
GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AQM Score”	the credit score generated by the AQM System
“AQM System”	the credit scoring system which generates a credit score based on the external credit data
“ATMs”	automated teller machines, which refer to electronic telecommunications devices that allow customers to perform financial services, such as cash withdrawal, deposit, or inquiries of account information, at any time and without the aid of a branch representative or teller
“AVS Methodology” or “AVS”	the asset valuation methodology to assist us with assets valuation by referencing latest publicly available market data and market trends
“bad debt”	doubtful debt for which loan receivables are irrecoverable
“bad debt ratio”	the ratio calculated by dividing the amount of bad debt by the aggregate amount of loan receivables and such bad debt as of the relevant year-end or period-end dates
“blockchain” or “blockchain technology”	a series of time-stamped and immutable data records, and is managed by a cluster of computers not owned by any single entity
“business process automation technology”	an emerging form of business process automation technology based on metaphorical software robots and artificial intelligence workers
“business risk engine”	our proprietary & litigation risk business engine, which is used to assist us monitoring the creditability change of our customers based on monitoring their latest litigation record in local court and the latest encumbrance of the underlying assets registered in local land registry
“Buy Now, Pay Later” or “BNPL”	a type of short-term financing that allows consumers to make purchases and pay for them at a future date
“CAGR”	compound annual growth rate, is the annualized average rate of growth over a specific period

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“CDP”	customer data platform, a platform designed for managing customer data
“cloud computing”	delivery of computing services over the Internet, including servers, storage, databases, networking, software, analytics, and intelligence
“Credit Modeling System”	the credit modeling system that we engaged a global technology services provider to develop, which generates a machine learning-based credit score, based on our industry-specific knowledge and experience, for our consideration in our loan approval process
“CRP”	the Credit Reference Platform, which was launched by HKMA on November 28, 2022
“data analytics”	the process of exploring and analyzing large datasets
“data visualization”	the process of translating information into a visual context to make data easier for comprehension
“debt service ratio”	the ratio of an applicant’s aggregate monthly debt obligations as a percentage of their aggregate monthly income
“eAML”	a system adopted by the Company to perform assessment on money laundering and terrorism financing risks
“E-contract”	electronic contract, which is an agreement that is drafted and executed completely online
“ECL model”	the expected credit losses (ECL) model, which adopts a forward-looking approach to estimation of impairment losses
“eKYC”	electronic Know Your Client, which is an electronic process to verify the identity of prospective borrowers through mobile app
“facial recognition”	a technology which is capable of matching a human face in a video in real time against the image of his or her Hong Kong identity card
“finger vein”	a technology adopted by our VTMs for biometric authentication
“FPS”	faster payment system, which is a method for drawdown
“high value loans”	loans with a loan principal of over HK\$700,000, and the aggregate receivables of loan principal for such loans accounted for approximately 25% of our loan receivables in each year or period of the Track Record Period

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“hybrid cloud”	a mixed computing environment including on-premise data center and public cloud
“IDCM”	intelligent dynamic credit matrix, which consists of the AQM Score and MLC Score
“K Cash GO Platform”	our hybrid cloud loan application platform and loan management platform
“Loan Application System”	a customized loan application system built on our K Cash GO Platform for loan application purpose
“Loan Management System”	a customized loan management system built on our K Cash GO Platform for loan management purpose
“machine learning”	an underlying technology through our Credit Modeling System to analyze borrower’s credit data and behavior patterns according to certain pre-set parameters
“MCRA platform”	a financial infrastructure launched in November 2022 to facilitate the transmission of consumer credit information in encrypted form between credit providers and credit rating agencies
“MLC Score”	the machine learning-based credit score generated by our Credit Modeling System, enabling us to classify loan applicants into different risk categories
“net interest margin”	for each loan type, interest income generated (net of interest expenses) divided by the average of the opening and closing monthly balance of the gross loan receivables of the corresponding loan type during the year or period. Interest expenses for each loan type are allocated based on the ratio derived from dividing the average of the opening and closing monthly balance of the gross loan receivables of the corresponding loan type by the average of the opening and closing balance of the gross loan receivables of all loan types during the year or period
“Presumed Extortionate Rate”	the interest rate stipulated in the Money Lenders Ordinance, whereby loan transactions exceeding such interest rate may be considered extortionate
“POS system”	point of sale system, which consists of hardware and software that works together to process sales and payment transactions at the point of purchase
“QR code”	quick response code, which is a type of matrix barcode or two-dimensional barcode

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“SME dashboard”	small and medium enterprises business dashboard service, a system connected to the POS system of the SME borrower which presents SME borrower’s key financial performance in charts and summaries via an interactive data visualization software
“Statutory Limit”	the interest rate stipulated in the MLO, whereby loan transactions exceeding such interest rate will be unenforceable
“turned down loan applications”	collectively, loan applications rejected by us outright, and loan applications approved by us whereby loan offers had been provided to prospective borrowers which were subsequently not accepted by them
“VTMs”	video teller machines are evolved ATMs with video collaboration, remote transaction processing technology and other technologies