

TARGET

Intelligence Report

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T U E S D A Y

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PART ONE

OI WAH PAWNSHOP CREDIT HOLDINGS LTD: MANAGEMENT EMBARKS ON A \$HK140-MILLION LOAN ALONG WITH FOUR CORPORATE FRIENDS IN TOW

During the past five Financial Years, ended February 28, 2022, Management of Oi Wah Pawnshop Credit Holdings Ltd (靚華押業信貸控股有限公司) (Code: 1319, Main Board, The Stock Exchange of Hongkong Ltd), brought in a Net Profit Attributable to Shareholders, amounting to \$HK473,926,000.00, on a Total Revenue of \$HK1,000,743,000.00.

The 2022-Year's financial results were the lowest, going back to the 2018 Financial Year – but it was a great deal better than many other corporate entities, the shares of which are listed on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

At Page Nine of the 2022 Annual Report of Oi Wah Pawnshop Credit Holdings Ltd, Mr Edward Chan Kai Ho (陳啟豪), the Chairman of the Board of Directors and an Executive Director of the Company, went on record, stating, amongst other things:

'During the year, the Group recorded revenue and profit attributable to shareholders of the Company of approximately HK\$152.0 million and 71.7 million (Note) respectively. In FY2022, while local mortgage loan demand continued to be affected by the prolonged pandemic and cross-border travel restriction, we saw a stable growth in pawn loan business due to the rebounding luxury consumer market. We will continue to deploy this two-pronged business approach to build a solid firewall and protect us from any major downward risks.'

'Looking ahead, given the macro-economy variables and geopolitical risks, the Group will continue to adopt a prudent strategy when granting loans, in order to maintain a healthy portfolio and strengthen its risk'

management measures. We will also keep a close eye on the performance of the Group's loan portfolio, especially in respect to the repayment status of existing customers. With COVID-19 eases off, the Group sees opportunities with the impending rebound of economy is well positioned to capture the opportunity to expand its market share when business activities pick up again. Being one of the few listed financial institutions in Hong Kong, we believe Oi Wah is in a strong position to benefit... '.

TARGET (泰達財經) Note:

It appears that somebody made a faux pas in that '71.7' was, clearly, meant to be \$HK71.7 million.

At Page 71 of the 2022 Annual Report of the Company, one is met with the '**Consolidated Statement of Profit or Loss and Other Comprehensive Income**'.

The following **TARGET** table is indicative of the Company's financials with regard to the 2022 Financial Year, compared with the previous Financial Year:

	For The Financial Year, Ended February 28		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	151,977	182,768	(16.85)
Operating Income	154,955	190,643	(18.72)
Profit From Operations	98,082	133,005	(26.26)
Profit Before Taxation	85,643	112,078	(23.59)
Profit And Total Comprehensive Income For The Year Attributable To Shareholders	71,671	93,144	(23.06)
Earnings Per Share	3.70 cents	4.80 cents	(22.92)

* These are **TARGET**'s calculations

At Page 73 of the 2022 Annual Report, it was made evident that Total Equity (Shareholders' Funds) stood at \$HK982,911,000, as at February 28, 2022 (2021: \$HK948,853,000).

At Page 112 of the 2022 Annual Report of Oi Wah Pawnshop Credit Holdings Ltd, Note Five of the Notes to the Accounts, under the heading, '**REVENUE**', the following was stated:

'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:

2022	2021
\$HK'000	\$HK'000

<i>Revenue from pawn loan business</i>		
— interest income from pawn loan receivables calculated using the effective Interest method	10,081	8,171
— interest income from pawn loan receivables at FVPL (Fair Value through Profit or Loss)	50,131	48,002
— Gain on disposal of repossessed assets	<u>9,093</u>	<u>8,024</u>
	<u>69,305</u>	<u>64,197</u>
 <i>Revenue from mortgage loan business</i>		
— interest income from mortgage loan receivables calculated using the effective interest method	<u>82,672</u>	<u>118,571</u>
	<u>151,977</u>	<u>182,768</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. Cost of disposal of repossessed assets for the year ended 28 February 2022 amounted to approximately HK\$34.7 million (2021: HK\$36.5 million).

‘During the year ended 28 February 2022 and 2021, the Group’s customer base was diversified and no customer with whom transactions have exceeded 10% of the Group’s revenue.’

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