
CONNECTED TRANSACTION

We have entered into certain transactions with our connected persons (as defined under Chapter 14A of the Listing Rules) which will continue following the [REDACTED] and will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Upon the [REDACTED], the following parties, with which our Group has entered into certain transactions in the ordinary and usual course of business, will become our connected persons:

AQ Communications	AQ Communications is wholly-owned by Ms. Amy Lee. Ms. Amy Lee is the daughter of Mr. Lee and Mrs. Lee and the sister of Mr. Steven Lee and Mr. Edwin Lee. AQ Communications is therefore an associate of Chairman Lee, Mrs. Lee, Mr. Steven Lee and Mr. Edwin Lee and our connected person. AQ Communications is principally engaged in marketing, advertising business and public relations.
Modern Creative	Modern Creative is held by Mr. Chan Ka Lok and Ms. Wong Kwan Ying in equal shares. Mr. Chan Ka Lok and Ms. Wong Kwan Ying are the brother and mother of Ms. Chan Wing Sze, respectively. Modern Creative is therefore an associate of Ms. Chan Wing Sze and our connected person. Modern Creative is principally engaged in debt collection business.
smartME	smartME is a company incorporated under the laws of Hong Kong with limited liability on November 21, 2018 and Chairman Lee and Mrs. Lee are indirectly interested in 56.8% of its shares. By virtue of being a majority-controlled company (as defined in the Listing Rules) of the Lee’s Family, smartME is therefore an associate of the Lee’s Family and our connected person. smartME is principally engaged in operating digital property transaction platform.

CONNECTED TRANSACTION

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Debt Collection Service from Modern Creative

Our Group has engaged Modern Creative to collect debts from our customers.

The aggregate amount of service fees paid by our Group to Modern Creative for the provision of debt collection services (exclusive of the collection fees borne by customers) for the years ended December 31, 2020, 2021 and 2022 and the five months ended May 31, 2023 are set out as follows:

	For the year ended December 31,			For the five months ended May 31, 2023
	2020	2021	2022	
	<i>(HK\$'000)</i>			
Debt collection services	1,523	738	989	22

2. Advertising Services from AQ Communications

Our Group has engaged AQ Communications to provide advertising services, including (i) digital advertising services; (ii) television channels advertising services; (iii) media buy (advertisement through outdoor media, such as billboards, public transport, walls at tunnel entrances, Mass Transit Railway, etc.); and (iv) public relation services.

The aggregate amount of service fees paid by our Group to AQ Communications for the provision of advertising and marketing services (exclusive of the fees payable to the relevant licensed television broadcasters, digital media platforms and other media) for the years ended December 31, 2020, 2021 and 2022 and the five months ended May 31, 2023 are set out as follows:

	For the year ended December 31,			For the five months ended May 31, 2023
	2020	2021	2022	
	<i>(HK\$'000)</i>			
Advertising and marketing services	2,367	1,744	990	334

Implications under the Listing Rules

Since the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of each of the above transactions is expected to be less than 0.1% on an annual basis, each of the above transactions would constitute a *de minimis* connected transaction under Rule 14A.76(1) of the Listing Rules and would be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules should our Company be [REDACTED] on the Stock Exchange at the time of the transactions.

Our Directors (including the independent non-executive Directors) are of the view that the fully-exempt continuing connected transactions set out above were conducted on arm's length basis and were entered into in our ordinary and usual course of business on normal commercial terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

If the terms of any of the above fully-exempt continuing connected transactions are altered or if any of them triggers any disclosure requirements under Chapter 14A of the Listing Rules in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules in a timely manner.

CONNECTED TRANSACTION

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

The following transaction has been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and our Directors expect that the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules would be more than 0.1% but less than 5% on an annual basis. Such transaction will be exempt under Rule 14A.76(2) of the Listing Rules from the independent shareholders’ approval requirement but subject to reporting, annual review and announcement requirements.

1. Occupation License with smartME

Parties

- (i) smartME (as licensee); and
- (ii) K Cash Express (as licensor).

Principal terms

On March 24, 2023, K Cash Express entered into an occupation license with smartME (the “**Occupation License**”), pursuant to which K Cash Express, as the assignee of 17/F, Wheelock House, 20 Pedder Street, Central (the “**17/F Office Premises**”), has agreed to grant smartME a contractual license to use and occupy a portion of the 17/F Office Premises (the “**17/F Office Premises Shared Portion**”) from April 1, 2023.

The expected average gross floor area of the 17/F Office Premises to be occupied by smartME for the years ending December 31, 2023, 2024 and 2025, respectively, is set out below:

Transaction	Expected average gross floor area to be occupied by smartME and percentage area of the 17/F Office Premises year ending December 31,					
	2023		2024		2025	
	(in sq. ft.)	%	(in sq. ft.)	%	(in sq. ft.)	%
Occupation license	5,158.5	50%	5,158.5	50%	5,158.5	50%

Taking into account a month of rent-free period in June to July 2023 under the relevant tenancy agreement with the landlord, the aggregate amount of rental income paid by smartME to our Group for the use and occupancy of 17/F Office Premises Shared Portion for the ten months ending October 31, 2023 is HK\$[2.9 million].

Reasons for the transaction

K Cash Express, as assignee, has entered into an assignment of tenancy with effect from April 1, 2023 with Money SQ, as assignor, and the landlord of the 17/F Office Premises, which is an Independent Third Party. Based on the agreed tenancy arrangement, K Cash Express has obtained a written consent from the landlord simultaneously to share the 17/F Office Premises Shared Portion with smartME.

CONNECTED TRANSACTION

Having considered that the monthly license fee payable by smartME under the Occupation License is comparable to the prevailing market rents of comparable properties in similar locations, we have granted a contractual license to smartME to use and occupy the 17/F Office Premises Shared Portion.

The entering into the Occupation License is consistent with normal commercial terms and can provide us with a stable income.

Pricing terms

The monthly license fee will be determined based on the gross floor area of the 17/F Office Premises occupied and used by smartME and the monthly rental, management fees and rates of the 17/F Office Premises payable by K Cash Express to the landlord under the relevant tenancy agreement.

Historically, our Group has not entered into any occupation license with smartME. There is no historical transaction amount for the license fee.

Annual caps and basis

The estimated aggregate amount of the license fee to be paid by smartME under the Occupation License for the two months ending December 31, 2023 and the two years ending December 31, 2024 and 2025 are set out as follows:

<u>Transaction</u>	<u>For the</u> <u>2 months ending</u> <u>December 31,</u>	<u>For the</u> <u>year ending December 31,</u>	
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Occupation license	936	4,533	4,540

(HK\$ in thousands)

The aforesaid amounts are determined with reference to the total monthly rental, management fees and rates of the 17/F Office Premises payable by K Cash Express to the landlord under the relevant tenancy agreement, which are split evenly between K Cash Express and smartME, and the gross floor area of 17/F Office Premises occupied and used by smartME.

Implications under the Listing Rules

Since the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the above transaction is expected to be more than 0.1% but less than 5% on an annual basis, the transaction would constitute a continuing connected transaction that is exempt under Rule 14A.76(2) of the Listing Rules from the independent shareholders' approval requirements but subject to the reporting, annual review and announcement requirements should our Company be [REDACTED] on the Stock Exchange at the time of the transaction.

CONNECTED TRANSACTION

APPLICATION FOR WAIVER

We expect the partially-exempt continuing connected transaction will be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us. Accordingly, we have applied for, and the Stock Exchange [has granted] in accordance with Rule 14A.105 of the Listing Rules, a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as described in “— Partially-exempt Continuing Connected Transaction”, subject to the condition that the aggregate amounts of the continuing connected transaction for the six months ending December 31, 2023 and the two financial years ending December 31, 2024 and 2025 shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

We will, however, comply at all times with the applicable provisions under Rules 14A.34, 14A.49, 14A.51 to 14A.59 and 14A.71 of the Listing Rules in respect of the partially-exempt continuing connected transaction in this section. If any terms of the partially-exempt continuing connected transaction are altered or if our Company enters into any new agreements with any connected persons in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transaction set out above has been entered into (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) the terms of which are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps in respect of the above continuing connected transaction are fair and reasonable and are in the interests of our Company and the Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the documents, information and historical figures provided by our Company and the Joint Sponsors’ participation in the discussion with our Company, including but not limited to the review of the documentation provided to the Joint Sponsors with respect to our partially-exempt continuing connected transaction, the Joint Sponsors are of the view that (i) the partially-exempt continuing connected transaction in this section has been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, and the terms are fair and reasonable and in the interests of our Company and the Shareholders as a whole; and (ii) the proposed annual caps set for the above partially-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the Track Record Period (the “**Related Party Transactions**”). Details of the Related Party Transactions are set out in “Appendix I — Accountant’s Report — II. Notes to the Historical Financial Information — Note 26”.