
NOTIFIABLE TRANSACTIONS AND CONNECTED TRANSACTIONS

NOTIFIABLE TRANSACTIONS AND DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES

We are a financing service provider providing financial assistance to our customers in our ordinary course of business. Pursuant to Rule 14.04(8) of the Listing Rules, the term “ordinary and usual course of business”, in the context of financial assistance, means financial assistance provided by a banking company or by a securities house pursuant to Rule 14.04(1)(e)(iii) of the Listing Rules only and does not apply to us operating as money lender and pawnbroker. As such, the financial assistance provided by us to our customers constituted transactions pursuant to Rule 14.04(1) of the Listing Rules and may constitute notifiable transactions under Chapter 14 of the Listing Rules upon Listing and subject to the relevant notification, announcement and/or independent shareholders’ approval requirements.

Based on our loan portfolio as at 30 November 2012, there was no outstanding loan where its percentage ratios (other than equity capital ratio which is not applicable) calculated pursuant to Rule 14.07 of the Listing Rules exceeded 5%. As a result, none of our outstanding loans provided to our customers constitutes a notifiable transaction of our Company under Chapter 14 of the Listing Rules or is otherwise subject to the relevant notification, announcement and/or independent shareholders’ approval requirements.

In addition, the loans provided by us to our customers may also trigger a general disclosure obligation pursuant to Rules 13.13 to Rule 13.15A of the Listing Rules and be subject to announcement and reporting requirements, in the event that the relevant advance to an entity by our Group individually exceeds 8% under the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

We have put in place procedures to ensure that the relevant requirements under Chapter 13 and Chapter 14 of the Listing Rules above are complied with on or after the Listing Date.

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CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into transactions with connected persons of our Company. These transactions will continue after Listing, thereby constituting continuing connected transactions of our Company under the Listing Rules:

(A) Personal guarantees

Type of transaction	Term	Applicable Listing Rule	Waiver sought
(i) Personal guarantee provided by Mr. Edward Chan to the landlord of the premises of our Cheung Wah Pawnshop	Six years from 1 April 2010 to 31 March 2016	Rule 14A.65(4)	None (De minimis transaction)
(ii) Personal guarantee provided by Mr. Edward Chan to the landlord of the premises of our Kwong Wah Pawnshop	Two years from 15 December 2011 to 14 December 2013	Rule 14A.65(4)	None (De minimis transaction)
(iii) Personal guarantee provided by Mr. Chan Chart Man to the landlord of the premises of our Heng Wah Pawnshop	Five years from 1 February 2009 to 31 January 2014	Rule 14A.65(4)	None (De minimis transaction)

(B) Tenancy agreements

Type of transaction	Term	Applicable Listing Rule
(i) Tenancy agreement between Kwan Chart Holding and Hing Wah HK	Two years from 8 June 2012 to 7 June 2014	Rule 14A.34
(ii) Tenancy agreement between Mr. Chan Chart Man and Wai Wah HK	Two years from 8 June 2012 to 7 June 2014	Rule 14A.34
(iii) Tenancy agreement between Kwan Chart Estate and Oi Wah HK	Two years from 31 May 2012 to 30 May 2014	Rule 14A.34

CONNECTED PERSONS

The following persons or entities, namely (i) Mr. Edward Chan, our executive Director; (ii) Mr. Chan Chart Man, our executive Director; (iii) Kwan Chart Holding, which is owned as to 90% by Mr. Chan Chart Man and the remaining 10% by his spouse, Ms. Mui; and (iv) Kwan Chart Estate, which is owned as to 95% by Mr. Chan Chart Man and the remaining 5% by his spouse, Ms. Mui, are connected persons. They entered into the abovementioned continuing connected transactions with our Group.

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(A) CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Personal Guarantees

Oi Wah HK is principally engaged in money lending and pawnbroking businesses. In connection with the premises of our Cheung Wah Pawnshop, Kwong Wah Pawnshop and Heng Wah Pawnshop, Mr. Edward Chan and Mr. Chan Chart Man provided personal guarantees to the respective landlords at the time when the relevant tenancy agreements were entered into to secure the due performance of the obligations of Oi Wah HK under the tenancy agreements, particulars of which are set out in the following table:

Guarantor	Premises	Tenant	Trading Name	Term
Mr. Edward Chan	Shop 3B, Level 1, Shatin New Town, Nos.1-15 Wang Pok Street, Shatin, New Territories, Hong Kong	Oi Wah HK	Cheung Wah Pawnshop	Six years from 1 April 2010 to 31 March 2016
Mr. Edward Chan	Shop C, Ground Floor, Kar Ho Building, Nos. 27-31 Yuen Long, Hong Lok Road, Yuen Long, New Territories, Hong Kong	Oi Wah HK	Kwong Wah Pawnshop	Two years from 15 December 2011 to 14 December 2013
Mr. Chan Chart Man	Shop B, Ground Floor (including Cockloft), Nos. 2-4 San Lok Street, Sheung Shui, New Territories, Hong Kong	Oi Wah HK	Heng Wah Pawnshop	Five years from 1 February 2009 to 31 January 2014

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No consideration has been paid by us to Mr. Edward Chan and Mr. Chan Chart Man for their respective provision of the personal guarantees to the said landlords for the benefits of our Group.

We have requested the said landlords to accept our Company as replacement of personal guarantees for Mr. Edward Chan and Mr. Chan Chart Man but were refused by the respective landlords. Save for exceptional circumstances where personal guarantees by natural persons must be provided, we will not let any connected person of our Company to act as our personal guarantee when renewing any tenancy agreement or entering into any new tenancy agreement after Listing.

As the personal guarantees are provided by connected persons for the benefit of our Company on normal commercial terms where no security over the assets of our Group is granted in respect of the personal guarantees, the above transactions will constitute continuing connected transactions for our Company which are exempt from the reporting, announcement and independent Shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Tenancy Agreements

We have been leasing various properties in Hong Kong from Mr. Chan Chart Man, Kwan Chart Holding and Kwan Chart Estate and it is expected that we will continue to do so after Listing. As Mr. Chan Chart Man, Kwan Chart Holding and Kwan Chart Estate are our connected persons, each of the tenancy agreements will become a continuing connected transaction of our Company upon the Listing.

For the two years ended 28 February 2011, the year ended 29 February 2012 and the nine months ended 30 November 2012, the amount of rental paid by our Group in respect of the tenancy agreements between our Group and the respective connected persons were approximately HK\$1.4 million, HK\$1.3 million, HK\$1.4 million and HK\$1.1 million, respectively.

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Details of the written tenancy agreements between our Group and the respective connected persons (the “**Non-exempt Tenancy Agreements**”) are set out in the table below:

Landlord	Tenant	Location	Monthly rental	Term	Type of Premises
Kwan Chart Holding	Hing Wah HK	Shop G-24A & Portion of G-25 on Ground Floor, Sun Hing Building, 603, 603A–B, 605, 605A, 607A–B, 609, 609A Nathan Road, 17A–B & 19 Soy Street, 174, 176 & 178 Portland Street, Mongkok, Kowloon	HK\$40,000	Two years from 8 June 2012 to 7 June 2014	Shop premises with a saleable area of 275 sq.ft.
Mr. Chan Chart Man	Wai Wah HK	Shop 6, Ground Floor, Wah May Building Block B, Nos. 36C–36F Shantung Street, Kowloon	HK\$40,000	Two years from 8 June 2012 to 7 June 2014	Shop premises with a saleable area of 265 sq.ft.
Kwan Chart Estate	Oi Wah HK	Rooms 2302–2303 Kwan Chart Tower, No. 6 Tonnochy Road, Wan Chai, Hong Kong	HK\$39,000	Two years from 31 May 2012 to 30 May 2014	Office premises with a saleable area of 1,251 sq.ft.

Rent payable for each of the above tenancy agreements was negotiated between the landlord and the relevant member of our Group with reference to the prevailing market rate. Jones Lang LaSalle, an independent valuer, is of the opinion that the agreed annual rent of the leased properties stated above represented the prevailing market rent as at the date of the relevant tenancy agreements.

Given that the Non-exempt Tenancy Agreements were entered into based on prevailing market rates, our Directors consider that the rent of each of the respective Non-exempt Tenancy Agreements is fair and reasonable and was entered into on normal commercial terms.

It is expected that the aggregate annual rental for each of the three years ending 28 February 2015 payable by our Group in respect of the Non-exempt Tenancy Agreements will not exceed the maximum annual cap of HK\$1,431,000, HK\$1,428,000 and HK\$476,000 which represents twelve months’, twelve months’ and four months’ of aggregate rental, respectively. The rental payable under the Non-exempt Tenancy Agreements are payable on a monthly basis and were determined after arm’s length negotiations with reference to the prevailing market rates. As the aggregate applicable ratios (other than the profits ratio) for the Non-exempt Tenancy Agreements are expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Non-exempt Tenancy Agreements constitute continuing

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connected transactions for our Company which are subject to the reporting, annual review, announcements requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Our Directors consider that it is in the interests of our Company to continue with these transactions after Listing. They also consider that all the continuing connected transactions as set out in paragraphs (A) and (B) above are in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business. Our Directors are also of the view that all of the continuing connected transactions in paragraph (B) above were entered into on normal commercial terms and the annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Save as disclosed in this section, our Directors currently do not expect that immediately following the Listing, there will be any transaction which will constitute a continuing connected transaction of our Company under the Listing Rules.

CONFIRMATION FROM SOLE SPONSOR

After review of the relevant documentation (including the independent opinion from Jones Lang LaSalle) and historical figures provided by us, the Sole Sponsor is of the opinion that (i) the terms of the Non-exempt Tenancy Agreements in relation to the continuing connected transactions referred to in paragraph (B) above were entered into in the ordinary and usual course of business of our Company and on normal commercial terms which are fair and reasonable and in the interests of our Company and the Shareholders as a whole; and (ii) the annual cap for the continuing connected transactions referred to in paragraph (B) above are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

WAIVER FROM THE STOCK EXCHANGE

On the basis of the above, we have applied to the Stock Exchange for a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules at the time of the Listing in respect of the continuing connected transactions described in this section, subject to the conditions that such transactions are being carried out in compliance with the requirements of the Listing Rules and that we shall comply with the relevant requirements for the continuing connected transactions in accordance with Chapter 14A of the Listing Rules.