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8<sup>th</sup> July 2025

PassTo Credit Limited  
No.10, 18/F., Tower 2,  
China Hong Kong City,  
China Ferry Terminal, No. 33 Canton Road,  
Tsim Sha Tsui, Hong Kong

Attn: Ms. Natalie Chan

Dear Sirs,

**Re: PassTo Credit Limited (the "Company")**

1. We have been instructed to opine on the following issues with respect to lending and taking security by the Company in Hong Kong:-
  - i) whether a company holding a money lender's license (the "**Licensed Lender**") is allowed, under the Money Lenders Ordinance (Cap. 163, "**MLO**"), Securities and Futures Ordinance (Cap. 571, "**SFO**") or any other legislation or regulation (collectively the "**Relevant Legislation**"), to advance loans drawn by a borrower directly to a third party (such as an insurance company with whom the borrower is subscribing for an insurance policy) as the borrower may direct;
  - ii) whether the loan drawn can be advanced by way of a loan made under a credit-card scheme operated by the lender to the borrower who is a holder of a credit-card issued under that scheme;
  - iii) whether a Licensed Lender is allowed, under the Relevant Legislation, to accept and take collateral as security for its loan to a borrower; and
  - iv) if so, what are the types of collateral which are allowed or prohibited, in particular the following classes of assets:-
    - (a) Cryptocurrency;
    - (b) Gold;
    - (c) Listed shares;
    - (d) Private shares (issued by private companies);
    - (e) Insurance policies (or the proceeds thereof); and
    - (f) Currencies.

*Partners:* Barry HOY, Andrew LEE, Chris LAMBERT, Kevin STEEL, Lesley McLEAN, Warren KO,  
Frank SZETO, LI Chung Nam (*China-Appointed Attesting Officer*), Johnny HO,

Rio LAU, Lawrence TANG, Cyrus HO, Simon TONG

*Consultants:* Michael LINTERN-SMITH (*Notary Public*), Christopher GORDON (*Notary Public*),  
Jeremy LEVY, Jennifer WONG, Cynthia WONG, Susanna CHEUNG

2. Our understanding is that the Company is a Licensed Lender, holding a Money Lender's License No. 1370/2024.

Advancing loans to third parties

3. Upon reviewing the Relevant Legislation, we are not aware of any restriction prohibiting the borrower to direct the lender to advance the loan drawn directly to a third party.
4. We are also not aware of any reason why a borrower's right to use the loan drawn (including giving directions to the lender to advance it directly to a third party) should be restricted or limited unless otherwise agreed between the lender and the borrower.
5. In fact, the term "**loan**" is defined in the MLO to include "advance, discount, money paid for or on account of or on behalf of or at the request of any person..." (emphasis added).
6. In other words, a Licensed Lender is allowed to advance loans drawn by a borrower directly to a third party (such as an insurance company with whom the borrower is subscribing for an insurance policy) as the borrower may direct.
7. We should, however, point out that whilst a borrower may direct the lender to advance the loan drawn directly to a third party, such third party recipient may be subject to restrictions on receiving and accepting such advancement. For example, an insurance company may be subject to anti-money laundering requirements or restrictions imposed by the Insurance Authority (details of which do not form part of this opinion), in which case the borrower may be required by the insurance company to satisfy certain disclosure requirements (such as disclosing the source of the loan).

Loans advanced by credit-card

8. Upon reviewing the Relevant Legislation, we are not aware of any restriction prohibiting the lender from advancing the loan drawn to the borrower by way of a loan made under a credit-card scheme operated by the lender to the borrower who is a holder of a credit-card issued under that scheme.
9. In fact, under Part 2 of Schedule 1 to the MLO, such loan made by a company under a bona fide credit-card scheme operated by the company to any holder of a credit-card issued under that scheme is considered an exempted loan. In other words, a lender who makes loans exclusively under a bona fide credit-card scheme operated by the lender is not considered a "money lender" for the purposes of the MLO and is not required to obtain a money lender's license.

10. Obviously, this issue is only academic since the Company is already a Licensed Lender. On the other hand, we would still recommend that the Relevant Legislation be referred and adhered to for the purposes of best practice.

Taking collateral as security

11. The term “**security**” is not defined in either the MLO or the SFO (which is not to be confused with the term “securities”). On the other hand, the term “security” is often used and referred to within the MLO (including within the definition of the term “loan” itself) as a means to securing the repayment of any loan.
12. The term “**collateral**” is also not specifically defined in either the MLO or the SFO. However, the SFO does provide definitions for “other collateral” and “securities collateral”, under which a collateral is referred to as a property deposited or provided by the borrower with or to the lender as security for the provision by the lender of financial accommodation (which refers primarily to a loan).
13. Under the MLO, whilst there is no provision specifically authorizing the borrower to provide or the lender to accept a security, the provision of a security for a loan is referred to throughout the MLO. In fact, under s.18(2) of the MLO, the form of security for the loan (if a security is provided by the borrower) is one of the salient terms of the loan required to be expressly set out in the memorandum of the loan.
14. In other words, a Licensed Lender is allowed to accept and take collateral as security for its loan to a borrower.

Types of collateral

15. Upon reviewing the Relevant Legislation, we are not aware of either any prescription of which assets can be provided as security or any restriction on which assets cannot be provided as security, provided that the security provider has the unencumbered right to do so.
16. In fact, the following types of collateral are often used as security:-
  - i) land property, which is usually charged under a deed of charge or a mortgage, as well as rental income, which is usually charged under an assignment of rent;
  - ii) physical assets (such as gold, jewellery or other precious metals), which are usually charged under a deed of charge;
  - iii) accounts (including assets stored therein, such as currencies, cryptocurrencies or listed shares), which are usually charged under a deed of charge over account or a floating charge;

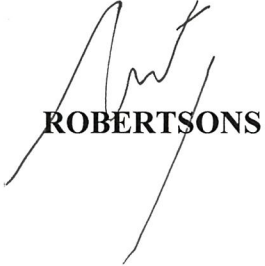
- iv) shares (including listed shares or private shares), which are usually charged under a deed of charge over shares (or simply a share charge); and
  - v) insurance policies (specifically, any payouts or proceeds therefrom), which are usually charged under an assignment of proceeds, with a notice of assignment to be delivered to the insurance company to notify them of this arrangement.
17. With respect to “cryptocurrencies”, this term is not used under any Relevant Legislation. Instead, the term “**virtual asset**” is used and defined under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) as a cryptographically secured digital representation of value.
18. We should also point out that the reliability of each type of collateral as security differs depending on the nature of such collateral. For example, physical assets (such as a precious metal or a cold wallet storing keys to cryptocurrencies) the possession and control of which may be retained by the security provider may be difficult to be retrieved and secured by the lender.
19. As another example, a security instrument which is stated to be governed by Hong Kong law may be difficult to be enforced if the security is granted over assets located outside of Hong Kong.
20. In light of the above examples, whilst taking security (of sufficient value) is a good way of protecting and securing the repayment of a loan, we would suggest caution when accepting any type of unusual collateral offered by the borrower. We are happy to provide further analysis on the risk of accepting any type of collateral as and when necessary.

For the purposes of this opinion, please note that this opinion:-

- i) is based on the laws of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), and we do not express any opinion with respect to the laws of any other jurisdiction;
- ii) is based on the laws of Hong Kong as of the date of this opinion, and we do not warrant any future changes in such relevant laws or any rules or regulations prescribed by any relevant regulatory bodies;
- iii) relates only to the legal issues specified above, and does not cover any accounting, financial or tax matters for which we are not qualified to opine;
- iv) is issued solely for reference by yourselves (and your directors and authorised officers) according to your instructions and shall not be transmitted to, used or relied on by any other party without our written consent.

Should you have any further queries, please do not hesitate to contact our Mr. Chris Lambert.

Yours faithfully,



**ROBERTSONS**