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**K Cash Corporation Limited**

**K Cash集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2483)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest Income	<b>248,734</b>	233,944
Profit and total comprehensive income for the year	<b>51,566</b>	67,865
Adjusted net profit (non-HKFRS measure)*	<b>73,840</b>	73,180
Earnings per share for the year		
Basic and diluted	<b>HK13.42 cents</b>	HK18.10 cents

\* Adjusted net profit (non-HKFRS measure) is defined by the Group as net profit adding back listing expenses

Final dividend in respect of the year ended 31 December 2023 of HK1.998 cents per Share was proposed by the Board.

The Board is pleased to announce the consolidated final results of the Group for the Reporting Period, together with the comparative figures for the corresponding period of the previous year, are as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income	4	<b>248,734</b>	233,944
Interest expenses		<b>(25,182)</b>	(22,963)
Net interest income		<b>223,552</b>	210,981
Other income	4	<b>4,959</b>	10,094
Other gains/(losses), net	4	<b>84</b>	(174)
Selling expenses	5	<b>(24,808)</b>	(34,375)
General and administrative expenses	5	<b>(80,815)</b>	(66,134)
Expected credit losses, net		<b>(55,757)</b>	(37,672)
<b>Operating profit</b>		<b>67,215</b>	82,720
Other finance costs		<b>(475)</b>	(803)
<b>Profit before income tax</b>		<b>66,740</b>	81,917
Income tax expense	6	<b>(15,174)</b>	(14,052)
<b>Profit and total comprehensive income for the year</b>		<b>51,566</b>	67,865
<b>Earnings per share for the year</b>			
Basic and diluted (HK cents)	7	<b>13.42</b>	18.10

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>ASSETS</b>			
Cash and cash equivalents		<b>218,368</b>	24,131
Amounts due from fellow subsidiaries		<b>236</b>	90,224
Amounts due from related parties		<b>82</b>	638
Amount due from a director		–	575
Loan receivables	9	<b>964,392</b>	913,815
Prepayments, deposits and other receivables		<b>12,608</b>	12,132
Repossessed assets		<b>16,445</b>	5,795
Income tax recoverable		–	119
Deferred income tax assets		<b>18,909</b>	17,380
Property, plant and equipment		<b>3,008</b>	3,537
Right-of-use-assets		<b>7,549</b>	18,961
<b>Total assets</b>		<b><u>1,241,597</u></b>	<b><u>1,087,307</u></b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		<b>50</b>	–*
Reserves		<b>880,840</b>	720,539
<b>Total equity</b>		<b><u>880,890</u></b>	<b><u>720,539</u></b>
<b>LIABILITIES</b>			
Amount due to the ultimate holding company		<b>13</b>	84
Amount due to the immediate holding company		–	10,500
Amounts due to fellow subsidiaries		<b>99</b>	–
Amounts due to related parties		–	28,486
Accruals and other payables		<b>8,977</b>	5,481
Income tax payable		<b>2,459</b>	–
Bank and other borrowings	10	<b>342,629</b>	303,095
Lease liabilities		<b>6,530</b>	19,122
<b>Total liabilities</b>		<b><u>360,707</u></b>	<b><u>366,768</u></b>
<b>Total equity and liabilities</b>		<b><u>1,241,597</u></b>	<b><u>1,087,307</u></b>

\* Below HK\$1,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

K Cash Corporation Limited (the “Company”) was incorporated in the Cayman Islands on 25 October 2022, as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company’s principal place of business is 17/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the “Group”) are principally engaged in providing unsecured loans in Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 5 December 2023 (the “Listing”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and the Group’s presentation currency.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Company Ordinance Cap. 622. The consolidated financial statements of the Group have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

## 3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

### (a) New and amended standards adopted by the Group.

The Group has applied the followings new and amended standards for the annual reporting period commencing 1 January 2023:

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	International Tax Reform – Pillar Two Model Rules (amendments)
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The new standards and amendments to existing standards listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards, amendments to standards and interpretation issued but are not yet effective**

		Effective for accounting periods beginning on or after
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

According to the preliminary assessment by the directors, the Group expected that these new standards, amendments and interpretation to existing standards do not have any significant impact to its financial position and performance and have not been early adopted by the Group. The Group expects to adopt the relevant new standards, amendments and interpretation to existing standards when they become effective.

**4 SEGMENT INFORMATION AND REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET**

**(a) Segment information**

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. Provision of unsecured loans in Hong Kong is the only segment in internal reporting to the executive directors for the year ended 31 December 2023.

As the Group has only one operating segment that qualifies as reporting segment under HKFRS 8 and the information that is regularly reviewed by the CODM for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented. The CODM assesses the performance based on a measure of profit for the reporting period, and considers all business is included in a single operating segment.

Revenue represents interest income earned and derived from different loan products and are summarized as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income derived from:		
– Unsecured property owner loans	170,890	146,788
– Unsecured personal loans	66,457	74,624
– Small and medium enterprises (“SME”) loans	11,387	12,068
– Secured subordinated mortgage loans	–	464
	<u>248,734</u>	<u>233,944</u>
<b>(b) Other income and gains/(losses), net</b>		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other income</b>		
Government grant	–	1,767
Rental income from fellow subsidiaries	637	8,287
Rental income from a related party	3,806	30
Bank interest income	505	3
Others	11	7
	<u>4,959</u>	<u>10,094</u>
<b>Other gains/(losses), net</b>		
(Provision for)/reversal of impairment of repossessed assets	(559)	27
Loss on disposal of property, plant and equipment	–	(219)
Gain on termination of lease	643	18
	<u>84</u>	<u>(174)</u>

## 5 EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefit expenses		
– Salaries and bonus	37,304	43,303
– Pension and retirement benefits	1,076	1,123
– Other staff benefits and welfare	2,332	3,143
Advertising and marketing expenses	11,409	18,847
Depreciation of right-of-use assets	10,672	12,315
Depreciation of property, plant and equipment	1,632	2,309
Office expenses	3,661	1,882
IT services fee	–	780
Expenses related to short-term lease	3,190	2,921
Subscription fee	2,824	1,069
Collection fee	45	989
Search fee and valuation	1,093	1,092
Listing expenses	22,274	5,315
Legal and professional fees	1,403	1,112
Auditor's remuneration	1,100	218
Bank charges	486	417
Donations	–	420
Repair and maintenance	666	799
Motor vehicle expenses	395	237
Recruitment and training expenses	53	162
Utility expenses	319	322
Building management fee	870	953
Stamp duties	1,614	8
Others	1,205	773
	<u>105,623</u>	<u>100,509</u>
Represented by:		
Selling expenses	24,808	34,375
General and administrative expenses	80,815	66,134
	<u>105,623</u>	<u>100,509</u>

## 6 INCOME TAX EXPENSE

During the year ended 31 December 2023, Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	16,703	14,618
– Over provision in prior years	–	(129)
Deferred income tax	(1,529)	(437)
	<u>15,174</u>	<u>14,052</u>

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2023.

During the year ended 31 December 2023, the weighted average number of ordinary shares used for the purpose of basic earnings per share has been retrospectively adjusted for the effects of the issue of shares in connection with the capitalization issue of 374,990,000 shares which took place on 5 December 2023.

On 5 December 2023, the Company issued additional 125,000,000 shares by way of capitalization of HK\$12,500 standing to the credit of the Company's share premium account. On the same day, the shares of the Company were listed on the Main Board of the Stock Exchange with an offer price of HK\$1.8 per share. The Company received gross proceeds (before related fees and expenses) of HK\$225,000,000 in connection with the Listing.

	2023	2022
Profit attributable to equity holders of the Company (HK\$'000)	51,566	67,865
Weighted average number of shares in issue (thousand shares)	384,246	375,000
Basic earnings per share (HK cents)	13.42	18.10

### (b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares issued by the Company, as appropriate. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares assumed to have been issued on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted earnings per share for the year ended 31 December 2023 was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2022: Same).

## 8 DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends	<u>100,000</u>	<u>–</u>

Dividends during the year ended 31 December 2023 represented dividends declared by the companies comprising the Group to the owners of the companies, after elimination of intra-group dividends. The rates for dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

A final dividend of HK1.998 cents per ordinary share (equivalent to approximately HK\$9,990,000) has been proposed by the board of directors and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The proposed final dividend is therefore not recognized as dividend payable as at 31 December 2023.



## 9 LOAN RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables		
– Unsecured property owner loans	784,021	729,960
– Unsecured personal loans	242,295	234,553
– SME loans	47,531	54,303
	<hr/>	<hr/>
	1,073,847	1,018,816
Less: Provision for impairment	(109,455)	(105,001)
	<hr/>	<hr/>
	964,392	913,815
	<hr/>	<hr/>
Expected loss rates	10.2%	10.3%

As at 31 December 2023, the loan receivables are repayable with fixed terms agreed with the customers, loan receivables are unsecured, interest-bearing and are repayable with fixed terms agreed with customers. The maximum exposure to credit risk at the end of the year is the carrying value of the loan receivables mentioned above.

The ageing analysis of loan receivables by due date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Unsecured property owner loans</b>		
Not overdue	363,312	348,899
1-30 days past due	100,272	79,065
31-60 days past due	17,590	17,908
61-90 days past due	10,954	9,815
Over 90 days past due	291,893	274,273
	<hr/>	<hr/>
	784,021	729,960
	<hr/>	<hr/>
<b>Unsecured personal loans</b>		
Not overdue	188,348	182,186
1-30 days past due	16,645	10,878
31-60 days past due	2,475	2,649
61-90 days past due	1,712	5,330
Over 90 days past due	33,115	33,510
	<hr/>	<hr/>
	242,295	234,553
	<hr/>	<hr/>
<b>SME loans</b>		
Not overdue	32,370	38,519
1-30 days past due	4,538	5,681
31-60 days past due	2,164	639
61-90 days past due	1,875	406
Over 90 days past due	6,584	9,058
	<hr/>	<hr/>
	47,531	54,303
	<hr/>	<hr/>

Borrowers are required to repay the outstanding loan receivable balances by monthly installments over the term of the corresponding loan receivables.

The aging analysis of loan receivables based on instalments by due date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Unsecured property owner loans</b>		
Current	600,500	568,368
Overdue 1-30 days	9,513	9,091
Overdue 31-60 days	6,203	5,744
Overdue 61-90 days	6,244	5,299
Overdue over 90 days	161,561	141,458
	<u>784,021</u>	<u>729,960</u>
<b>Unsecured personal loans</b>		
Current	219,540	212,120
Overdue 1-30 days	3,052	3,009
Overdue 31-60 days	1,918	2,191
Overdue 61-90 days	1,771	1,963
Overdue over 90 days	16,014	15,270
	<u>242,295</u>	<u>234,553</u>
<b>SME loans</b>		
Current	43,170	48,675
Overdue 1-30 days	928	1,703
Overdue 31-60 days	647	782
Overdue 61-90 days	471	811
Overdue over 90 days	2,315	2,332
	<u>47,531</u>	<u>54,303</u>

The carrying amount of the Group's loan receivables is denominated in HK\$ and approximates to its fair value.

## 10 BANK AND OTHER BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank loans	312,569	303,095
Other loan	30,060	–
	<u>342,629</u>	<u>303,095</u>

The amounts based on the scheduled repayment dates set out in the loan agreements and the maturities of the Group's total borrowings at the balance sheet date (i.e. ignoring the effect of any repayment on demand clause) are shown below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Amounts of borrowings that are repayable:		
– Within 1 year	316,792	298,287
– Between 1 and 2 years	25,837	4,808
	<u>342,629</u>	<u>303,095</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

We are principally engaged in the money lending business specialising in unsecured loans in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) under our brand names “K Cash Express” and “K Cash”. We have integrated various technologies into our business operation to achieve digitalization and automation across the lending process. On the front-end, we leverage various technology tools to automate and digitalize our credit cycle from loan application to loan repayment, which continuously enhance user experience, whereas on the back-end, we leverage established technologies, such as artificial intelligence, blockchain and business process automation technology, to automate and streamline our risk management systems and business process.

Unsecured Property Owner Loans refer to loans offered to borrowers who are property owners in Hong Kong, mostly owners of properties acquired under the Home Ownership Scheme, without the need to provide any collaterals. They remained as the major source of our revenue, contributing approximately 68.7% to our Group’s revenue during the Reporting Period. Interest income generated from Unsecured Property Owner Loans increased by 16.4% to HK\$170.9 million during the Reporting Period. Our loan receivables for Unsecured Property Owner Loans increased from HK\$730.0 million as of 31 December 2022 to HK\$784.0 million as of 31 December 2023 amid the subdued economic environment during the Reporting Period.

We also provide Personal Loans and SME Loans, which are unsecured loans offered to individuals and SMEs, respectively. For SME Loans, a personal guarantee is typically provided by a director or shareholder of the borrower. Our interest income for Personal Loans decreased by 10.9% to HK\$66.5 million during the Reporting Period, contributing to about 26.7% of our Group’s revenue for the Reporting Period, whereas interest income for SME Loans decreased by 5.6% to HK\$11.4 million during the Reporting Period, contributing to about 4.6% of our Group’s revenue for the Reporting Period. Our loan receivables for Personal Loans increased from HK\$234.5 million as of 31 December 2022 to HK\$242.3 million as of 31 December 2023, and our loan receivables for SME Loans decreased from HK\$54.3 million as of 31 December 2022 to HK\$47.5 million as of 31 December 2023.

## Financial Review

### *Interest income*

Our interest income increased by HK\$14.8 million or 6.3% from HK\$233.9 million for the last year to HK\$248.7 million for the Reporting Period, and such increase was mainly derived from the growth in our interest income from our Unsecured Property Owner Loans business.

Interest income from our Unsecured Property Owners Loans increased by HK\$24.1 million or 16.4% from HK\$146.8 million for the last year to HK\$170.9 million for the Reporting Period, whereas the interest income from our Personal Loans decreased by HK\$8.2 million or 10.9% from HK\$74.6 million for the last year to HK\$66.5 million for the Reporting Period. Interest income from our SME Loans decreased by HK\$0.7 million or 5.6% from HK\$12.1 million for the last year to HK\$11.4 million for the Reporting Period.

The increase in interest income for our Unsecured Property Owner Loans was primarily due to the increase in our average loan balance (i.e. the average of our gross loan receivables at the beginning and the end of the year) by 10.9% from HK\$682.4 million in 2022 to HK\$757.0 million in 2023.

The decrease in interest income for our Personal Loans was primarily due to the decrease in our average loan balance by 3.5% from HK\$247.1 million in 2022 to HK\$238.4 million in 2023, and the decrease in interest income for our SME loans was primarily due to the decrease in our average loan balance by 1.9% from HK\$51.9 million in 2022 to HK\$50.9 million in 2023. The change in interest income across various segments was also due to the shift of our business focus to provide more Unsecured Property Owners Loans as our overall risk exposure for such loans are lower.

### *Other income*

We have recorded other income of HK\$5.0 million (2022: HK\$10.1 million) during the Reporting Period which mainly comprised of rental income from a related party. The decrease in other income was primarily due to the decrease of such rental income and the termination of the sub-lease arrangement of an office premise.

### *Interest expenses*

We have incurred interest expenses of HK\$25.2 million for the Reporting Period (2022: HK\$23.0 million), which mainly comprised of interest on interest bearing bank borrowings. The increase in interest expenses by HK\$2.2 million or 9.7% was primarily due to the increase in interest rate of our major banking facility.

### *General and administrative expenses*

We have incurred general and administrative expenses of HK\$80.8 million for the Reporting Period (2022: HK\$66.1 million), which mainly comprised of employee benefit expenses, legal and professional fees, depreciation of property, plant and equipment and listing expenses. The increase in general and administrative expenses by HK\$14.7 million or 22.2% was mainly due to the increase in listing expenses incurred during the Reporting Period.

### *Selling expenses*

We have incurred selling expenses of HK\$24.8 million for the Reporting Period (2022: HK\$34.4 million), which mainly comprised of advertising and marketing expenses, employee benefit expenses, and depreciation of right-of-use assets. The decrease in selling expenses by HK\$9.6 million or 27.8% was mainly due to decrease in advertising and promotional activities carried out by the Group during the Reporting Period.

### *Expected credit losses, net*

In 2022 and 2023, we recorded net expected credit losses of HK\$37.7 million and HK\$55.8 million, respectively, which was mainly due to the increase of our loan receivables for Unsecured Property Owner Loans and SME Loans which increased our exposure of credit loss. We perform regular review of our loan receivables and assess provision for impairment by taking into account the underlying risk profile, historical loss experience, historical loss rate of loans with similar attributes and forward-looking information.

### *Profit and total comprehensive income*

As a result of the foregoing, our profit and total comprehensive income achieved HK\$51.6 million for the Reporting Period as compared to HK\$67.9 million for the previous year.

To supplement the Group's consolidated financial statements prepared and presented in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), we utilize non-HKFRS adjusted net profit as an additional financial measure. Adjusted net profit under non-HKFRS financial measures is defined as profit for the year attributable to owners of the Company excluding non-recurring listing expenses. As listing expenses are non-recurring in nature and not related to the performance of the Group's operation, the Directors consider that the presentation of the Group's adjusted net profit under non-HKFRS financial measures by eliminating the impact of listing expenses can better reflect the operational performance during the respective years.

The following table sets forth a reconciliation of the Group's adjusted net profit under non-HKFRS financial measures for the years indicated:

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
<b>Profit and total comprehensive income for the year</b>	<b>51,566</b>	67,865
<i>Adjustment for:</i>		
Listing expenses	<u>22,274</u>	<u>5,315</u>
<b>Adjusted net profit (non-HKFRS measure)</b>	<b><u>73,840</u></b>	<b><u>73,180</u></b>

The presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with HKFRS measures. The non-HKFRS financial measures have limitations as analytical tools and the Group's non-HKFRS financial measures may differ from the non-HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. Investors are encouraged to review the Group's financial information in its entirety.

## **Liquidity and Financial Resources**

During the Reporting Period, our primary funding channels mainly include: (i) funding from loans or facilities from authorized institutions; (ii) connected advances; and (iii) cash flows from our operating activities. Based on our current and anticipated levels of operations, barring unforeseeable market conditions, our future operations and capital requirements will be financed through loans from banks or other financial institutions that are independent third parties, retained earnings and our share capital.

Our Group recorded net assets of HK\$880.9 million as at 31 December 2023 (31 December 2022: HK\$720.5 million). As at 31 December 2023, cash and cash equivalents amounted to HK\$218.4 million (2022: HK\$24.1 million); amount due to fellow subsidiaries amounted to HK\$0.1 million (31 December 2022: nil); and bank and other borrowings amounted to HK\$342.6 million (31 December 2022: HK\$303.1 million).

All cash and bank balances held by the Group was denominated in Hong Kong dollars. All of the Group's total borrowings carried interest on a floating rate basis.

## **Capital Structure and Treasury Policies**

The Company continues to adopt a prudent financial management approach towards its treasury policy.

The Board will closely monitor the liquidity position to ensure that the liquidity structure of the Company's assets, liabilities and other commitments can meet the funding requirements from time to time.

As at 31 December 2023, unutilised banking facilities available to our Group for drawdown amounted to HK\$29.0 million. It is our Group's policy to prioritise the utilisation of our available facilities which offer the lowest finance cost to our Group.

Our bank borrowings (tax loans excluded) and interest-bearing connected advances for our working capital as of 31 December 2022 and 2023 amounted to HK\$309.4 million and HK\$324.3 million, respectively. The effective interest rates of such borrowings in 2022 and 2023 ranged from 5.50% to 6.88% per annum and 7.81% to 9.93% per annum, respectively. In 2022 and 2023, interest payable to our largest fund provider (by interest expense and tax loans excluded) accounted for approximately 85.5% and 88.6% of our total interest expense.

During the Reporting Period, all interest bearing bank borrowings were repayable on demand and were secured by our loans and interest receivables. The amount due to the ultimate holding company and fellow subsidiaries was unsecured, non-interest bearing and repayable on demand.

## Key Operational Data

The following table sets forth a breakdown of our gross loan receivables by loan type as of the dates indicated.

	As at 31 December					
	2023			2022		
	Number of loan accounts	HK\$ million	%	Number of loan accounts	HK\$ million	%
Unsecured Property Owner Loans	2,443	784.0	73.0	2,502	730.0	71.7
Personal Loans	4,752	242.3	22.6	4,786	234.5	23.0
SME Loans	65	47.5	4.4	90	54.3	5.3
<b>Total</b>	<b>7,260</b>	<b>1,073.8</b>	<b>100.0</b>	<b>7,378</b>	<b>1,018.8</b>	<b>100.0</b>

As of 31 December, 2022 and 2023, we had 90 and 65 loan agreements, respectively, with corporate borrowers.

*Note:* Some of our individual and corporate borrowers held multiple loan accounts with us.

The table below sets out the average loan size (i.e. the arithmetic average of loan principal originally granted by us for loans which generated interest income during each year) of our loan products during the Reporting Period and the previous year:

	Year ended 31 December	
	2023 (HK\$'000)	2022
Unsecured Property Owner Loans	319.2	321.7
Personal Loans	61.9	65.0
SME Loans	1,080.5	899.4
<b>Overall</b>	<b>150.1</b>	<b>141.1</b>



The table below provide sets out the average loan tenor of our loan products as of the dates indicated:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
Unsecured Property Owner Loans	<b>60.4 months</b>	59.2 months
Personal Loans	<b>23.1 months</b>	23.2 months
SME Loans	<b>29.4 months</b>	28.0 months
<b>Overall</b>	<b><u>35.8 months</u></b>	<u>35.1 months</u>

The table below sets out the average effective interest rate of our loan products during the Reporting Period and the previous year:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
Unsecured Property Owner Loans	<b>29.1%</b>	29.9%
Personal Loans	<b>39.6%</b>	41.9%
SME Loans	<b>24.1%</b>	23.9%
<b>Overall</b>	<b><u>36.3%</u></b>	<u>38.5%</u>

The table below summarizes the range of interest rates that we typically charged during the Reporting Period and the previous year:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
Unsecured Property Owner Loans	<b>20.4% to 42.0%</b>	20.4% to 42.8%
Personal Loans	<b>25.2% to 48.0%</b>	24.0% to 48.0%
SME Loans	<b>22.0% to 25.1%</b>	21.8% to 24.0%
<b>Overall</b>	<b><u>20.4% to 48.0%</u></b>	<u>20.4% to 48.0%</u>

The ageing analysis of loan receivables based on instalments by due date is as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<i>(HK\$'000)</i>	
<b>Unsecured Property Owner Loans</b>		
Not overdue	<b>600,500</b>	568,368
1-30 days past due	<b>9,513</b>	9,091
31-60 days past due	<b>6,203</b>	5,744
61-90 days past due	<b>6,244</b>	5,299
Over 90 days past due	<b>161,561</b>	141,458
<b>Personal Loans</b>		
Not overdue	<b>219,540</b>	212,120
1-30 days past due	<b>3,052</b>	3,009
31-60 days past due	<b>1,918</b>	2,191
61-90 days past due	<b>1,771</b>	1,963
Over 90 days past due	<b>16,014</b>	15,270
<b>SME Loans</b>		
Not overdue	<b>43,170</b>	48,675
1-30 days past due	<b>928</b>	1,703
31-60 days past due	<b>647</b>	782
61-90 days past due	<b>471</b>	811
Over 90 days past due	<b>2,315</b>	2,332

Below is the breakdown of provision for impairment as of the dates indicated:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
Unsecured Property Owner Loans	<b>21,019</b>	16,559
Personal Loans	<b>72,104</b>	71,398
SME Loans	<b>16,332</b>	17,044
<b>Total</b>	<b>109,455</b>	<b>105,001</b>

## Key Financial Ratios

The following table sets forth the key financial ratios of our Group during the Reporting Period and previous year:

	As at 31 December	
	2023	2022
Gearing ratio <sup>(1)</sup>	0.16	0.47
	Year ended 31 December	
	2023	2022
Return on assets <sup>(2)</sup>	4.4%	5.7%
Return on equity <sup>(3)</sup>	6.4%	9.9%
Interest coverage ratio <sup>(4)</sup>	3.7 times	4.6 times
Net interest margin	21.3%	23.2%
– Unsecured Property Owner Loans	19.9%	21.6%
– Personal Loans	25.9%	27.9%
– SME Loans	20.0%	20.7%

- (1) Gearing ratio is calculated by dividing net debts (being total debts including borrowings, amounts due to the ultimate holding company, the immediate holding company and related parties and lease liabilities less cash and cash equivalents) by total equity as of the respective dates.
- (2) Return on assets is calculated by dividing net profit for the year by the average total assets as of the beginning and end of the corresponding year.
- (3) Return on equity is calculated by dividing net profit for the year by the average total equity as of the beginning and end of the corresponding year.
- (4) Interest coverage ratio is calculated by dividing profit before tax and interest (excluding interest expenses on lease liabilities) by the interest expenses for the corresponding year.

## **Principal Risks and Uncertainties**

Our business is subject to risks that our borrowers may fail to perform their contractual obligations and default on payment of interest and/or the principal. Where the customer does not repay the outstanding amounts, we may consider commencing legal proceedings or engage our debt collection agent to recover outstanding loans. As no collaterals will be obtained from our borrowers for unsecured loans, the outstanding amount may not be recovered even if legal proceedings are brought against defaulting borrowers. Therefore, we will continue to closely monitor and improve our credit policy to minimize the impact of such risk.

The growth of our loan portfolio also depends on the availability of adequate lending capital to meet borrowers' demands for loans. To maintain sufficient and sustainable funding to meet borrower demands, we need to keep expanding the funding base to secure a stable stream of funds. Our cost of funding is subject to changes in the prevailing interest rate in the market. In addition, all of our banking facilities give the banks an unconditional right to call the loan at any time. In the event that the banks exercise their right to request us to repay the bank loans without prior notice, or if our lenders terminate the facility, we may fail to meet the funding requirements and may not be able to obtain new facilities as replacement. Hence, we will continue to ensure our borrowings are within monitored ratios and explore funding from different sources or through different kinds of collaboration.

As part of our expansion plan, we are introducing BNPL services in response to the evolving market trend. Whether or not such services can be implemented successfully depends on various factors beyond our control. While we aim to seize growth opportunities, we will tread cautiously while promoting this new business segment to avoid affecting the stability of our overall operations.

## **Outlook and Prospects**

It is our Group's business strategy to continue expanding our loan portfolio and expanding our business scale through adoption of various technologies, and we may from time to time pursue business opportunities with favourable long-term prospects that are in line with our Group's sustainable strategy of broadening its income stream with the aim of achieving a stable, long-term and attractive return to our Shareholders. Nonetheless, we will continue to remain cautious due to ongoing uncertainties and difficulties in the market in which we operate. Hong Kong's overall economy outlook for 2024 remains challenging, yet Hong Kong's unemployment rate is expected to remain stable in the foreseeable future. A rather high interest rate environment is also expected to persist in the background. This may result in a general decline in interest spread on our loan products.

Despite regulatory changes in interest rate cap and threshold of presumed extortionate rate under the Money Lenders Ordinance, we did not experience changes in the dynamics in the overall money lending market, and the average effective interest we charged remained stable.

To combat these challenges, we will continue to adapt more technology to enhance our efficiency and maintain the growth of our loan portfolio. We will continue to focus on enhancing our customers' borrowing experience and engagement through technology advancements and seek opportunities to grow our loan portfolio through exploring different partnerships.

In terms of organic growth, the Group will focus on maintaining the momentum of loan receivables growth in this recovering but competitive and challenging market, while also closely monitoring asset quality as much as possible. Since March 2024, our loan products were promoted through the mobile wallet platform and e-commerce platform of our business partner, we believe such collaboration can extend the reach of our products to more individuals in Hong Kong and provide more business opportunities for us. At the same time, we have been seeking various source of funding overseas with competitive terms, and are currently liaising with a crowdfunding platform in Japan.

To continue exploring the growth dynamics of the Hong Kong unsecured loan market and strengthen our resilience, we will pursue the following initiatives: –

- Technology development – our enhanced K Cash GO Platform is currently in the design and analysis stage, and we are designing the system architecture and business logic. We will start to integrate technologies into various aspects of our operations and business process later in 2024 through restructuring our business processes, which is expected to help us to remain competitive in the digital age. We have also launched our Customer Data Platform (“CDP”) in late 2023, and are expected to gain insight on customer behavior and optimize our customer acquisition efforts once we start applying CDP to various scenarios.
- BNPL – we have soft launched Paykool, our BNPL platform in December 2023. Currently, individuals are able to apply for our PayKool credit card which provides personalized BNPL service, allowing customers to enjoy flexible interest-free installments when spending with PayKool's business partners, and we will continue to develop other functions and features on our PayKool platform and offer unique benefits to its users.
- Marketing and improvement of internal policies – we will continue to provide title sponsorships for TV programs, and launch additional advertising campaigns to raise the public's awareness of our BNPL business. Moreover, the Group will continue to refine its credit assessment and credit risk management policy with the aim of maximizing profitability by extending credit facilities to its target customer group, and to improve the credit performance of its loans.

## **Material Acquisitions and Disposals**

During the Reporting Period, the Company did not make any material acquisition or disposal of subsidiaries, associates and joint ventures.

## **Significant Investments**

The Group did not hold any significant investments as at 31 December 2023.

## **Pledge of Assets**

As at 31 December 2023, certain gross loan receivables of HK\$821.1 million in aggregate (2022: HK\$745.8 million) were secured for our Group's bank and other borrowings.

## **Foreign Exchange Exposure**

During the Reporting Period, the business activities of our Group were denominated in Hong Kong dollars. Our Directors did not consider our Group was exposed to any significant foreign exchange risks. Our Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business.

## **Future Plans for Material Investments or Capital Assets**

Save as disclosed in this announcement and the Prospectus, the Group did not have any future plans for material investment and capital assets as of the date of this announcement.

## **Customers**

During the Reporting Period, our customers comprised individuals and corporations and were not connected persons of the Company.

During the Reporting Period, our top five customers (as determined by interest income generated) accounted for approximately 2.1% (2022: 2.1%) of our total revenue, and aggregate value of outstanding loan receivables of our top five customers accounted for approximately 1.9% (2022: 2.0%) of our total loan receivables.

## **Employees and Remuneration Policy**

As at 31 December 2023, we employed 62 employees (31 December 2022: 68). Our employee benefit expenses for the Reporting Period was HK\$40.7 million (2022: HK\$47.6 million).

The Company adopted a share scheme which was effective upon the Listing, and employees are eligible for share options and/or share awards under such scheme. As at 31 December 2023, no options or awards were granted to any person eligible to participate in the share scheme.

The Group adopts a remuneration policy covering the position, duties and performance of our employees. The remuneration of our employees include salary, overtime allowance, bonus and various subsidies.

## **Contingent Liabilities**

As at 31 December 2023, the Company did not have any contingent liabilities.

## **OTHER INFORMATION**

### **Proposed Final Dividend**

The Board has recommended a final dividend of HK1.998 cents per Share for the year ended 31 December 2023, which will be payable in cash. The proposed final dividend will be paid on Friday, 21 June 2024 following approval at the forthcoming annual general meeting of the Company (the “AGM”) to Shareholders whose names shall appear on the register of members of the Company on Wednesday, 5 June 2024.

### **Corporate Governance**

The Board strives to uphold the principles of corporate governance set out in the CG Code, and will continue to review and improve the quality of corporate governance practices with reference to local and international standards.

From the Listing Date and up to 31 December 2023, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code.

### **Model Code for Securities Transactions**

From the Listing Date, the Company adopted the Model Code as its own code governing securities transactions of the Directors. The Company has made specific enquiries of all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code from the Listing Date to 31 December 2023.

From the Listing Date, the Company also adopted its own code of conduct regarding employees’ securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company’s securities.

### **Review of Results by Audit Committee**

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed with the management of the Company on financial reporting matters including a review of the audited consolidated financial statements of the Company for the Reporting Period.

### **Scope of Work of PricewaterhouseCoopers**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## Events After the Reporting Period

There was no subsequent event after the Reporting Period which has material impact to the Group.

## Purchases, Sale or Redemption of the Company's Listed Securities

The Shares were listed and traded on the Main Board of the Stock Exchange on 5 December 2023. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date and up to 31 December 2023.

## Compliance with Laws and Regulations

To the best of our knowledge, our Group has complied with all laws and regulations which had a significant influence on our money lending business during the Reporting Period (including but not limited to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)) in all material aspects, and that our Directors are not aware of any matters that might come to their attention that our money lenders licence will be revoked prior to their expiration dates. Moreover, given our successful track record in renewing such licenses, we do not envisage any legal impediments to such renewals in the future.

## Use of Proceeds from the Global Offering

The Shares were listed and traded on the Main Board of the Stock Exchange on 5 December 2023 with gross proceeds and net proceeds of approximately HK\$225.0 million and HK\$181.2 million from the Global Offering, respectively.

As of the date of this announcement, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the net proceeds as of 31 December 2023:

Purpose	Amount available for utilization	Utilized amount as of 31 December 2023 (HK\$ million)	Unutilized amount as of 31 December 2023	Expected timeline for full utilization of remaining net proceeds
Enrich our technology capabilities	30.6	2.7	27.9	By December 2026
Expand our loan portfolio	133.6	50.2	83.4	By March 2024
General working capital and general corporate purposes	17.0	8.2	8.8	By December 2024
<b>Total</b>	<b>181.2</b>	<b>61.1</b>	<b>120.1</b>	



## **Publication of the Annual Results and Annual Report**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.kcash.hk](http://www.kcash.hk)). The annual report for the Reporting Period containing all the information required by the Listing Rules will be made available on the respective websites of the Stock Exchange and the Company in due course.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Tuesday, 28 May 2024. Notice of the AGM will be published in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the AGM, all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 May 2024.

For determining Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 3 June 2024 to Wednesday, 5 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the AGM, all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 May 2024.

## **DEFINITIONS**

“Audit Committee”	the audit committee of the Board
“BNPL”	Buy Now, Pay Later, a type of short-term financing that allows consumers to make purchases and pay for them at a future date
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Company” or “our Company”	K Cash Corporation Limited (K Cash集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange

“connected advances”	fundings passed on to us by our connected persons and related parties
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Global Offering”	the public offering of the Shares as defined and described in the Prospectus
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	5 December 2023, the date on which the Shares are listed and dealings in the Shares first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“net interest margin”	interest income generated (net of interest expenses) divided by the average of the opening and closing monthly balance of the gross loan receivables during the year
“Personal Loan(s)”	the unsecured loan(s) offered by our Group to individuals without any collaterals
“Prospectus”	the prospectus of the Company dated 27 November 2023 in relation to the listing of the Shares on the Main Board of the Stock Exchange
“Reporting Period”	the year ended 31 December 2023
“Shares”	the ordinary shares in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)

“SME(s)”	small and medium enterprises
“SME Loan(s)”	the unsecured loan(s) offered by our Group to SME(s) without security, subject to a personal guarantee typically provided by a director or shareholder of the SME borrower
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Unsecured Property Owner Loan(s)”	the unsecured loan(s) offered by our Group to borrowers who are owners of properties but who do not provide any collaterals for the loan(s)
“%”	per cent

By order of the Board  
**K Cash Corporation Limited**  
**Lee Sheung Shing**  
*Chairman*

Hong Kong, 22 March 2024

*As at the date of this announcement, the board of Directors of the Company comprises Mr. Lee Kun Tai Steven and Ms. Wong Cheuk Sze as executive Directors, Mr. Lee Sheung Shing, Ms. Lee Pik Tsong, Ms. Chan Wing Sze and Ms. Kan Pui Yan as non-executive Directors, and Prof. Hung Wai Man JP, Mr. Mak Wing Sum Alvin and Mr. Leung Ka Cheung as independent non-executive Directors.*