2023, the Group's customer base was diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

5. 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 have been presented.

6. OTHER INCOME, GAINS OR LOSSES

	2024 \$'000	2023 \$'000
Rental income	1,796	574
Government subsidy (Note a)	–	888
Credit related fee income	935	776
COVID-19-related rent concession (Note b)	–	775
Bank interest income	1,830	516
Others	169	205
	<u>4,730</u>	<u>3,734</u>

Notes:

- (a) During the year ended 28 February 2023, the Group recognised the COVID-19-related subsidies, of which amounted to approximately HK\$888,000 related to Employment Support Scheme provided by the Government of Hong Kong Special Administrative Region under the Anti-Epidemic Fund. Government grants has been recognised as other income on a systematic basis over the periods in which the Group recognises the staff costs for which the government grants are intended to compensate. The Group recognised as other income for the year as the Group fulfilled all the relevant granting criteria. No subsidy has been granted during the year ended 29 February 2024.
- (b) Due to the outbreak of COVID-19, the Group has received rent concessions from lessors in the form of rent reduction. During the year ended 28 February 2023, the Group has early adopted Amendments to HKFRS 16 and applied the practical expedient not to assess whether a rent concession occurring as a direct consequence of the COVID-19 is a lease modification.

7. PROFIT BEFORE TAXATION

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

	2024	2023
	\$'000	\$'000
(a) Finance costs		
Interest on debt securities issued	1,908	4,209
Interest on other loans	–	885
Interest on loans from the immediate holding company	2,382	2,375
Interest on bank loans and overdrafts	911	1,235
Interest on lease liabilities	929	1,069
	<u>6,130</u>	<u>9,773</u>
(b) Staff costs		
Salaries and other benefits	21,737	20,368
Directors' remuneration	9,317	8,379
Contributions to Mandatory Provident Fund ("MPF")	526	511
Charge for provision for long service payment	109	338
	<u>31,689</u>	<u>29,596</u>
(c) Other operating expenses		
Premises and equipment expenses excluding depreciation:		
– rental of premises	3,417	3,853
– maintenance, repairs and others	1,186	1,008
	<u>4,603</u>	<u>4,861</u>
Auditor's remuneration	950	850
Depreciation of plant and equipment	802	593
Depreciation of right-of-use assets	8,720	8,847
Advertising expenses	2,475	2,328
Bank charges	2,218	2,505
Legal and professional fees	2,865	2,009
Net (gains) losses on loan receivables at FVPL	(16)	13
Others	5,193	5,473
	<u>23,207</u>	<u>22,618</u>
	<u><u>59,499</u></u>	<u><u>57,075</u></u>

8. INCOME TAX

	2024 \$'000	2023 \$'000
Hong Kong Profits Tax		
Provision for the year		
– Current tax	19,114	16,637
Under-provision in respect of prior year	20	–
Deferred tax	<u>(2,299)</u>	<u>(17)</u>
	<u>16,835</u>	<u>16,620</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2.0 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%. For both years, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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

The income tax for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 \$'000	2023 \$'000
Profit before taxation	<u>103,282</u>	<u>102,727</u>
Notional tax on profit before taxation, calculated at applicable rates	16,877	16,785
Tax effect of non-taxable income	(302)	(232)
Tax effect of non-deductible expenses	261	109
Under-provision in respect of prior year	20	–
Statutory tax concession (Note)	<u>(21)</u>	<u>(42)</u>
Income tax	<u>16,835</u>	<u>16,620</u>

Note: Statutory tax concession represented a reduction of Hong Kong Profits Tax for the year of assessment 2023/2024 and 2022/2023 by 100%, subject to a ceiling of HK\$3,000 and HK\$6,000 respectively.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to shareholders of the Company is based on the following data:

Earnings

	2024 \$'000	2023 \$'000
Profit for the year attributable to shareholders of the Company	<u>86,447</u>	<u>86,107</u>

Weighted average number of ordinary shares

	2024 <i>Number of shares</i> '000	2023 <i>Number of shares</i> '000
Issued ordinary shares at 1 March	1,927,236	1,928,876
Effect of purchase of own shares	<u>–</u>	<u>(1,050)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,927,236</u>	<u>1,927,826</u>

The basic earnings per share and the diluted earnings per share are the same as there were no potential dilutive ordinary shares in issue during both years.

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2024 \$'000	2023 \$'000
Leased properties – buildings	<u>13,210</u>	<u>14,719</u>

The Group has lease arrangements for leased properties. The lease terms are generally ranged from one to five years with fixed lease payments.

Additions to the right-of-use assets for the year ended 29 February 2024 amounted to approximately HK\$7.2 million (2023: approximately HK\$3.3 million) due to new leases of buildings.

During the years ended 29 February 2024 and 28 February 2023, the Group has subleased part of the leased properties. The Group has classified the sublease as operating lease. During the year ended 29 February 2024, the Group recognised rental income from subleasing right-of-use assets of approximately HK\$1.8 million (2023: approximately HK\$0.6 million).

(ii) Lease liabilities

	2024 \$'000	2023 \$'000
Current	6,772	7,803
Non-current	7,213	7,737
	<u>13,985</u>	<u>15,540</u>
Amounts payable under lease liabilities	2024 \$'000	2023 \$'000
Within one year	6,772	7,803
After one year but within two years	4,326	4,405
After two years but within five years	2,887	2,978
After five years	–	354
	<u>13,985</u>	<u>15,540</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(6,772)</u>	<u>(7,803)</u>
Amount due for settlement after 12 months	<u>7,213</u>	<u>7,737</u>

Rent concessions

During the year ended 28 February 2023, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

These rent concessions occurred as a direct consequence of COVID-19 pandemic, which met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. Accordingly, during the year ended 28 February 2023, rent concessions of approximately HK\$775,000 (2024: nil) had been accounted as negative variable lease payments and recognised in the profit or loss, with a corresponding adjustment to the lease liabilities.

(iii) Amounts recognised in profit or loss

	2024	2023
	\$'000	\$'000
Depreciation of right-of-use assets – leased properties	8,720	8,847
Interest on lease liabilities	929	1,069
Expense relating to short-term leases	3,417	3,853
Rent concession related to COVID-19 (Note)	–	(775)
Income from subleasing right-of-use assets	(1,796)	(574)

Note: As disclosed in note 10(ii), the Group has adopted the Amendment to HKFRS 16, COVID-19-Related Rent Concessions and the Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the year ended 28 February 2023.

(iv) Others

As at 29 February 2024 and 28 February 2023, the Group had no committed lease agreements not yet commenced.

During the year ended 29 February 2024, the total cash outflow for leases amounted to approximately HK\$13.1 million (2023: approximately HK\$12.7 million).

(v) Restrictions or covenants on leases

As at 29 February 2024, lease liabilities of approximately HK\$13,985,000 were recognised with related right-of-use assets of approximately HK\$13,210,000 (2023: lease liabilities of approximately HK\$15,540,000 and related right-of-use assets of approximately HK\$14,719,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

11. LOAN RECEIVABLES

	2024 \$'000	2023 \$'000
Loan receivables at amortised cost:		
– Pawn loans	42,045	42,225
– Accrued interests of pawn loans	1,079	1,199
	<u>43,124</u>	<u>43,424</u>
Pawn loan receivables	43,124	43,424
Less: Impairment allowance on pawn loans – Stage 3	(3,701)	–
	<u>39,423</u>	<u>43,424</u>
Net pawn loan receivables	39,423	43,424
	<u>769,499</u>	<u>754,491</u>
– Mortgage loans	769,499	754,491
– Accrued interests of mortgage loans	25,095	13,860
	<u>794,594</u>	<u>768,351</u>
Less: Impairment allowance on mortgage loans – Stage 3	(10,330)	–
	<u>784,264</u>	<u>768,351</u>
Net mortgage loan receivables	784,264	768,351
Net loan receivables at amortised cost	823,687	811,775
Loan receivables at FVPL:		
Pawn loans	150,242	141,455
Total net loan receivables	973,929	953,230
Current portion included under current assets	(937,230)	(885,304)
Amounts due after one year included under non-current assets	<u>36,699</u>	<u>67,926</u>

In determining the expected credit losses for loan receivables, the Directors have determined using a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default, discount rate, adjustments for forward-looking information, value of collateral and other adjustment factors.

There has been no material change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for loan receivables.

Movement in impairment losses

	Expected credit loss	
	2024	2023
	Stage 3	Stage 3
	\$'000	\$'000
At 1 March	–	–
Impairment losses recognised on profit or loss		
– Pawn loan	4,796	–
– Mortgage loan	10,330	–
	<u>15,126</u>	<u>–</u>
Written off – Pawn loan	(1,095)	–
	<u>14,031</u>	<u>–</u>
At 29 February/28 February	<u>14,031</u>	<u>–</u>

During the year ended 29 February 2024, the Group had provided approximately HK\$15.1 million expected credit loss as the borrowers were unlikely to pay their credit obligations to the Group in full. Among that, the Group had written off approximately HK\$1.1 million expected credit loss as the respective borrower was fail to pay its credit obligations to the Group in full and the management determines that there is no realistic prospect of recovery of such credit obligation.

Ageing analysis

Ageing analysis of the gross amount of loan receivables is prepared based on contractual due date and not net of loss allowance as follows:

	Pawn loans at amortised cost	Pawn loans at FVPL	Mortgage loans	Total
	\$'000	\$'000	\$'000	\$'000
29 February 2024				
Not past due	25,797	145,138	411,942	582,877
Less than 1 month past due	426	3,608	128,577	132,611
1 to less than 3 months past due	3,074	1,168	26,546	30,788
3 to less than 6 months past due	–	328	125,784	126,112
6 months to 1 year past due	13,827	–	–	13,827
Over 1 year past due	–	–	101,745	101,745
	<u>43,124</u>	<u>150,242</u>	<u>794,594</u>	<u>987,960</u>

	Pawn loans at amortised cost \$'000	Pawn loans at FVPL \$'000	Mortgage loans \$'000	Total \$'000
28 February 2023				
Not past due	41,782	138,161	507,483	687,426
Less than 1 month past due	1,097	2,045	91,675	94,817
1 to less than 3 months past due	545	730	66,307	67,582
3 to less than 6 months past due	–	519	39,474	39,993
6 months to 1 year past due	–	–	29,957	29,957
Over 1 year past due	–	–	33,455	33,455
	<u>43,424</u>	<u>141,455</u>	<u>768,351</u>	<u>953,230</u>

As at 29 February 2024 and 28 February 2023, of these mortgage loans which had been past due for one month or above, except for several loan receivables amounted to approximately HK\$151.9 million (2023: nil) on which an allowance for expected credit loss amounting of approximately HK\$15.1 million (2023: nil) had been recognised, the respective valuations of the collaterals can fully cover the outstanding balances of these loans at the end of reporting periods. Among those impaired loan receivables, the Group had written off approximately HK\$1.1 million expected credit loss as the borrower is fail to pay its credit obligations to the Group in full. In respect of the mortgage loans which have been past due for less than 1 month, the amounts mainly represent occasional delay in repayment and are not an indication of significant deterioration of credit quality of these mortgage loans.

12. TRADE AND OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Non-current		
Others	<u>1,740</u>	<u>3,463</u>
Current		
Trade receivables	<u>1,728</u>	–
Deposits and payments in advance	<u>8,095</u>	7,238
Others	<u>102</u>	102
	<u>9,925</u>	<u>7,340</u>

Trade receivables are due within 60 days from the date of billing. All of the trade and other receivables are not impaired as the expected loss rate is close to zero and expected to be recovered within one year.

The ageing analysis of trade receivables presented based on invoice date which approximate to the respective revenue recognition dates at the end of the reporting period is as follows:

	2024 \$'000	2023 \$'000
0-60 days	<u>1,728</u>	<u>–</u>

Trade receivables that were not past due relate to a wide range of customers for whom there was no recent history of default.

13. BANK LOANS AND OVERDRAFTS

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

	2024 \$'000	2023 \$'000
Unsecured bank overdrafts (Note a)	–	60
Bank loans, secured (Note b)	<u>10,000</u>	<u>10,000</u>
Total bank loans and overdrafts	<u>10,000</u>	<u>10,060</u>

Notes:

- (a) As at 29 February 2024, unsecured bank overdraft facilities of HK\$40.5 million (2023: HK\$41.0 million) were provided to the subsidiaries and utilised to the extent as disclosed above. As at 29 February 2024, the bank overdrafts carried floating interest rate ranging from prime rate minus 0.75% to prime rate plus 1.5% per annum with repayment on demand clause (2023: prime rate minus 0.75% to prime rate plus 1.5% per annum with repayment on demand clause). As at the end of the reporting period, the Group has approximately HK\$40.5 million (2023: HK\$40.9 million) undrawn unsecured bank overdraft facilities carried floating interest rate and expiring beyond one year.
- (b) As at 29 February 2024, the total secured bank revolving loan facilities of the lower of HK\$145.0 million (28 February 2023: HK\$145.0 million) and a certain percentage of the aggregate principal amount of certain mortgage loan receivables of the subsidiaries which are then sub-charged/sub-mortgaged to the bank, the total available secured bank revolving loan facility after taking into consideration of the drawdown was HK\$24.0 million (28 February 2023: HK\$24.4 million). The loan facility was secured by certain mortgage loan receivables for the Group with a carrying value of approximately HK\$261.2 million (28 February 2023: HK\$276.6 million). As at 29 February 2024, the bank revolving loan carried floating interest rate of three months Hong Kong Interbank Offered Rate (“HIBOR”) plus 3.50% per annum and one month HIBOR plus 4% per annum (28 February 2023: three months HIBOR plus 3.50% per annum and one month HIBOR plus 4% per annum). As at the end of the reporting period, the bank facilities are expiring beyond one year.

As at 29 February 2024, except for the bank facilities mentioned in note (a) and note (b) above, the Group also obtained unsecured bank loan facilities of approximately HK\$20.0 million (2023: HK\$15.0 million). As at 29 February 2024, the bank loans carried floating interest rate of prime rate minus 0.75% (2023: prime rate minus 0.75%). As at the end of the reporting period, the Group had approximately HK\$20.0 million (2023: HK\$15.0 million) undrawn unsecured bank loan facility carried floating interest rate and expiring within one year.

During the years, 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 and secured by certain loan receivables held by the Group.

14. ACCRUALS AND OTHER PAYABLES

	2024 \$'000	2023 \$'000
Accrued interest expenses	284	514
Accrued expenses	2,686	3,091
Provision for long services payment	1,041	1,028
Other payable and deposit received	895	854
	<u>4,906</u>	<u>5,487</u>

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

15. OTHER LOANS

During the year ended 29 February 2024, the Group obtained uncommitted secured revolving loan facilities from an independent third party. The limit of the facilities is the lower of HK\$200.0 million (2023: HK\$200.0 million) and a certain percentage of the aggregate principal amount of certain mortgage loan receivables of the subsidiaries which are then sub-charged/sub-mortgaged to the independent third party. The facilities are interest-bearing at The Hongkong and Shanghai Banking Corporation Limited ("HSBC") prime rate plus 3.875% per annum (2023: HSBC prime rate plus 2% per annum) and the tenor for the facilities is one year.

As at 29 February 2024, the available uncommitted loan facilities after taking into consideration of the drawdown was HK\$52.0 million (2023: HK\$28.6 million). These loan facilities were secured by certain mortgage loan receivables for the Group with a carrying value of approximately HK\$65.0 million (2023: HK\$35.7 million).

As at 29 February 2024 and 28 February 2023, there are no outstanding balance of other loans.

16. LOANS FROM THE IMMEDIATE HOLDING COMPANY

During the year ended 29 February 2024, the Group obtained an unsecured revolving loan facility from the immediate holding company with a facility limit of HK\$200.0 million (2023: HK\$200.0 million). The loans are unsecured, interest-bearing at 5% per annum (2023: 5% per annum) and repayable on demand.

As at 29 February 2024, the available loan facility after taking into consideration of the drawdown was approximately HK\$152.5 million (2023: HK\$152.5 million) and the accrued interest payable as at 29 February 2024 was approximately HK\$26,000 (2023: HK\$23,000).

17. DEBT SECURITIES ISSUED

	2024 \$'000	2023 \$'000
Current	25,991	11,993
Non-current	–	25,973
	<u>25,991</u>	<u>37,966</u>

The debt securities are unsecured, denominated in HKD, interest-bearing ranging from 6% to 7% per annum (2023: 6% to 7% per annum) with interest coupon being paid semi-annually and will be matured between 2024 and 2025. All debt securities issued are measured at amortised cost.

During the year ended 29 February 2024, the Group repaid debt securities on maturity date amounting to HK\$12.0 million (2023: HK\$50.0 million).

18. DIVIDENDS

Dividends payment during the year:

	2024 \$'000	2023 \$'000
Dividends recognised as distribution during the year:		
2024 Interim dividend – 1.04 cents (2023: 2023 interim dividend – 0.92 cents) per share	20,043	17,730
2023 Final dividend – 0.87 cents (2023: 2022 final dividend – 0.71 cents) per share	16,767	13,683
2022 Special dividend – 0.37 cents (2023: nil) per share	–	7,137
	<u>–</u>	<u>7,137</u>

Subsequent to the end of reporting periods, a final dividend of 0.76 cents per share (2023: 0.87 cents per share) in respect of the year ended 29 February 2024 per share have been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

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 year ended 29 February 2024 (“**FY2024**”), the economy has started to recover gradually, resulting in a moderate demand for loans. The revenue from the mortgage loan business increased from approximately HK\$91.5 million for the year ended 28 February 2023 (“**FY2023**”) to HK\$99.7 million, representing an increase of 9.0% or HK\$8.2 million. Revenue generated from the mortgage loan business accounted for approximately 55.6% of the Group’s total revenue during the year. The gross mortgage loan receivables was approximately HK\$769.5 million as at 29 February 2024. During the year, net interest margin of the mortgage loan business increased to 11.5% (FY2023: 10.5%).

In FY2024, the Group has continued to maintain a prudent approach when granting loans, underpinned by a focus on building a resilient loan portfolio amid the uncertain environment brought about by the pandemic. We are of the view that maintaining a cautious underwriting stance and healthy loan portfolio will position the Group well for the economic recovery and eventual normalization ahead. During the year, the average loan-to-value ratio for first mortgage was approximately 54.1%, while average overall loan-to-value ratio for subsidiary mortgage was approximately 52.7%, of which, average loan-to-value ratio of subsidiary mortgage that the Group participate in was approximately 16.3%.

PAWN LOAN BUSINESS

During FY2024, the revenue from the pawn loan business increased from HK\$74.3 million to HK\$79.6 million, representing an increase of 7.1% or HK\$5.3 million. The pawn loan receivables amount increased by 4.3% or HK\$7.4 million from approximately HK\$173.1 million as at 28 February 2023 to HK\$180.5 million as at 29 February 2024. The increase was mainly attributed to the increase in gold price and an active second-hand luxury market, especially for watches.

During the year, the Group continued to channel resources to advertising and promotion to enhance the Group’s brand exposure. Together with the effect of opening a new premium service center in East Tsim Sha Tsui MTR station in October 2023, these effort has generated demand for one-to-one pawn loan appointment services for pawn loans.

INDUSTRY OVERVIEW

With the negative impacts, including the global monetary policy tightening cycle and the geopolitical tensions, global economic growth has slowed down. Although the Government of the Hong Kong Special Administrative Region has proposed measures to adjust the demand of local residential properties, there has been limited effect on stimulating transactions in the local residential property market; the residential property prices in Hong Kong have continuously declined by 6.8% in 2023. We will continue to monitor property price trends and capture any potential opportunities to maximize the returns for investors and shareholders.

The instability in U.S. and European banking and geopolitics has led to the rise in the risk aversion sentiments among investors. Gold price has been relatively volatile at high levels, and has hit a record high during the year. In addition, the market expects an interest-reducing cycle from the Federal Reserve System of the United States (“**the Feds**”) soon. We believe that gold prices are likely to remain strong. As long as there is no significant drop in near term, we expect that there will be limited effect on our business.

During the year, the market for pre-owned timepieces has been continuously buoyant and served as a catalyst for customers to utilize our pawn loans as a funding channel, thereby contributing to the growth of our pawn loan business. Moving forward, with our prestigious customer experience, we are dedicated to maintaining our leading position as the pawn loan provider of choice for a comprehensive range of flexible financing options.

FINANCIAL REVIEW

Revenue

Our Group’s revenue increased from approximately HK\$165.8 million for FY2023 to approximately HK\$179.3 million for FY2024, representing an increase of approximately HK\$13.5 million or 8.1%. The increase was attributable to the increase in our interest income from mortgage business by approximately HK\$8.2 million or 9.0% from approximately HK\$91.5 million in FY2023 to approximately HK\$99.7 million in FY2024 and the increase in our revenue from pawn loan business by approximately HK\$5.3 million or 7.1% from approximately HK\$74.3 million in FY2023 to approximately HK\$79.6 million in FY2024.

Mortgage loan business

The increase in our interest income from mortgage business was mainly due to the average month end balance for the gross mortgage loans receivables for the year increased from approximately HK\$791.2 million in FY2023 to approximately HK\$821.9 million in FY2024 with total new mortgage loans granted of approximately HK\$341.2 million during FY2024 (FY2023: approximately HK\$596.5 million).

Pawn loan business

The increase in our pawn loan business was due to the increase in our interest income earned on our pawn loan receivables by approximately HK\$1.8 million or 2.5% from approximately HK\$71.1 million in FY2023 to approximately HK\$72.9 million in FY2024, together with the increase in revenue from disposal of repossessed assets by approximately HK\$3.5 million.

The increase in our interest income earned on our pawn loan receivables was mainly attributable to the average month end balance for the gross pawn loans receivables for the year increased from approximately HK\$186.2 million in FY2023 to approximately HK\$190.6 million in FY2024.

Revenue from disposal of repossessed assets represents the gain/(loss) of the Group 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 FY2024 was mainly due to (i) the sudden significant drop of the price of brand watches in July and August 2022 while no such event happened during FY2024, and (ii) the increase in the gold price per ounce from around US\$1,800 in March 2023 to around US\$2,050 in January 2024. Since every pawn loan has a loan term of four lunar months, the revenue increased with the appreciation of gold price and the stabilization in the price of brand watches during FY2024 and thus the increase in gain on disposal of repossessed assets in FY2024 was recorded.

Other income, gains or losses

Other income increased from approximately HK\$3.7 million in FY2023 to approximately HK\$4.7 million in FY2024, representing an increase of approximately HK\$1.0 million or 27.0%, which was mainly due to (i) the increase in rental income of approximately HK\$1.2 million and (ii) the increase in bank interest income by approximately HK\$1.3 million; netting off with the decrease in the receipt of a one-off subsidy from the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund for relieving financial burden of the businesses of approximately HK\$0.9 million in FY2023 while no such income was received in FY2024 and the decrease in COVID-19-related rent concession by approximately HK\$0.8 million in FY2023 while no such income was received in FY2024.

Operating expenses

Operating expenses increased by approximately HK\$2.4 million or 4.2% from approximately HK\$57.1 million in FY2023 to approximately HK\$59.5 million in FY2024.

During FY2024, staff costs increased by approximately HK\$2.1 million or 7.1% from approximately HK\$29.6 million in FY2023 to approximately HK\$31.7 million in FY2024. The increase was mainly contributed by (i) the increase in the salaries and other benefits to staff of approximately HK\$1.3 million, and (ii) the increase in directors' remuneration of approximately HK\$0.9 million.

According to HKFRS 16, all operating lease with contract terms of more than 1 year should be treated as finance lease. Thus, the contractual liabilities for the rental agreements are discounted and recognised as finance lease assets. Rental expenses and depreciation for right-to-use assets slightly decreased by approximately HK\$0.6 million or 4.7% from approximately HK\$12.7 million in FY2023 to approximately HK\$12.1 million in FY2024. The decrease was mainly due to the closure of one of our pawnshops in Tai Po in April 2023, netting off with opening a new premium service center in East Tsim Sha Tsui MTR Station in October 2023.

Apart from staff costs, rental expenses and depreciation for right-to-use assets as mention above, other operating expenses increased by approximately HK\$0.9 million or 6.1% from approximately HK\$14.8 million in FY2023 to approximately HK\$15.7 million in FY2024. This was mainly due to the increase in legal and professional fees by approximately HK\$0.8 million.

Finance costs

During the year, the finance costs decreased by approximately HK\$3.7 million or 37.8% from approximately HK\$9.8 million in FY2023 to approximately HK\$6.1 million in FY2024. It was mainly due to the decrease in debt securities issued in FY2024.

Impairment losses recognised on loan receivables

The impairment losses recognised on loan receivables of approximately HK\$15.1 million in FY2024 were measured based on the requirement under HKFRS 9.

The impairment losses recognised on pawn loan receivables by approximately HK\$4.8 million in FY2024 represented an impairment made on four pawn loan agreements where the management considered there was an increased likelihood of the value of the collaterals of these four loans not being able to fully cover the underlying outstanding loan amount and interest. Among these four pawn loans, one of them had been fully written-off during FY2024.

The impairment losses recognised on mortgage receivables by approximately HK\$10.3 million in FY2024 represented the impairment made on several first mortgage loans and a subordinated mortgage loan. All these mortgage loans are defaulted loans and the management had taken legal actions on the respective borrowers.

For the subordinated mortgage loan case, the borrower had been bankrupt during FY2024 and the management considered there was an increased likelihood of the value of the collaterals of the subordinated mortgage loan not being able to fully cover the underlying outstanding loan amount and interest. The impairment losses recognised on this subordinated mortgage loan was approximately HK\$2.4 million.

In respect of the first mortgage loans mentioned, although the sale proceeds from the secured properties under defaulted first mortgage loans from previous financial years were higher than their respective fall sales price* during FY2024 such that the principals with interests of such loans had

been fully recovered from the sales proceeds, for FY2024's impairment assessment, the management has decided to take a more prudent approach where the assessment was made by comparing the fall sales price* (instead of the fair value) of the secured properties under defaulted first mortgage loans with the principal plus interest on those defaulted mortgage loans. Thus, an impairment of approximately HK\$7.9 million was recognised during FY2024.

* *Fall sales price means the open bid price for the property(ies) to be sold under auction.*

No impairment losses on loan receivables was recorded in FY2023.

Income tax expenses

Our Group's effective tax rate remained relatively stable at approximately 16.2% in FY2023 as compared to approximately 16.3% in FY2024. No material fluctuation was noted.

Profit and total comprehensive income for the year

Our Group's profit for FY2024 increased to approximately HK\$86.4 million from approximately HK\$86.1 million in FY2023, representing an increase of approximately HK\$0.3 million or 0.3%. The increase was mainly attributable to (i) the increase in revenue by approximately HK\$13.5 million, and (ii) the decrease in finance costs amounted to approximately HK\$3.7 million, netting off with the increase in other operating expenses and impairment losses or loss receivables amounted to approximately HK\$2.4 million and approximately HK\$15.1 million respectively.

Liquidity and financial resources

The Group adopts a prudent funding and treasury policy and maintained a healthy financial position during FY2024. During FY2024, the Group's operational and capital requirements were financed principally through retained earnings, bank loans and overdrafts, loans from the immediate holding company, other loans and debt securities issued. All borrowings of the Group are denominated at HKD.

As at 29 February 2024, all outstanding interest-bearing bank loans and overdrafts were repayable in one year and bore interest at variable rates. The bank loans and overdrafts were secured by (i) a sub-mortgage charge on certain loan receivables of a subsidiary of the Company; (ii) the aggregate principal amount of the mortgage loan receivables of a subsidiary; and/or (iii) a corporate guarantee executed by the Company. During FY2024, the Group had fulfilled all the financial covenants, if any, under the Group's banking facilities.

As at 29 February 2024, the loans from immediately holding company were repayable in one year and bore interest at 5% per annum. The loans were secured by a corporate guarantee executed by the Company.

As at 29 February 2024, the debt securities issued bore interest at 6% to 7% and were repayable in one year.

Based on the Group's current and anticipated levels of operation, the Group's future operations and capital requirements will be mainly financed through bank loans and overdrafts, loans from the immediate holding company, other loans, retained earnings and share capital. There were no significant commitments for capital expenditure as at 29 February 2024.

As at 29 February 2024, cash and cash equivalents (net of bank overdraft) amounted to approximately HK\$170.6 million, representing a net increase of approximately HK\$8.2 million as compared to the position as at 28 February 2023. The increase was attributable to the following items:

	For the year ended 29 February 2024	For the year ended 28 February 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	72,079	73,096
Payment for acquisition of assets	–	(9,495)
Payments for the purchase of plant and equipment	(1,785)	(317)
Repayments of debt securities	(12,000)	(50,000)
Net repayments of bank loans	–	(2,000)
Payments for repurchase of shares	–	(423)
Dividend paid	(36,810)	(38,550)
Finance costs paid	(5,406)	(9,074)
Government subsidy received	–	888
Other net outflow	(7,865)	(8,368)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	8,213	(44,243)

Pledge of assets

As at 29 February 2024, the Group had pledged its mortgage loan receivables with net book value of approximately HK\$335.7 million (28 February 2023: approximately HK\$312.3 million) for the purpose of obtaining facilities from banks and other independent third parties.

Contingent liabilities

There were no significant contingent liabilities for the Group as at 29 February 2024.

Key financial ratios

	As at 29 February 2024	As at 28 February 2023
Current ratio ⁽¹⁾	11.1x	11.9x
Gearing ratio ⁽²⁾	7.7%	9.3%
	For the year ended 29 February 2024	For the year ended 28 February 2023
Return on total assets ⁽³⁾	7.3%	7.5%
Return on equity ⁽⁴⁾	8.0%	8.4%
Net profit margin ⁽⁵⁾	48.2%	51.9%
Net interest margin ⁽⁶⁾	16.4%	15.6%
– pawn loan services	37.7%	37.6%
– mortgage loan services	11.5%	10.5%

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities as at the respective year end.
- (2) Gearing ratio is calculated by dividing total borrowings (summation of bank loans and overdrafts, loans from the immediate holding company, other loans and debt securities issued) by total equity as at the respective year end.
- (3) Return on total assets is calculated by dividing profit for the year by the total assets as at the respective year end.
- (4) Return on equity is calculated by dividing profit for the year by the total equity as at the respective year end.
- (5) Net profit margin is calculated by dividing profit for the year by the turnover for the respective year.
- (6) Net interest margin during the year refers to our interest income in respect of our pawn loans and mortgage loans less the respective finance costs, divided by the average of month-end gross loan receivables balances of the corresponding loans during the year.

Current ratio

Our Group's current ratio slightly decreased from approximately 11.9 times as at 28 February 2023 to approximately 11.1 times as at 29 February 2024. No material fluctuation was noted.

Gearing ratio

Our Group's gearing ratio decreased from approximately 9.3% as at 28 February 2023 to approximately 7.7% as at 29 February 2024, which was mainly triggered by the decrease in debt securities issued which were amounted to approximately HK\$12.0 million.

Return on total assets, return on equity, and net profit margin

Our return on total assets, return on equity, and net profit margin decreased from approximately 7.5%, 8.4% and 51.9% in FY2023 to 7.3%, 8.0% and 48.2% in FY2024 respectively, which was mainly due to the impairment losses recognised on loan receivables by approximately HK\$15.1 million in FY2024.

Net interest margin

There was an increase in our net interest margin from approximately 15.6% in FY2023 to approximately 16.4% in FY2024. The reason for such an increase was mainly due to the decrease in finance costs by approximately HK\$3.7 million during FY2024.

PROSPECTS

Looking ahead, the global economy is expected to recover with a slow and steady pace. Amidst looming uncertainties, including US presidential election results and the timing of the Fed's rate adjustments, we remain cautious about the local economy outlook.

With the launch of a new premium service center at East Tsim Sha Tsui MTR Station and cutting-edge mobile app, clients will be able to obtain preliminary collateral evaluation and loan valuation, as well as to apply for loan with increased convenience. By providing an efficient and streamlined one-stop loan solution, catering to the evolving needs of clients, the Group is dedicated to enhance customer experience and expand our potential customer base. We will continue to integrate new technologies into the pawn sector to modernize the industry, in order to maintain our strong industry leading position.

As the market has digested the deferral of Fed's interest-reducing cycle, the Directors believe that there will be limited impact on the Hong Kong property market. Property prices have been adjusting from historical high to a relatively reasonable level, thereby lowering the business risk. To grasp expansion opportunities, the Group strategically partnered with PACM Group (Holdings) Limited to establish a limited partnership fund (the "Fund") which marks our entry into the real estate private credit institutional investment management sector. For details of the Fund, please refer to the Company's announcement dated 12 March 2024 and 17 April 2024. We will remain cautious about the property market and prudently manage investment business to reduce the impact of market volatility and maximize the returns of investors and shareholders.

HUMAN RESOURCES

As at 29 February 2024, our Group had a total of 50 staff (28 February 2023: 50). Total staff costs (including Directors' emoluments) were approximately HK\$31.7 million for FY2024 (FY2023: approximately HK\$29.6 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of each individual employee. Bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits mainly include contributions to statutory mandatory provident fund scheme to our Group's employees in Hong Kong.

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

Neither our Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during FY2024.

MATERIAL ACQUISITIONS AND DISPOSALS

Our Group did not engage in any material acquisitions or disposals during FY2024.

FOREIGN CURRENCY EXPOSURE

The business activities of the Group were denominated in HKD. The Directors did not consider the Group was exposed to any significant foreign exchange risks during FY2024. As the impact from foreign exchange exposure was minimal, the Directors were of the view that no hedging against foreign currency exposure was necessary. In view of the operational needs, the Group will continue to monitor the foreign currency exposure from time to time and take necessary actions to minimise the exchange related risks.

EVENTS AFTER THE REPORTING PERIOD

On 12 March 2024, the Group entered into the subscription agreement to subscribe for limited partnership interests in PACM OW Global Special Situation Fund II L.P., a Cayman Islands exempted limited partnership at the subscription amount of HK\$112 million. The General Manager of PACM OW Global Special Situation Fund II L.P. fund is PACM OW GP II Limited, which is an associate of the Group. For further information, please refer to the Company's announcements dated 12 March 2024 and 17 April 2024.

CORPORATE GOVERNANCE CODE

Our Company has adopted the code provisions set out in the Corporate Governance Code (the "**Code Provisions**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Throughout FY2024, our Company complied with the Code Provisions, save for the deviation from Code Provision C.2.1 which is explained below.

Code Provision C.2.1 requires that the roles of the chairman and the chief executive to be separate and should not be performed by the same individual. Mr. Chan Kai Ho Edward (“**Mr. Chan**”), an executive Director, currently holds both positions. Mr. Chan has been the key leadership figure of our Group and 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, our Directors (including the independent non-executive Directors) consider that Mr. Chan is the best candidate for both positions and the present arrangements are beneficial and in the best interests of our Company and its shareholders (the “**Shareholders**” or “**our Shareholders**”) as a whole.

The Directors will review our Company’s corporate governance policies and compliance with the Code Provisions from time to time.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the standard set out in Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers) (the “**Model Code**”) to the Listing Rules, in relation to the dealings in securities of the Company by the Directors.

Having made specific enquiries with all Directors, each Director has confirmed that he/she has complied with the standard set out in the Model Code throughout the year ended 29 February 2024 and up to the date of this annual report.

REVIEW OF FINAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely, Mr. Lam On Tai, Dr. Leung Shiu Ki Albert and Dr. Yip Ngai (“**Dr. Yip**”), and is chaired by Dr. Yip.

The Audit Committee has discussed with the management of the Company about the internal control and financial reporting matters including the accounting principles and practices related to the preparation of the consolidated financial statements for FY2024, and it has not identified any significant deficiency or material weakness. The Audit Committee has also reviewed the consolidated financial statements for FY2024 with the management and the auditor of the Company and recommended them to the Board for approval.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 29 February 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of our Company for FY2024 is scheduled to be held on Wednesday, 31 July 2024 (the "AGM"). A notice convening the AGM will be issued and disseminated to our Shareholders in due course.

DIVIDEND

At our Board meeting held on Monday, 27 May 2024 (the "**Board Meeting**"), our Directors recommended the payment of a final dividend (the "**Final Dividend**") of HK0.76 cents per ordinary share, together with the interim dividend of HK1.04 cents per share declared and paid during FY2024, represent 40.1% of the profit attributable to the Shareholders for FY2024.

The Final Dividend is subject to approval by the Shareholders at the AGM and will be paid on Wednesday, 21 August 2024 to the Shareholders whose names appear on the register of members of our Company at the close of business on Thursday, 8 August 2024.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of our Shareholders who are entitled to attend and vote at the AGM, 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 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, no later than 4:30 p.m. on Thursday, 25 July 2024. The register of members of our Company will be closed from Friday, 26 July 2024 to Wednesday, 31 July 2024, both days inclusive, during which period no transfer of shares will be registered.

In order to establish the identity of the Shareholders of our Company who are entitled to the Final 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 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, no later than 4:30 p.m. on Monday, 5 August 2024. The register of members of our Company will be closed from Tuesday, 6 August 2024 to Thursday, 8 August 2024, both days inclusive, during which no transfer of shares will be registered.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is also published on our Company's website (www.pawnshop.com.hk) and the designated website of the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 29 February 2024 containing all relevant information required by the Listing Rules will be disseminated to our Shareholders and will be available on the above websites 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, 27 May 2024

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.