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Oi Wah Pawnshop Credit Holdings Limited

靄華押業信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1319)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF INTERESTS IN THE FUND**

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On 12 March 2024, the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the General Partner, pursuant to which the Subscriber irrevocably agreed to subscribe for limited partnership interests in the Fund at the Subscription Amount of HK\$112,000,000.

LISTING RULES IMPLICATIONS

As one or more of the relevant Percentage Ratios in respect of the Subscription exceeds 5% but all are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 1 June 2023 in relation to the potential cooperation with PACM Group. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to the MOU, the Parties intend to establish the Fund with (i) the Company acting as the cornerstone investor by providing initial capital for the Fund; and (ii) a company to be jointly established by the Parties to act as the general partner of the Fund.

On 12 March 2024, the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the General Partner, pursuant to which the Subscriber irrevocably agreed to subscribe for limited partnership interests in the Fund at the Subscription Amount of HK\$112,000,000. The Subscription is conditional upon acceptance by the General Partner. Upon entering into the Subscription Agreement, the Subscriber also agreed to be admitted as a Limited Partner of the Fund and be bound by the terms of the Limited Partnership Agreement upon acceptance by the General Partner of the Subscription.

SUBSCRIPTION OF INTERESTS IN THE FUND

The Subscription Agreement

The principal terms of the Subscription Agreement are set out below:

Date	:	12 March 2024
Parties	:	(1) the Subscriber (2) the General Partner
Interests applied for	:	limited partnership interests in the Fund
Commitment	:	the Subscription Amount, being HK\$112,000,000.

The Subscription Amount was arrived at with reference to (i) the investment objective of the Fund; (ii) the expected term of the Fund; (iii) the possible investment returns of the Fund; and (iv) the investment opportunities expected to be available to the Group.

Upon entering into the Subscription Agreement, the Subscriber agreed to be admitted as a Limited Partner of the Fund and be bound by the terms of the Limited Partnership Agreement, details of which are set out below.

Limited Partnership Agreement and Information about the Fund

The principal terms of the Fund as detailed in the Limited Partnership Agreement are as follows:

Fund	:	PACM OW Global Special Situation Fund II L.P., a Cayman Islands exempted limited partnership.
General Partner	:	PACM OW GP II Limited, a Cayman Islands exempted company incorporated with limited liability.

The business of the Fund shall be carried on and managed by the General Partner. The General Partner's management authority and powers may be delegated.

Investment objective : To achieve long-term capital appreciation through investment strategies including asset-backed direct lending, non-performing debt acquisition, acquisition financing, stretch senior financing, project financing, bridge financing, and other debt related strategies. The geographic focus of the Investments will be Hong Kong and overseas (especially in developed markets of common law jurisdictions).

Term : The Initial Closing Date of the Fund took place on 12 March 2024 and the Fund shall continue until the occurrence of any of the events or circumstances below:

- (a) the day that is the third anniversary from the date of Initial Closing Date, subject to up to two additional 12-month period extensions, as determined by the General Partner in its sole discretion;
- (b) upon the date falling 90 days after the date of (i) the death; (ii) the commencement of liquidation, bankruptcy or dissolution proceedings; or (iii) the withdrawal, removal or making of a winding up or dissolution order in relation to the sole or last remaining qualifying General Partner, unless the Limited Partners unanimously elect to continue the Fund in accordance with the Limited Partnership Agreement;
- (c) as determined by the General Partner, and approved by the Limited Partners, when the Fund's investment objective is no longer realisable;
- (d) all investments have been disposed or realised, and the proceeds from which have been distributed to the Partners;
- (e) for any other reason with the written consent of the General Partner and Limited Partners by unanimous approval; or
- (f) upon there being no Limited Partners.

- Management fee : The General Partner will be entitled to a management fee from the Fund and is calculated at 1.5% per annum of the invested capital of each Limited Partner.
- Performance fee : The General Partner will be entitled to a performance fee from the Fund at the end of a given performance period based on the appreciation in the value of the investment of the Fund.
- The performance fee would be 20% of the appreciation exceeding the hurdle amount as at the relevant valuation date, with the hurdle amount being the amount calculated as the total capital contributions made by all Limited Partners on the relevant valuation date multiplied by a specified hurdle rate for the performance period.
- Investment period : The period commencing on the Initial Closing Date and ending 36 months following the Initial Closing Date.
- Restrictions on transfer : A Limited Partner may not transfer any interest in the Fund without the prior written consent of the General Partner, which may be given or withheld at the General Partner's sole discretion (unless the proposed transferee is an affiliate of the Limited Partner, in which case the General Partner may not unreasonably withhold its consent).
- Distributions : The General Partner will distribute 100% of the distributable net proceeds from each realised investment ("**Distributable Amount**") to the Limited Partners. Provided there are sufficient assets available for distribution, the General Partner may make special distributions to each Limited Partner and distribute extraordinary income among the Limited Partners and the General Partner.
- Expenses : The Fund shall bear the expenses of the Fund which arise from or are incidental to the conduct of its operation and the Limited Partnership Agreement and the General Partner shall be entitled to be reimbursed by the Fund out of the assets of the Fund for all such expenses incurred by the General Partner in relation to the proper performance of its duties under this Agreement.

- Default : (1) A Limited Partner defaults if:
- (a) it fails to make a capital contribution when due;
 - (b) it becomes bankrupt or insolvent;
 - (c) a holder of an encumbrance takes possession of the whole or a substantial part of the undertaking and property of the Limited Partner and remains in possession for a continuous period of 30 days; or
 - (d) the Limited Partner commits a material breach of any of its obligations under the Limited Partnership Agreement.
- (2) In the event that a Limited Partner defaults, the General Partner may, inter alia:
- (a) cause a reduction of the defaulting Limited Partner's (i) entitlement to any distributions from the Fund; and/or (ii) capital account balance; and/or
 - (b) procure the defaulting Limited Partner in selling all or any portion of its interests in the Fund to any person(s) (which may include a Limited Partner).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION IN THE FUND

The Board sees a tremendous business potential in the Target Businesses in the Target Markets and believes that the Subscription will provide a great opportunity for the Group to capture the investment opportunities and diversify the Group's investment portfolio by expanding the Target Businesses in the Target Markets, diversifying risks and expanding the Group's market share and income sources in the real estate private credit industry.

The Directors consider that the terms of the Subscription Agreement, the Limited Partnership Agreement, and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant Percentage Ratios in respect of the Subscription exceeds 5% but all are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION RELATING TO THE PARTIES

The Group and the Subscriber

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Group is a financing service provider in Hong Kong mainly providing secured financing, including pawn loans and mortgage loans under the provisions of the Pawnbrokers Ordinance and the Money Lenders Ordinance.

The Subscriber, an indirect wholly-owned subsidiary of the Company, was incorporated in Hong Kong with limited liability. It is principally engaged in money lending.

The General Partner

The General Partner is a Cayman Islands exempted company incorporated with limited liability. It has the overall responsibility for the management and conduct of the business and affairs of the Fund. It is directly owned as to 51% by PACM Group and 49% by Oi Wah Investment Limited, a direct wholly-owned subsidiary of the Company. PACM Group is indirectly owned as to 75% by Mr. Francis Chi Yin Ng who is principally engaged in investment holding.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, save for the Subscriber's subscription in the Fund and the Group's interest in the General Partner, the General Partner, the Fund and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

“Board”	the board of Directors
“Company”	Oi Wah Pawnshop Credit Holdings Limited (靄華押業信貸控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1319)
“Director(s)”	the director(s) of the Company
“Fund”	PACM OW Global Special Situation Fund II L.P., a Cayman Islands exempted limited partnership

“General Partner”	PACM OW GP II Limited, a Cayman Islands exempted company incorporated with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Initial Closing Date”	12 March 2024, or such other date as determined by the General Partner
“Limited Partner(s)”	the limited partners of the Fund, including the Subscriber
“Limited Partnership Agreement”	the amended and restated agreement of exempted limited partnership dated 12 March 2024 entered into among the General Partner, the Initial Limited Partner, and the General Partner as attorney-in-fact for each of the Limited Partners
“Limited Partnership Interest”	the limited partnership interests in the Fund represented by a capital commitment of HK\$112,000,000 to be contributed by the Subscriber to the Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Partner(s)”	collectively, the General Partner and the Limited Partner(s), and each a “Partner”
“Pawnbrokers Ordinance”	the Pawnbrokers Ordinance (Chapter 166 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction

“Shareholders”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Oi Wah Mortgage Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Limited Partnership Interest by the Subscriber in accordance with the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 March 2024 entered into between the Subscriber and the General Partner in relation to the Subscription
“Subscription Amount”	the subscription amount of HK\$112,000,000, being the consideration for the Subscription
“%”	per cent.

By order of the Board of
Oi Wah Pawnshop Credit Holdings Limited
Chan Kai Ho Edward
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 March 2024

As at the date of this announcement, the Board comprises Mr. Chan Kai Ho Edward (Chairman and Chief Executive Officer), 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.