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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 28 FEBRUARY 2023

#### FINANCIAL HIGHLIGHTS

		2023 HK\$'000	2022 HK\$'000	Change
Revenue		165,841	151,977	9.1%
Profit before taxation		102,727	85,643	19.9%
Profit for the year attributable to shareholders		86,107	71,671	20.1%
Net profit margin		51.9%	47.2%	
Basic earnings per share (in HK cents)		4.5	3.7	
Proposed dividend for the year				
– Final dividend (in HK cents)		0.87	0.71	
– Special dividend (in HK cents)		–	0.37	
		As at 28 February 2023 HK\$'000	As at 28 February 2022 HK\$'000	
Gross loan receivables – principal	Note 1	927,595	890,322	4.2%
– Pawn loan receivables at amortised cost		42,225	55,510	
– Pawn loan receivables at fair value through profit or loss		130,879	108,516	
– Mortgage loan receivables at amortised cost		754,491	726,296	
Total assets		1,153,570	1,155,814	-0.2%
Total equity		1,030,045	982,911	4.8%
Net interest margin	Note 2	15.6%	15.0%	
For pawn loan services		37.6%	38.7%	
For mortgage loan services		10.5%	9.9%	

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 28 February 2023, 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 28 February 2023*

*(Expressed in Hong Kong dollars)*

	<i>Notes</i>	<b>2023</b> <b>\$'000</b>	2022 \$'000
<b>Revenue</b>	4	<b>165,841</b>	151,977
Other income, gains or losses	6	<u>3,734</u>	<u>2,978</u>
<b>Operating income</b>		<b>169,575</b>	154,955
Other operating expenses	7(c)	<b>(57,075)</b>	(54,588)
Charge for impairment losses on loan receivables		<u>–</u>	<u>(2,285)</u>
<b>Profit from operations</b>		<b>112,500</b>	98,082
Finance costs	7(a)	<u><b>(9,773)</b></u>	<u>(12,439)</u>
<b>Profit before taxation</b>	7	<b>102,727</b>	85,643
Income tax	8	<u><b>(16,620)</b></u>	<u>(13,972)</u>
<b>Profit and total comprehensive income for the year attributable to shareholders</b>		<u><b>86,107</b></u>	<u>71,671</u>
<b>Earnings per share (in HK cents) – basic and diluted</b>	9	<u><b>4.5</b></u>	<u>3.7</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2023

(Expressed in Hong Kong dollars)

	Notes	2023 \$'000	2022 \$'000
<b>Non-current assets</b>			
Plant and equipment		2,036	1,401
Right-of-use assets	10	14,719	20,271
Loan receivables	11	67,926	34,284
Other receivables	12	3,463	6,359
Deferred tax assets		109	92
		<u>88,253</u>	<u>62,407</u>
<b>Current assets</b>			
Repossessed assets		10,226	7,481
Loan receivables	11	885,304	873,052
Trade and other receivables	12	7,340	5,234
Tax recoverable		–	868
Cash and cash equivalents		162,447	206,772
		<u>1,065,317</u>	<u>1,093,407</u>
<b>Current liabilities</b>			
Accruals and other payables	14	5,487	4,514
Bank loans and overdrafts	13	10,060	12,142
Loans from the immediate holding company	16	47,500	47,500
Lease liabilities	10	7,803	8,385
Debt securities issued	17	11,993	49,974
Tax payable		6,972	–
		<u>89,815</u>	<u>122,515</u>
<b>Net current assets</b>		<u>975,502</u>	<u>970,892</u>
<b>Total assets less current liabilities</b>		<u>1,063,755</u>	<u>1,033,299</u>

	<i>Notes</i>	<b>2023</b> <b>\$'000</b>	2022 \$'000
<b>Non-current liabilities</b>			
Debt securities issued	<i>17</i>	<b>25,973</b>	37,938
Lease liabilities	<i>10</i>	<b>7,737</b>	12,450
		<u><b>33,710</b></u>	<u>50,388</u>
<b>NET ASSETS</b>		<u><b>1,030,045</b></u>	<u>982,911</u>
<b>CAPITAL AND RESERVES</b>			
Capital		<b>19,272</b>	19,289
Reserves		<b>1,010,773</b>	963,622
<b>TOTAL EQUITY</b>		<u><b>1,030,045</b></u>	<u>982,911</u>

## NOTES TO THE 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 Macksion, 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, P.O. 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 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 28 February 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 28 February 2022.

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 March 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

The application of the amendments to HKFRSs in the current year has had no material effect 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.

### 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 loans 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:

	2023 \$'000	2022 \$'000
Revenue from pawn loan business		
– Interest income from pawn loan receivables calculated using the effective interest method	14,411	10,081
– Interest income from pawn loan receivables at FVPL	56,693	50,131
– Gain on disposal of repossessed assets	3,205	9,093
	<u>74,309</u>	<u>69,305</u>
Revenue from mortgage loan business		
– Interest income from mortgage loan receivables calculated using the effective interest method	91,532	82,672
	<u>165,841</u>	<u>151,977</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 28 February 2023 amounted to approximately HK\$49.2 million (2022: HK\$34.7 million).

During the year ended 28 February 2023 and 2022, 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

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Rental income	<b>574</b>	961
Government subsidy (Note (a))	<b>888</b>	–
Credit related fee income	<b>776</b>	1,018
COVID-19-related rent concession (Note (b))	<b>775</b>	1,007
Bank interest income	<b>516</b>	28
Loss on disposal of plant and equipment	–	(123)
Others	<b>205</b>	87
	<b>3,734</b>	2,978

*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 such subsidy has been granted during the year ended 28 February 2022.
- (b) Due to the outbreak of COVID-19, the Group has received rent concessions from lessors in the form of rent reduction. 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:

	2023 \$'000	2022 \$'000
<b>(a) Finance costs</b>		
Interest on debt securities issued	4,209	7,798
Interest on other loans	885	702
Interest on loans from the immediate holding company	2,375	2,375
Interest on bank loans and overdrafts	1,235	900
Interest on lease liabilities	1,069	664
	<u>9,773</u>	<u>12,439</u>
<b>(b) Staff costs</b>		
Salaries and other benefits	20,368	19,349
Directors' remuneration	8,379	9,413
Contributions to Mandatory Provident Fund ("MPF")	511	527
Charge for provision for long service payment	338	223
	<u>29,596</u>	<u>29,512</u>
<b>(c) Other operating expenses</b>		
Premises and equipment expenses excluding depreciation:		
– rental of premises	3,853	3,216
– maintenance, repairs and others	1,008	1,058
	<u>4,861</u>	<u>4,274</u>
Auditor's remuneration	850	830
Depreciation of plant and equipment	593	474
Depreciation of right-of-use assets	8,847	9,980
Advertising expenses	2,328	2,750
Bank charges	2,505	401
Legal and professional fees	2,009	1,774
Net losses on loan receivables at FVPL	13	24
Written off other receivable	–	71
Others	5,473	4,498
	<u>22,618</u>	<u>20,802</u>
	<u>57,075</u>	<u>54,588</u>

## 8 INCOME TAX

	2023 \$'000	2022 \$'000
<b>Hong Kong Profits Tax</b>		
Provision for the year		
– Current tax	16,637	13,101
Deferred tax	(17)	871
	<u>16,620</u>	<u>13,972</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:

	2023 \$'000	2022 \$'000
Profit before taxation	<u>102,727</u>	<u>85,643</u>
Notional tax on profit before taxation, calculated at applicable rates	16,785	13,966
Tax effect of non-taxable income	(232)	(5)
Tax effect of non-deductible expenses	109	81
Statutory tax concession (Note)	(42)	(70)
Income tax	<u>16,620</u>	<u>13,972</u>

*Note:* Statutory tax concession represented a reduction of Hong Kong Profits Tax for the year of assessment 2022/2023 and 2021/2022 by 100%, subject to a ceiling of HK\$6,000 and HK\$10,000 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*

	2023 \$'000	2022 \$'000
Profit for the year attributable to shareholders of the Company	<u>86,107</u>	<u>71,671</u>

### *Weighted average number of ordinary shares*

	2023 Number of shares '000	2022 Number of shares '000
Issued ordinary shares at 1 March	1,928,876	1,932,372
Effect of purchase of own shares	<u>(1,050)</u>	<u>(1,612)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,927,826</u>	<u>1,930,760</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

	2023 \$'000	2022 \$'000
Leased properties – buildings	<u>14,719</u>	<u>20,271</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 28 February 2023 amounted to HK\$3.3 million (2022: HK\$17.6 million) due to new leases of buildings.

During the years ended 28 February 2023 and 2022, the Group has subleased part of the leased properties. The Group has classified the sublease as operating lease. During the year ended 28 February 2023, the Group recognised rental income from subleasing right-of-use assets of approximately HK\$0.6 million (2022: HK\$1.0 million).

(ii) Lease liabilities

	2023 \$'000	2022 \$'000
Current	7,803	8,385
Non-current	7,737	12,450
	<u>15,540</u>	<u>20,835</u>
<b>Amounts payable under lease liabilities</b>		
Within one year	7,803	8,385
After one year but within two years	4,405	7,376
After two years but within five years	2,978	5,074
After five years	354	–
	<u>15,540</u>	<u>20,835</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(7,803)</u>	<u>(8,385)</u>
Amount due for settlement after 12 months	<u><u>7,737</u></u>	<u><u>12,450</u></u>

**Rent concessions**

During the year, 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 current year, rent concessions totaling approximately HK\$775,000 (2022: HK\$1,007,000) have 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**

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Depreciation of right-of-use assets – leased properties	<b>8,847</b>	9,980
Interest on lease liabilities	<b>1,069</b>	664
Expense relating to short-term leases	<b>3,853</b>	3,216
Rent concession related to COVID-19 (Note)	<b>(775)</b>	(1,007)
Income from subleasing right-of-use assets	<b>(574)</b>	(961)
	<b><u>                    </u></b>	<b><u>                    </u></b>

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 both years.

**(iv) Others**

As at 28 February 2023 and 2022, the Group had no committed lease agreements not yet commenced.

During the year ended 28 February 2023, the total cash outflow for leases amounted to approximately HK\$12.7 million (2022: HK\$13.4 million).

**(v) Restrictions or covenants on leases**

As at 28 February 2023, lease liabilities of HK\$15,540,000 were recognised with related right-of-use assets of HK\$14,719,000 (2022: lease liabilities of HK\$20,835,000 and related right-of-use assets of HK\$20,271,000). 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

	2023 \$'000	2022 \$'000
<b>Loan receivables at amortised cost:</b>		
– Pawn loans	42,225	55,510
– Accrued interests of pawn loans	1,199	833
Pawn loan receivables	<u>43,424</u>	<u>56,343</u>
– Mortgage loans	754,491	726,296
– Accrued interests of mortgage loans	13,860	7,023
Net mortgage loan receivables	<u>768,351</u>	<u>733,319</u>
Net loan receivables at amortised cost	<u>811,775</u>	<u>789,662</u>
<b>Loan receivables at FVPL:</b>		
Pawn loans	<u>141,455</u>	<u>117,674</u>
<b>Total loan receivables</b>	<b>953,230</b>	<b>907,336</b>
Current portion included under current assets	<u>(885,304)</u>	<u>(873,052)</u>
Amounts due after one year included under non-current assets	<u><u>67,926</u></u>	<u><u>34,284</u></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 change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for loan receivables.

### Movement in impairment losses

	<b>Expected credit loss</b>	
	2023	2022
	Stage 3	Stage 3
	\$'000	\$'000
At 1 March	–	5,053
Impairment losses charged to profit or loss	–	2,285
Written off	–	(7,338)
At 28 February	<u><u>–</u></u>	<u><u>–</u></u>

During the year ended 28 February 2023, the Group did not have to written off any expected credit loss. (28 February 2022: the Group had written off approximately HK\$7.3 million expected credit loss as the borrower is fail to pay its credit obligations to the Group in full.)

### 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:

	<b>Pawn loans at amortised cost</b>	<b>Pawn loans at FVPL</b>	<b>Mortgage loans</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<b>28 February 2023</b>				
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>
<b>28 February 2022</b>				
Not past due	53,650	113,599	460,097	627,346
Less than 1 month past due	2,693	2,887	174,118	179,698
1 to less than 3 months past due	–	531	74,063	74,594
3 to less than 6 months past due	–	657	22,488	23,145
6 months to 1 year past due	–	–	2,553	2,553
	<u>56,343</u>	<u>117,674</u>	<u>733,319</u>	<u>907,336</u>

As at 28 February 2023 and 2022, of these mortgage loans which had been past due for one month or above, the respective valuations of the collaterals can fully cover the outstanding balances of these loans at the end of reporting periods. 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

	2023 \$'000	2022 \$'000
<b>Non-current</b>		
Others	<u>3,463</u>	<u>6,359</u>
<b>Current</b>		
Trade receivables	–	320
Deposits and payments in advance	7,238	4,812
Others	<u>102</u>	<u>102</u>
	<u>7,340</u>	<u>5,234</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:

	2023 \$'000	2022 \$'000
0-60 days	<u>–</u>	<u>320</u>

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

As at 28 February 2023, the Group had not written off any other receivable (2022: approximately HK\$71,000).

## 13 BANK LOANS AND OVERDRAFTS

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

	2023 \$'000	2022 \$'000
Unsecured bank overdrafts (Note (a))	60	142
Bank loans, secured (Note (b))	10,000	–
Bank loans, unsecured (Note (c))	<u>–</u>	<u>12,000</u>
Total bank loans and overdrafts	<u>10,060</u>	<u>12,142</u>

*Notes:*

- (a) As at 28 February 2023, unsecured bank overdraft facilities of HK\$41.0 million (2022: HK\$41.5 million) were provided to the subsidiaries and utilised to the extent as disclosed above. As at 28 February 2023, 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 (2022: 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\$40.9 million (2022: HK\$41.4 million) undrawn unsecured bank overdraft facilities carried floating interest rate and expiring beyond one year.
- (b) During the year ended 28 February 2023, a new uncommitted secured revolving bank loan facility of the lower of approximately HK\$20.0 million and a certain percentage of the aggregate principal amount of the mortgage loan receivables of a subsidiary which were then charged to the banks was obtained. As at 28 February 2023, together with the existing secured bank revolving loan facility, the total secured bank revolving loan facilities of the lower of HK\$145.0 million (2022: HK\$125.0 million) and a certain percentage of the aggregate principal amount of certain mortgage loan receivables of the subsidiaries which were 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\$24.4 million (2022: nil). The loan facility was secured by certain mortgage loan receivables for the Group with a carrying value of approximately HK\$276.6 million (2022: nil). As at 28 February 2023, the secured revolving bank loans 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. As at the end of the reporting period, the new bank facility is expiring beyond one year while the existing bank facility is expiring within two years.
- (c) As at 28 February 2023, unsecured bank loan facilities of approximately HK\$15.0 million (2022: HK\$27.0 million) were provided to the Company and the subsidiaries and utilised to the extent as disclosed above. As at 28 February 2023, the bank loans carried floating interest rate of prime rate minus 0.75% (2022: prime rate minus 0.75% and one month HIBOR plus 5.45% per annum). As at the end of the reporting period, the Group had approximately HK\$15.0 million (2022: 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

	2023 \$'000	2022 \$'000
Accrued interest expenses	514	938
Accrued expenses	3,091	2,223
Provision for long services payment	1,028	690
Other payable and deposit received	854	663
	<u>5,487</u>	<u>4,514</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 28 February 2023, 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 (2022: HK\$439.0 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 2% per annum (2022: HSBC prime rate plus 2% per annum) and the tenor for the facilities is one year.

As at 28 February 2023, the available uncommitted loan facilities after taking into consideration of the drawdown was HK\$28.6 million (2022: HK\$67.5 million). These loan facilities were secured by certain mortgage loan receivables for the Group with a carrying value of approximately HK\$35.7 million (2022: HK\$84.4 million).

As at 28 February 2023 and 2022, there were no outstanding balance of other loans.

## 16 LOANS FROM THE IMMEDIATE HOLDING COMPANY

During the year ended 28 February 2023, the Group obtained an unsecured revolving loan facility from the immediate holding company with a facility limit of HK\$200.0 million (2022: HK\$200.0 million). The loans are unsecured, interest-bearing at 5% per annum (2022: 5% per annum) and repayable on demand.

As at 28 February 2023, the available loan facility after taking into consideration of the drawdown was approximately HK\$152.5 million (2022: HK\$152.5 million) and the accrued interest payable as at 28 February 2023 was approximately HK\$23,000 (2022: HK\$23,000).

## 17 DEBT SECURITIES ISSUED

	2023 \$'000	2022 \$'000
Current	11,993	49,974
Non-current	25,973	37,938
	<u>37,966</u>	<u>87,912</u>

The debt securities are unsecured, denominated in HKD, interest-bearing ranging from 6% to 7% per annum (2022: 6% to 7% per annum) with interest coupon being paid semi-annually and will be matured between 2023 and 2025. All debt securities issued are measured at amortised cost.

During the year ended 28 February 2023, the Group repaid debt securities on maturity date amounting to HK\$50.0 million (2022: HK\$75.0 million).

## 18 DIVIDENDS

Dividends payment during the year:

	2023 \$'000	2022 \$'000
Dividends recognised as distribution during the year:		
2023 Interim dividend – 0.92 cents (2022: 2022 interim dividend 0.78 cents) per share	17,730	15,049
2022 Final dividend – 0.71 cents (2022: 2021 final dividend 0.64 cents) per share	13,683	12,367
2022 Special dividend – 0.37 cents (2022: 2021 special dividend – 0.48 cents) per share	7,137	9,275
	<u>7,137</u>	<u>9,275</u>

Subsequent to the end of reporting periods, a final dividend of 0.87 cents per share (2022: a final dividend of 0.71 cents per share and a special dividend of 0.37 cents per share) in respect of the year ended 28 February 2023 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 28 February 2023 (“**FY2023**”), as Covid-19 measures are gradually being lifted following the tapering of the pandemic, the economy has started to show a rebound in activity, resulting in a modest increase in demand for loans. The revenue from the mortgage loan business increased from approximately HK\$82.7 million for the year ended 28 February 2022 (“**FY2022**”) to approximately HK\$91.5 million for FY2023, representing an increase of approximately 10.6% or HK\$8.8 million. Revenue generated from the mortgage loan business accounted for approximately 55.2% of the Group’s total revenue during the year. The gross mortgage loan receivables was approximately HK\$754.5 million as at 28 February 2023 with the total new mortgage loans granted amounted to approximately HK\$596.5 million in FY2023. During the year, net interest margin of the mortgage loan business increased by 0.6% to 10.5% (FY2022: 9.9%). During FY2023, there were 101 new cases of mortgage loan transactions, with average loan size of approximately HK\$5.9 million.

In FY2023, 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 normalisation ahead. During FY2023, the loan-to-value ratio for the first mortgage was approximately 55.2%, while overall loan-to-value ratio for subsidiary mortgage was approximately 56.2%, of which, loan-to-value ratio of subsidiary mortgage that the Group participate in was approximately 9.8%.

### PAWN LOAN BUSINESS

During FY2023, the revenue from the pawn loan business increased from approximately HK\$69.3 million to approximately HK\$74.3 million, representing an increase of approximately 7.2% or HK\$5.0 million. The aggregate pawn loan amount granted increased by approximately 22.1% or HK\$175.2 million from approximately HK\$791.1 million in FY2022 to approximately HK\$966.3 million in FY2023. The increase was mainly attributed to an active second-hand luxury market, especially for watches, which has driven relevant refinancing demand.

During FY2023, the Group continued to channel resources to advertising and promotion to enhance the Group's brand exposure. Such effort has generated demand for one-to-one pawn loan appointment services for pawn loans exceeding HK\$0.1 million. The number of pawn loan transactions granted of such amount increased from 497 transactions in FY2022 to 725 transactions in FY2023. The average loan amount also increased to approximately HK\$13,600 per transaction (FY2022: HK\$11,700 per transaction).

## **INDUSTRY OVERVIEW**

With the pandemic and U.S. federal funds rate (“**Fed rate**”) hike looming, residential property prices in Hong Kong has declined by over 15% in 2022. Notably, the forceful and rapid pace of Fed rate increases compelled Hong Kong banks to follow suit and raise their prime rate (P), resulting in steeper drops in property values. However, following the China-Hong Kong border reopening earlier this year, both transaction volumes and prices rebounded in the property market. Our Group will continue to monitor property price trends and look for opportunities amidst an economic recovery to generate higher returns for investors and shareholders.

During the year, gold prices have been relatively volatile, primarily dominated by expectations of Fed rates. In the first half of 2022, amidst elevated inflationary pressures, the Federal Reserve conducted consecutive rate hikes which resulted in a decline in gold prices. However, the market now expects that the current Fed rate hiking cycle to be at its peak soon, after which gold staged a strong rebound. We believe that once the Federal Reserve's policy becomes clear, gold prices are likely to stabilise and move in tandem with the fundamentals. As long as there are no sharp drops in the near term, we expect the impact on our business to be limited.

In addition, the buoyant market for pre-owned timepieces in particular served as a catalyst for customers to utilise our pawn loans as a funding channel, thereby contributing to the growth of our pawn loan segment. Though the speculation fizzled out in the second half of the year, with the relaxation of COVID-19 restrictions, foot traffic at our storefronts increased notably, especially at our Sheung Shui outlet, which had a positive effect on our overall pawnshop business. Moving forward, our Group strive to maintain our position as the pawn loan provider of choice for a comprehensive range of flexible financing options through superior customer experience.

## **FINANCIAL REVIEW**

### **Revenue**

Our Group's revenue increased from approximately HK\$152.0 million for FY2022 to approximately HK\$165.8 million for FY2023, representing an increase of approximately HK\$13.8 million or 9.1%. The increase was attributable to the increase in our interest income from mortgage business by approximately HK\$8.8 million or 10.6% from approximately HK\$82.7 million in FY2022 to approximately HK\$91.5 million in FY2023 and the increase in our revenue from pawn loan business by approximately HK\$5.0 million or 7.2% from approximately HK\$69.3 million in FY2022 to approximately HK\$74.3 million in FY2023.

### ***Mortgage loan business***

The increase in our interest income from mortgage business was mainly due to the recovery of our economy in the year of 2022. As such, the average month end balance for the gross mortgage loans receivables for the year increased from approximately HK\$713.1 million in FY2022 to approximately HK\$791.2 million in FY2023 with total new mortgage loans granted of approximately HK\$596.5 million during FY2023 (FY2022: approximately HK\$428.5 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\$10.9 million or 18.1% from approximately HK\$60.2 million in FY2022 to approximately HK\$71.1 million in FY2023, netting off with the decrease in revenue from disposal of repossessed assets by approximately HK\$5.9 million.

The increase in our interest income earned on our pawn loan receivables was mainly attributable to (i) the increase in the price of second-hand brand watches in the first half of the year of 2022; and (ii) the increase in the awareness of the re-finance value of luxury goods, such as brand watches. Therefore, the aggregated amounts of pawn loan granted increased from approximately HK\$791.1 million in FY2022 to approximately HK\$966.3 million in FY2023 and the average month end balance for the gross pawn loans receivables for the year increased from approximately HK\$153.8 million in FY2022 to approximately HK\$186.2 million in FY2023.

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 decrease in our gain on disposal of repossessed assets in FY2023 was mainly due to (i) the sudden significant drop of the price of brand watches in July and August 2022 and (ii) the decrease in the gold price per ounce from around US\$2,050 in March 2022 to around US\$1,650 in November 2022. Since every pawn loan has a loan term of four lunar months, revenue was derived from the appreciation of the price of second-hand brand watches in FY2023 and thus the decrease in gain on disposal of repossessed assets in FY2023 was recorded.

### **Other income, gains or losses**

Other income increased from approximately HK\$3.0 million in FY2022 to approximately HK\$3.7 million in FY2023, representing an increase of approximately HK\$0.7 million or 23.3%, which was mainly due to (i) 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 burdens of the businesses of approximately HK\$0.9 million in FY2023 and that there was no such income in FY2022 and (ii) the increase in bank interest income by approximately HK\$0.5 million; netting off with the decrease in rental income of approximately HK\$0.4 million and the decrease in credit related fee income by approximately HK\$0.2 million representing early repayment fees and handling charges from our mortgage loan customers.

## **Operating expenses**

Operating expenses increased by approximately HK\$2.5 million or 4.6% from approximately HK\$54.6 million in FY2022 to approximately HK\$57.1 million in FY2023.

During FY2023, staff costs slightly increased by approximately HK\$0.1 million or 0.3% from approximately HK\$29.5 million in FY2022 to approximately HK\$29.6 million in FY2023. The increase was mainly contributed by the increase in the salaries and other benefits to staff of approximately HK\$1.1 million, netting off with the decrease in directors' remuneration of approximately HK\$1.0 million.

According to HKFRS 16, all operating lease with contract terms 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\$0.5 million or 3.8% from approximately HK\$13.2 million in FY2022 to approximately HK\$12.7 million in FY2023. The decrease was mainly due to the closure of one of our pawnshops in Sheung Shui in March 2022, netting off with opening a new pawnshop in Tuen Mun in September 2022.

Apart from staff costs, rental expenses and depreciation for right-to-use assets as mention above, other operating expenses increased by approximately HK\$2.9 million or 24.4% from approximately HK\$11.9 million in FY2022 to approximately HK\$14.8 million in FY2023. This was mainly due to the increase in bank charges and legal and professional fees by approximately HK\$2.1 million and HK\$0.2 million respectively.

## **Finance costs**

During the year, the finance costs decreased by approximately HK\$2.6 million or 21.0% from approximately HK\$12.4 million in FY2022 to approximately HK\$9.8 million in FY2023. It was mainly due to the decrease in bank loans and overdrafts and debt securities issued in FY2023.

## **Charge for impairment losses on loan receivables**

The charge for impairment losses on loan receivables of approximately HK\$2.3 million in FY2022 was measured based on the requirement under HKFRS 9. The charge for impairment losses represented a further impairment made to a mortgage loan (same mortgage loan impaired in the year ended 28 February 2021) which had been overdue for more than 1 year and management considered that the valuation of the collateral of the respective loan cannot fully cover the outstanding amount and the said loan had been written-off in FY2022. No such impairment was made in FY2023.

## **Income tax expenses**

Our Group's effective tax rate decreased from approximately 16.3% in FY2022 to approximately 16.2% in FY2023. No material fluctuation was noted.

## Profit and total comprehensive income for the year

Our Group's profit for FY2023 increased to approximately HK\$86.1 million from approximately HK\$71.7 million in FY2022, representing an increase of approximately HK\$14.4 million or 20.1%. The increase was mainly attributable to (i) the increase in revenue by approximately HK\$13.8 million, and (ii) the decrease in finance costs amounted to approximately HK\$2.6 million, netting off with the increase in other operating expenses amounted to approximately HK\$2.5 million.

## Liquidity and financial resources

During FY2023, 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.

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 28 February 2023.

As at 28 February 2023, cash and cash equivalents (net of bank overdraft) amounted to approximately HK\$162.4 million, representing a net decrease of approximately HK\$44.2 million as compared to the position as at 28 February 2022. The decrease was attributable to the following items:

	<b>For the year ended 28 February 2023 HK\$'000</b>	For the year ended 28 February 2022 HK\$'000
Net cash generated from operating activities	<b>73,096</b>	123,481
Payment for acquisition of assets	<b>(9,495)</b>	–
Payments for the purchase of plant and equipment	<b>(317)</b>	(816)
Repayments of debt securities	<b>(50,000)</b>	(75,000)
Net repayments of other loans	–	(23,312)
Net repayments of bank loans	<b>(2,000)</b>	(2,863)
Payments for repurchase of shares	<b>(423)</b>	(922)
Dividend paid	<b>(38,550)</b>	(36,691)
Finance costs paid	<b>(9,074)</b>	(12,465)
Government subsidy received	<b>888</b>	–
Other net outflow	<b>(8,368)</b>	(10,086)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(44,243)</b>	(38,674)

## Pledge of assets

As at 28 February 2023, the Group had pledged its mortgage loan receivables with net book value of approximately HK\$312.3 million (28 February 2022: approximately HK\$84.4 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 28 February 2023.

## Key financial ratios

	<b>As at 28 February 2023</b>	As at 28 February 2022
Current ratio <sup>(1)</sup>	<b>11.9x</b>	8.9x
Gearing ratio <sup>(2)</sup>	<b>9.3%</b>	15.0%
	<b>For the year ended 28 February 2023</b>	For the year ended 28 February 2022
Return on total assets <sup>(3)</sup>	<b>7.5%</b>	6.2%
Return on equity <sup>(4)</sup>	<b>8.4%</b>	7.3%
Net profit margin <sup>(5)</sup>	<b>51.9%</b>	47.2%
Net interest margin <sup>(6)</sup>	<b>15.6%</b>	15.0%
– pawn loan services	<b>37.6%</b>	38.7%
– mortgage loan services	<b>10.5%</b>	9.9%

### 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 increased from approximately 8.9 times as at 28 February 2022 to approximately 11.9 times as at 28 February 2023, which was mainly due to the decrease in bank loans and overdrafts and current portion of debt securities issued that were amounted to approximately HK\$2.1 million and HK\$38.0 million respectively.

### **Gearing ratio**

Our Group's gearing ratio decreased from approximately 15.0% as at 28 February 2022 to approximately 9.3% as at 28 February 2023, which was mainly triggered by the decrease in bank loans and overdrafts and debt securities issued which were amounted to approximately HK\$2.1 million and HK\$38.0 million respectively.

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

Our return on total assets, return on equity, and net profit margin increased from approximately 6.2%, 7.3% and 47.2% in FY2022 to 7.5%, 8.4% and 51.9% in FY2023 respectively, which was mainly due to the increase in our net profit by approximately HK\$14.4 million in FY2023.

### **Net interest margin**

There was an increase in our net interest margin from approximately 15.0% in FY2022 to approximately 15.6% in FY2023. The reason for such an increase was mainly due to the decrease in finance costs by approximately HK\$2.6 million during FY2023.

### **PROSPECTS**

Looking ahead, the lifting of COVID-19 restrictions and the launch of the "Hello Hong Kong" campaign by the HKSAR government to welcome global visitors mean the economy is poised for recovery. The Group plans to leverage the economic upswing by opening a new premium service center at a MTR station in the first half of the next fiscal year. It will provide customers with a private and streamlined alternative financing solution that differentiates us from traditional banks and money lenders. The Group plans to integrate with fintech developments of a pawn loan app, acting as a pick-up point for customers. The entire application process will be digitised and made convenient through the app where customers can book appointments, get initial collateral evaluations, loan quotes and apply for loans. Our Group believes that by offering a simple, quick and efficient one-stop loan solution catering to the needs of high net worth individuals, MTR travelers and SMEs, we will gain a core competitive advantage and driver of future growth.

As Hong Kong reconnects with the world, the Group is excited to seek overseas expansion opportunities, including partnering with reputable foreign funds to grow our syndicated loan businesses. With over 45 years of industry experience in pawn loans and alternative financing as well the first large-scale listed pawnbroker in Hong Kong, the Group has built a strong reputation and expertise in this segment. The Group believes that it can leverage this competitive edge to further expand its loan portfolio internationally, diversify geographically beyond Hong Kong and drive business momentum. With Hong Kong's role as a global financial hub and connectivity to Mainland China and the rest of Asia, the Group is well positioned to serve as a financing partner for foreign funds and institutions.

## SHARE OPTION SCHEME

A share option scheme (the “Share Option Scheme”) which was adopted by the Company on 19 February 2013 has elapsed on 18 February 2023. In FY2023, no option was granted under the Share Option Scheme.

## HUMAN RESOURCES

As at 28 February 2023, our Group had a total of 50 staff (28 February 2022: 50). Total staff costs (including Directors' emoluments) were approximately HK\$29.6 million for FY2023 (FY2022: approximately HK\$29.5 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 include a share option scheme and 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

During FY2023, the Company repurchased a total of 1,640,000 shares of the Company on the Stock Exchange at the aggregate consideration of approximately HK\$0.4 million (before expenses). All the repurchased shares were cancelled during FY2023.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share		Aggregate Consideration (before expenses) (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
March 2022	56,000	\$0.238	\$0.238	13
June 2022	1,096,000	\$0.275	\$0.270	296
September 2022	152,000	\$0.249	\$0.239	36
November 2022	336,000	\$0.237	\$0.230	78
Total	<u>1,640,000</u>			<u>423</u>

The above share repurchases were made with a view to stabilise the price per share of the Company, as the management of the Company considered that the market price of the shares might not be able to truly reflect the value of the Company's shares and the Company's prospects.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during FY2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Our Group did not engage in any material acquisitions or disposals during FY2023.

## **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 FY2023. 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**

Subsequent to the end of FY2023 and up to the date of this announcement, there was no important or significant events that affects the business of the Group.

## **CORPORATE GOVERNANCE CODE**

Our Company has adopted the code provisions set out in the Corporate Governance Code (the "**Code Provisions**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Throughout FY2023, our Company complied with the Code Provisions, save for the deviation from Code Provision C.2.1 (equivalent to previous Code Provisions A.2.1) and Code Provision C.1.6 (equivalent to previous Code Provisions A.6.7) which are explained below.

Code Provision C.2.1 (equivalent to previous Code Provisions A.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.

Code Provision C.1.6 (equivalent to previous Code Provisions A.6.7) requires independent non-executive Directors and non-executive Directors to attend general meetings to gain and develop a balanced understanding of the views of shareholders. At the annual general meeting held on 28 July 2022, an independent non-executive Director was absent due to illness.

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

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by our Directors. Our Company confirms that, having made specific enquiry of all the Directors, our Directors complied with the required standards as set out in the Model Code during FY2023.

## **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 FY2023, and it has not identified any significant deficiency or material weakness. The Audit Committee has also reviewed the consolidated financial statements for FY2023 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 28 February 2023 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 FY2023 is scheduled to be held on Monday, 31 July 2023 (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 Wednesday, 24 May 2023 (the “**Board Meeting**”), our Directors recommended the payment of a final dividend (the “**Final Dividend**”) of HK0.87 cents per ordinary share, together with the interim dividend of HK0.92 cents per share declared and paid during FY2023, represent 40.1% of the profit attributable to the Shareholders for FY2023.

The Final Dividend is subject to approval by the Shareholders at the AGM and will be paid on Tuesday, 22 August 2023 to the Shareholders whose names appear on the register of members of our Company at the close of business on Tuesday, 8 August 2023.

## **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 Tuesday, 25 July 2023. The register of members of our Company will be closed from Wednesday, 26 July 2023 to Monday, 31 July 2023, 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 and the Special 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 on Thursday, 3 August 2023. The register of members of our Company will be closed from Friday, 4 August 2023 to Tuesday, 8 August 2023, 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](http://www.pawnshop.com.hk)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report for the year ended 28 February 2023 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, 24 May 2023

*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.*