
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Prior to the Reorganization, group companies of Konew Group were principally engaged in the money lending business of providing secured and unsecured loan financings to both individuals and corporations since 2001. In 2006, riding on the experience in providing secured loan financing and the Group’s vision to make financing more accessible to HOS Property Owners, SMEs and individuals, the Group began to capture the market opportunities and grow and expand the unsecured loan financing business. The Group has therefrom been committed to provide quality unsecured loan financing to HOS Property Owners, SMEs and individuals by adopting financial technologies to its operations.

We are a licensed unsecured loan money lender in Hong Kong which seamlessly integrated various technologies in our business operations. According to Frost & Sullivan, in 2022, we ranked fourth in terms of revenue in respect of unsecured financing among all licensed money lenders in Hong Kong.

We are principally engaged in the money lending business of providing unsecured loan financing to both individuals and corporations. We mainly operate through K Cash and K Cash Express, both of which hold Money Lenders Licenses and are regulated under the Money Lenders Ordinance in Hong Kong. We position ourselves as an adaptive licensed money lender by adopting a wide spectrum of technologies in our operation to enrich the borrowing experience we offer and to strengthen our credit risk monitoring and management abilities. Since our establishment, we have been focusing on maintaining our brand’s image in providing professional, prompt and flexible money lending services. In 2006, we began to provide unsecured loan financing to property owners. In 2010, we began to provide unsecured personal loans financing to individuals.

Our milestones

The following is a summary of our Group’s key development milestones:

Date	Event
October 2006	We began to offer unsecured loan financing to property owners
January 2010	We began to provide unsecured personal loans financing to individuals
December 2015	We were the first licensed money lender in Hong Kong that introduced VTMs for providing money lending services
August 2016	We introduced online lending platform under our “K Cash” brand with the integration of the “Identity Manager” and credit check functions provided by a credit reference agency
September 2017	We formed our in-house IT department
January 2018	We started to implement cloud-based technology into our business operation
December 2018	We implemented facial recognition technology in our VTMs as a more secured method of identity verification

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<u>Date</u>	<u>Event</u>
January 2019	<p>We upgraded our VTMs to provide cardless drawdown service with multiple identity authentication technologies</p> <p>We upgraded our VTMs to incorporate finger vein authentication technology</p>
April 2019	<p>We engaged a global technology services provider to develop our Credit Modeling System with machine learning capabilities</p>
May 2019	<p>We launched our “7x24 AI loan” services as promotional offer to our new customers</p>
August 2019	<p>We commenced the initiative of building the K Cash GO Platform</p>
September 2019	<p>We connected the VTM system with our loan system to provide better integrated services and enhanced our VTMs to provide offline self-served loan repayment services</p> <p>We applied blockchain technology to our operations and introduced SME loans to SMEs in Hong Kong</p>
December 2019	<p>We introduced SME dashboard to view the transactional and financial information of the SME borrower by connecting to the SME borrowers Point-of-Sales (POS) and/or from the financial statements of SME borrowers</p>
February 2020	<p>We were the first licensed money lender to establish a branch in MTR station (East Tsim Sha Tsui station)</p>
January 2021	<p>We established our first unmanned branch in MTR station (Shatin station)</p>
November 2022	<p>We entered into an agreement to collaborate with a global credit card network provider to issue credit cards</p> <p>We entered into an agreement with a payment processing vendor to enable our BNPL services</p> <p>We introduced eKYC in the K Cash App</p>
January 2023	<p>We extended the use of business process automation technology to more business and compliance areas including AML, credit checking and valuation</p>
February 2023	<p>We entered into a platform collaboration agreement with River Square, a subsidiary wholly-owned by New World, a leading conglomerate in Hong Kong</p>

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OUR COMPANY

Our Company was incorporated on October 25, 2022 as an exempted company with limited liability under the laws of the Cayman Islands with an authorized share capital of HK\$390,000 divided into 3,900,000,000 shares of a nominal value of HK\$0.0001 each. It is the holding company of our subsidiaries, and its principal business activity is investment holding. As of the Latest Practicable Date, all the issued Shares of our Company were owned by Konew Fintech. See “— Reorganization — (1) Incorporation of our Company by Konew Fintech” for further details regarding the changes in the authorized and issued share capital of our Company.

As a result of the Reorganization, our Company has become the ultimate holding company of our Group. See “— Reorganization” for further details.

OUR INVESTMENT HOLDING SUBSIDIARIES

K Cash Express (BVI)

K Cash Express (BVI) was incorporated on October 28, 2022 under the laws of BVI with limited liability and is authorized to issue up to a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. One share was allotted and issued to our Company on the date of incorporation as fully paid. Upon the Reorganization, K Cash Express (BVI) is an investment holding company which directly holds all the issued shares in K Cash Express, which is one of our subsidiaries principally engaged in money lending business in Hong Kong with a focus on SME Loans and Unsecured Property Owner Loans. See “— Reorganization — (2) Incorporation of K Cash Express (BVI) by our Company” and “— Reorganization — (4) Transfer of the entire issued share capital of K Cash Express held by Konew Credit to K Cash Express (BVI)” for further details.

K Cash (BVI)

K Cash (BVI) was incorporated on December 9, 2019 under the laws of BVI with limited liability and is authorized to issue up to a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. One share was allotted and issued to Konew Fintech on the date of incorporation as fully paid. Upon the Reorganization, K Cash (BVI) is a wholly-owned subsidiary of our Company and an investment holding company which directly holds all the issued shares in K Cash, which is one of our subsidiaries principally engaged in money lending business in Hong Kong with a focus on Personal Loans. See “— Reorganization — (5) Transfer of the entire issued share capital of K Cash (BVI) held by Konew Fintech to our Company” for further details.

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OUR MAJOR SUBSIDIARIES

K Cash Express

K Cash Express, formerly known as Konew Financial Express Limited, Konew Business Development Limited and Winston Credit Limited, was incorporated in Hong Kong on February 24, 1999 as a limited liability company. On the date of incorporation, one subscriber share was allotted and issued to each of Chairman Lee and Mrs. Lee, respectively.

Since January 1, 2020 and up to the date immediately prior to the Reorganization, K Cash Express was wholly-owned by Konew Credit.

As a result of the Reorganization, K Cash Express became an indirect wholly-owned subsidiary of our Company. See “— Reorganization” for further details.

K Cash Express is principally engaged in licensed money lending business in Hong Kong with a focus on Unsecured Property Owner Loans and SME Loans.

K Cash

K Cash, formerly known as Ever Concept Holdings Limited, Maxcolm Credit Limited, andmtree.money Limited, was incorporated in Hong Kong on March 4, 2008 as a limited liability company. On the date of incorporation, one subscriber share was allotted to Easytime Development Limited (an Independent Third Party).

Prior to June 29, 2020, K Cash was wholly-owned by Konew Credit. A transfer of shares of K Cash was properly and legally settled, and completed with the register of members of K Cash updated on June 29, 2020 pursuant to an instrument of transfer and bought and sold notes entered into between K Cash (BVI) and Konew Credit for the sale and purchase of 100,000 shares in, representing the entire issued share capital of, K Cash from Konew Credit, for a nominal consideration of HK\$100,000.

Since the aforesaid transfer which was completed on June 29, 2020 and up to the date immediately prior to the Reorganization, K Cash was wholly-owned by K Cash (BVI).

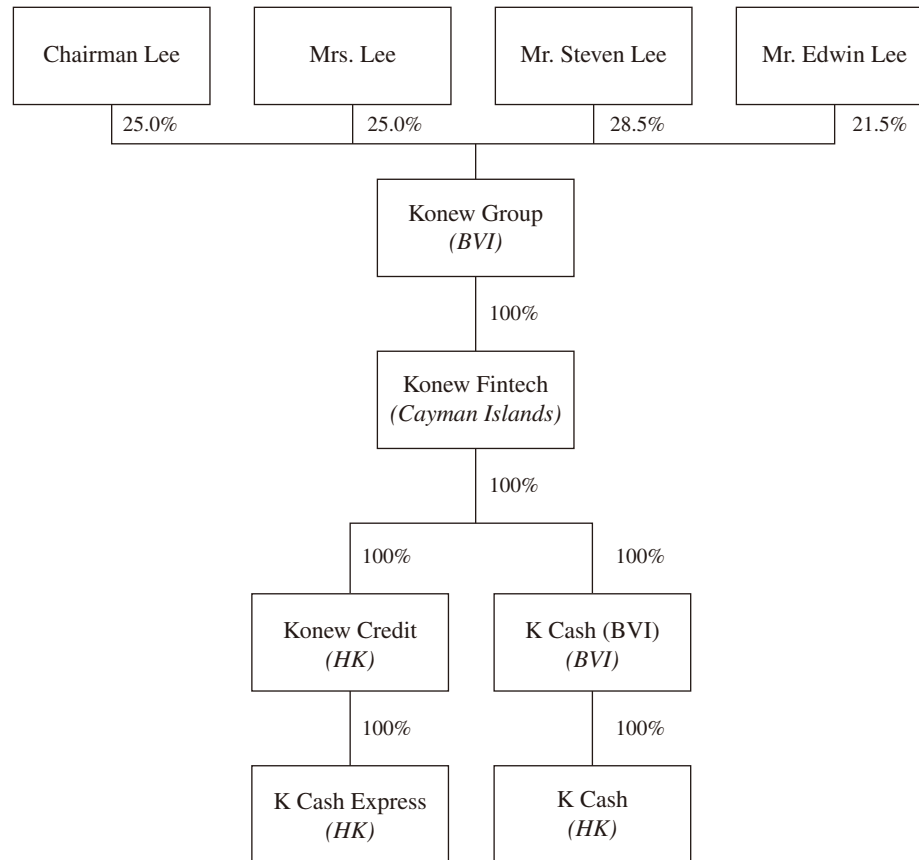
As a result of the Reorganization, K Cash became an indirect wholly-owned subsidiary of our Company. See “— Reorganization” for further details.

K Cash is principally engaged in licensed money lending business in Hong Kong with a focus on Personal Loans.

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REORGANIZATION

The corporate structure of our Group immediately prior to the commencement of the Reorganization and establishment of the Lee Trust is set out below:



Note: Chairman Lee is the spouse of Mrs. Lee. Chairman Lee and Mrs. Lee are parents of Mr. Steven Lee and Mr. Edwin Lee. Immediately prior to the Reorganization, Konew Group was owned by Chairman Lee, Mrs. Lee, Mr. Steven Lee and Mr. Edwin Lee as to 25%, 25%, 28.5% and 21.5%, respectively. Chairman Lee, Mrs. Lee, Mr. Steven Lee and Mr. Edwin Lee together held, through Konew Group, the entire shareholding interests in K Cash Express and K Cash.

Upon completion of the Reorganization, Chairman Lee, Mrs. Lee, Mr. Steven Lee (through the Lee Trust) and Mr. Edwin Lee remained to be a group of Controlling Shareholders holding the entire shareholding interests of our Group through a common investment holding company, Konew Group.

In order to prepare for the [REDACTED], we underwent the Reorganization which involved the following steps:

(1) Incorporation of our Company by Konew Fintech

Our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on October 25, 2022 with an initial authorized share capital of HK\$390,000 divided into 3,900,000,000 Shares of nominal or par value of HK\$0.0001 each. On the date of incorporation, one nil-paid Share was allotted and issued to an initial subscriber who is an Independent Third Party and on the same day the initial subscriber transferred one Share to Konew Fintech and 9,999 Shares of HK\$0.0001 were allotted and issued as fully paid to Konew Fintech. Accordingly, our Company was entirely held by Konew Group Limited.

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(2) Incorporation of K Cash Express (BVI) by our Company

K Cash Express (BVI) was incorporated under the laws of the BVI with limited liability on October 28, 2022. K Cash Express (BVI) is authorized to issue up to a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. On October 28, 2022, 1 share of par value of US\$1.00 was allotted and issued to our Company as fully paid.

(3) Establishment of the Lee Trust and transfer of Mr. Steven Lee’s entire interests in Konew Group to SW Lee Limited, and transfer of the entire interests in SW Lee Limited to World Wealth Investment Development Limited

For estate planning purposes, a discretionary trust named the Lee Trust was established by Mr. Steven Lee (as the settlor) and East Asia International Trustees Limited (as the trustee), for the benefit of Mr. Steven Lee and his family members on March 3, 2023. Mr. Steven Lee transferred his entire interests in Konew Group to SW Lee Limited on February 21, 2022 and Mr. Steven Lee, together with Chairman Lee, Mrs. Lee, and Mr. Wallace Lee Chak Sum, transferred their entire interests in SW Lee Limited to World Wealth Investment Development Limited on March 3, 2023. World Wealth Investment Development Limited is wholly-owned by East Asia International Trustees Limited as the underlying company as the trustee for the Lee Trust.

(4) Transfer of the entire issued share capital of K Cash Express held by Konew Credit to K Cash Express (BVI)

On March 24, 2023, K Cash Express (BVI) entered into an instrument of transfer and bought and sold notes to acquire 20,000,000 shares in, representing the entire issued share capital of, K Cash Express from Konew Credit, for a consideration of HK\$20,000,000. The consideration was determined based on arm’s length negotiations between the parties taking into account the issued share capital of K Cash Express.

The transfer of the aforesaid shares of K Cash Express was properly and legally settled, and completed with the register of members of K Cash Express updated on March 24, 2023. Upon completion of the aforesaid transfer, K Cash Express became a wholly-owned subsidiary of K Cash Express (BVI).

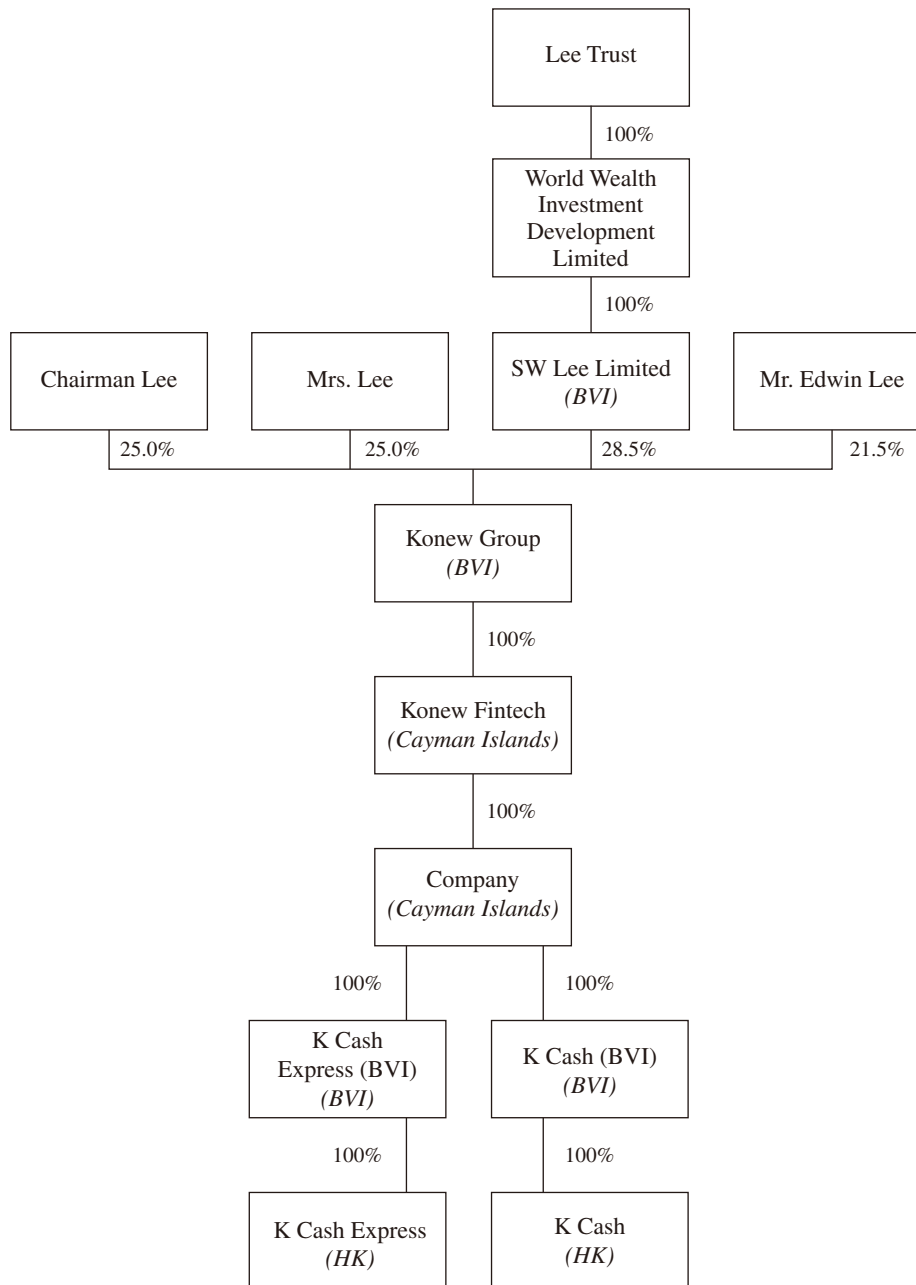
(5) Transfer of the entire issued share capital of K Cash (BVI) held by Konew Fintech to our Company

On March 24, 2023, our Company entered into an instrument of transfer and bought and sold notes to acquire 1 share in, representing the entire issued share capital of, K Cash (BVI) from Konew Fintech, for a consideration of US\$1. The consideration was determined based on arm’s length negotiations between the parties taking into account the issued share capital of K Cash (BVI).

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The transfer of the aforesaid share of K Cash (BVI) was properly and legally settled, and completed with the register of members of K Cash (BVI) updated on March 24, 2023. Upon completion of the aforesaid transfer, K Cash (BVI) became a wholly-owned subsidiary of our Company.

The following chart sets forth the corporate and shareholding structure of our Group immediately after completion of the Reorganization and the establishment of the Lee Trust:



[REDACTED] AND [REDACTED]

Conditional upon the share premium account of our Company being credited as a result of the [REDACTED], our Company will capitalize all or a portion, as the case may be, of the balance of the share premium account and applying such sum in paying up in full at nominal value a total of

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[REDACTED] Shares for allotment and issue to the existing shareholder of our Company, namely Konew Fintech, which will hold [REDACTED] of the issued share capital of our Company.

Immediately after the [REDACTED] and [REDACTED], Konew Fintech and the other public holders of Shares will hold approximately [REDACTED] and [REDACTED], respectively, of the enlarged issued share capital of our Company.

The following chart sets forth the corporate and shareholding structure of our Group immediately following completion of the [REDACTED] and [REDACTED] (without taking into account any [REDACTED] which may be issued upon exercise of the [REDACTED] or any options granted or to be granted under the Share Option Scheme):

