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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 2024**

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interest Income	281,597	248,734
Profit for the year	63,754	51,566
Earnings per share for the year		
Basic and diluted	HK12.75 cents	HK13.42 cents

Final dividend of HK3 cents per Share (2023: HK1.998 cents per Share) and a special dividend of HK2.5 cents per Share (2023: nil), respectively, for the year ended 31 December 2024, were 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 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Interest income	4(a)	281,597	248,734
Interest expenses		(31,036)	(25,182)
Net interest income		250,561	223,552
Other income	4(b)	9,629	4,959
Other (losses)/gains, net	4(b)	(2,758)	84
Selling expenses	5	(40,635)	(24,808)
General and administrative expenses	5	(64,190)	(80,815)
Expected credit losses, net		(77,364)	(55,757)
Operating profit		75,243	67,215
Other finance costs		(1,217)	(475)
Profit before income tax		74,026	66,740
Income tax expense	6	(10,272)	(15,174)
Profit for the year		63,754	51,566
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(7)	–
Other comprehensive loss for the year		(7)	–
Total comprehensive income for the year		63,747	51,566
Earnings per share for the year			
Basic and diluted (HK cents)		12.75	13.42

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
ASSETS			
Cash and cash equivalents		116,428	218,368
Amounts due from fellow subsidiaries		20	236
Amounts due from related parties		763	82
Loans and advances to customers	9	1,232,380	964,392
Prepayments, deposits and other receivables		16,393	12,608
Reposessed assets		23,351	16,445
Income tax recoverable		2,921	–
Deferred income tax assets		22,930	18,909
Property, plant and equipment		3,648	3,008
Other asset		8,787	–
Right-of-use-assets		22,214	7,549
Total assets		1,449,835	1,241,597
EQUITY			
Equity attributable to the owners of the Company			
Share capital		50	50
Reserves		917,550	880,840
Total equity		917,600	880,890
LIABILITIES			
Amount due to the ultimate holding company		–	13
Amounts due to fellow subsidiaries		2,730	99
Accruals and other payables		7,277	8,977
Income tax payable		–	2,459
Bank and other borrowings	10	491,902	342,629
Contract liabilities		641	–
Derivative financial instruments		6,906	–
Lease liabilities		22,779	6,530
Total liabilities		532,235	360,707
Total equity and liabilities		1,449,835	1,241,597

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 HKICPA 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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The amendments 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 for the annual reporting period commencing 1 January 2024 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendment to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosure	1 January 2027
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 2027
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 of the Company, 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 (LOSSES)/GAINS, 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 2024.

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 products and are summarised as follows:

	2024 HK\$'000	2023 HK\$'000
Interest income derived from:		
– Unsecured property owner loans	202,626	170,890
– Unsecured personal loans	66,357	66,457
– SME loans	11,211	11,387
– Credit card advances	1,403	–
	<u>281,597</u>	<u>248,734</u>
(b) Other income and (losses)/gains, net		
	2024 HK\$'000	2023 HK\$'000
Other income		
Rental income from fellow subsidiaries	773	637
Rental income from a related party	4,473	3,806
Bank interest income	3,307	505
Credit cards income	980	5
Others	96	6
	<u>9,629</u>	<u>4,959</u>
Other (losses)/gains, net		
Exchange gains, net	5,206	–
Provision for impairment of repossessed assets	(110)	(559)
Changes on surrender value of investment in life insurance plan	(1,093)	–
Fair value loss on derivative financial instruments	(6,906)	–
Gain on disposal of property, plant and equipment	145	–
Gain on termination of lease	–	643
	<u>(2,758)</u>	<u>84</u>

5 EXPENSES BY NATURE

	2024 HK\$'000	2023 HK\$'000
Employee benefit expenses		
– Salaries and bonus	38,247	37,304
– Pension and retirement benefits	1,020	1,076
– Staff messing and welfare	1,556	2,332
Advertising and marketing expenses	23,205	11,409
Depreciation of right-of-use assets	12,239	10,672
Depreciation of property, plant and equipment	1,209	1,632
Office expenses	9,393	3,661
Expenses related to short-term lease	1,027	3,190
Subscription fee	2,078	2,824
Search fee and valuation	943	1,093
Listing expenses	–	22,274
Legal and professional fees	5,105	1,403
Auditor's remuneration:		
– Audit services	1,100	1,100
– Non-audit services	653	–
Bank charges	890	486
Donations	500	–
Repair and maintenance	1,214	666
Motor vehicle expenses	174	395
Recruitment and training expenses	68	53
Utility expenses	251	319
Building management fee	971	870
Stamp duties	8	1,614
Credit card charges	1,159	1
Referral fee	1,568	668
Others	247	581
	104,825	105,623
Represented by:		
Selling expenses	40,635	24,808
General and administrative expenses	64,190	80,815
	104,825	105,623

6 INCOME TAX EXPENSE

During the year ended 31 December 2024, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits.

Japan corporate income tax include national corporate income tax, inhabitant tax, and enterprise tax, and has been calculated on the estimated assessable profit for the year. During the year ended 31 December 2024, the aggregated rates of national corporate income tax, inhabitant tax, and enterprise tax resulted in statutory income tax rates of 25.7%.

	2024 HK\$'000	2023 HK\$'000
Current income tax		
– Hong Kong profits tax	14,623	16,703
– Japan corporate income tax	80	–
– Over provision in prior years	(410)	–
Deferred income tax	(4,021)	(1,529)
	10,272	15,174

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 2024.

During the year ended 31 December 2024, 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.

	2024	2023
Profit attributable to equity holders of the Company (HK\$'000)	63,754	51,566
Weighted average number of shares in issue (thousand shares)	500,000	384,246
Basic earnings per share (HK cents)	12.75	13.42

(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 2024 was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2023: Same).

8 DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Final dividend for the year ended 31 December 2023 of 1.998 cents per fully paid share	9,990	–
Interim dividend for the year ended 31 December 2024 of 3.4 cents per fully paid share	17,000	–
Dividends for the year ended 31 December 2023	–	100,000
Dividends	26,990	100,000

On 22 March 2024, the Board recommended a final dividend with total amount of HK\$9,990,000 for the year ended 31 December 2023 payable to shareholders whose names appear on the register of members of the Company at the close of business on 5 June 2024. Such dividend was recorded as a reduction of share premium of the Company pursuant to the Articles of Association and the Company Law, Cap 22 (Law of 1961, as consolidated or revised from time to time) of the Cayman Islands. The final dividend was approved at the annual general meeting of the Company on 28 May 2024 and were paid on 21 June 2024.

On 19 August 2024, the Board resolved to declare an interim dividend of HK3.4 cents per share, totalling HK\$17,000,000 and were paid on 20 September 2024.

Final dividend of HK3.0 cents per share and a special dividend of HK2.5 cents per share, respectively, for the year ended 31 December 2024, totalling HK\$27,500,000 were proposed by the Board. The proposed final dividend and special dividend are subject to the approval of the shareholders of the Company at the annual general meeting of the Company to be held on 28 May 2025.

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 announcement.

9 LOANS AND ADVANCES TO CUSTOMERS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans and advances to customers		
– Unsecured property owner loans	1,037,042	784,021
– Unsecured personal loans	253,103	242,295
– SME loans	47,168	47,531
– Credit card advances	12,002	–
	<u>1,349,315</u>	<u>1,073,847</u>
Less: Provision for impairment	(116,935)	(109,455)
	<u>1,232,380</u>	<u>964,392</u>

As at 31 December 2024, the loans and advances to customers are repayable with fixed terms agreed with the customers, loans and advances to customers 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.

Expected credit losses, net of HK\$77,364,000 (2023: HK\$55,757,000) was recognized in the consolidated statement of comprehensive income during the year ended 31 December 2024.

For loans that are not credit-impaired without significant increase in credit risk since initial recognition “Stage 1”, expected credit loss (“ECL”) is measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified (“Stage 2”) but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL.

The ageing analysis of loans and advances to customers based on whether individual customer balance has become overdue is as follows:

	2024 HK\$'000	2023 HK\$'000
Unsecured property owner loans		
Not overdue	597,163	363,312
1–30 days past due	95,730	100,272
31–60 days past due	24,107	17,590
61–90 days past due	8,018	10,954
Over 90 days past due	312,024	291,893
	<u>1,037,042</u>	<u>784,021</u>
Unsecured personal loans		
Not overdue	210,485	188,348
1–30 days past due	14,596	16,645
31–60 days past due	2,212	2,475
61–90 days past due	2,037	1,712
Over 90 days past due	23,773	33,115
	<u>253,103</u>	<u>242,295</u>
SME loans		
Not overdue	15,476	32,370
1–30 days past due	5,256	4,538
31–60 days past due	766	2,164
61–90 days past due	913	1,875
Over 90 days past due	24,757	6,584
	<u>47,168</u>	<u>47,531</u>
Credit card advances		
Not overdue	5,501	–
1–30 days past due	5,597	–
31–60 days past due	298	–
61–90 days past due	95	–
Over 90 days past due	511	–
	<u>12,002</u>	<u>–</u>

As at 31 December 2024, the Group has provision for impairment of loan receivables of HK\$116,935,000 (2023: HK\$109,455,000).

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 loans and advances to customers based on instalments by due date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unsecured property owner loans		
Current	846,387	600,500
Overdue 1–30 days	9,735	9,513
Overdue 31–60 days	7,805	6,203
Overdue 61–90 days	5,152	6,244
Overdue over 90 days	167,963	161,561
	<u>1,037,042</u>	<u>784,021</u>
Unsecured personal loans		
Current	237,146	219,540
Overdue 1–30 days	2,304	3,052
Overdue 31–60 days	1,451	1,918
Overdue 61–90 days	1,291	1,771
Overdue over 90 days	10,911	16,014
	<u>253,103</u>	<u>242,295</u>
SME loans		
Current	23,025	43,170
Overdue 1–30 days	1,248	928
Overdue 31–60 days	668	647
Overdue 61–90 days	637	471
Overdue over 90 days	21,590	2,315
	<u>47,168</u>	<u>47,531</u>
Credit card advances		
Current	11,853	–
Overdue 1–30 days	47	–
Overdue 31–60 days	22	–
Overdue 61–90 days	15	–
Overdue over 90 days	65	–
	<u>12,002</u>	<u>–</u>

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

10 BANK AND OTHER BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank loans	351,926	312,569
Other loan	139,976	30,060
	<u>491,902</u>	<u>342,629</u>

For the year ended 31 December 2024, the interest rates of the bank and other borrowings ranged from 5.10% to 10.00% (2023: 4.58% to 9.98%) per annum.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amounts of borrowings that are repayable:		
– Within 1 year	141,805	316,792
– Between 1 and 2 years	350,097	25,837
	<u>491,902</u>	<u>342,629</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are principally engaged in the money lending business specializing 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, 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 72.0% (2023: 68.7%) to our Group’s revenue during the Reporting Period. Interest income generated from Unsecured Property Owner Loans increased by 18.5% to HK\$202.6 million during the Reporting Period. Our loan receivables for Unsecured Property Owner Loans increased from HK\$784.0 million as of 31 December 2023 to HK\$1,037.0 million as of 31 December 2024.

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 0.2% to HK\$66.4 million during the Reporting Period, contributing about 23.6% (2023: 26.7%) of our Group’s revenue for the Reporting Period, whereas interest income for SME Loans decreased by 1.5% to HK\$11.2 million during the Reporting Period, contributing about 4.0% (2023: 4.6%) of our Group’s revenue for the Reporting Period. Our loan receivables for Personal Loans increased from HK\$242.3 million as of 31 December 2023 to HK\$253.1 million as of 31 December 2024, and our loan receivables for SME Loans decreased from HK\$47.5 million as of 31 December 2023 to HK\$47.2 million as of 31 December 2024 which was due to our business decision to strategically focus on Unsecured Property Owner Loans.

We fully launched the PayKool platform during the Reporting Period which now supports instant virtual card issuance, automated teller machine cash withdrawal, BNPL transaction and one click pushed to various digital wallet for tokenized base transaction etc., and we will continue to develop other functions and features to provide best customer experience to our customers. By virtue of the PayKool platform, we also provided credit card advances, and the interest income from credit cards during the Reporting Period was HK\$1.4 million, and the credit card advances was HK\$12.0 million as of 31 December 2024.

Financial Review

Interest income

Our interest income increased by HK\$32.9 million or 13.2% from HK\$248.7 million for the last year to HK\$281.6 million for the Reporting Period, and such increase was mainly derived from the increase in loans and advances to customers.

Interest income from our Unsecured Property Owners Loans increased by HK\$31.7 million or 18.5% from HK\$170.9 million for the last year to HK\$202.6 million for the Reporting Period, whereas the interest income from our Personal Loans decreased by HK\$0.1 million or 0.2% from HK\$66.5 million for the last year to HK\$66.4 million for the Reporting Period. Interest income from our SME Loans decreased by HK\$0.2 million or 1.5% from HK\$11.4 million for the last year to HK\$11.2 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 20.3% from HK\$757.0 million in 2023 to HK\$910.5 million in 2024.

The decrease in interest income for our Personal Loans was primarily due to the decrease in our average effective interest rate of Personal Loans from 39.6% in 2023 to 37.6% in 2024, and the decrease in interest income for our SME loans was primarily due to the decrease in our average loan balance by 7.0% from HK\$50.9 million in 2023 to HK\$47.4 million in 2024.

As we fully launched our PayKool credit cards during the Reporting Period, we started to receive interest income from our credit card advances of HK\$1.4 million during the Reporting Period.

Other income

We have recorded other income of HK\$9.6 million (2023: HK\$5.0 million) during the Reporting Period which mainly comprised of rental income from fellow subsidiaries, rental income from a related party, bank interest income and credit cards income. The increase in other income was primarily due to the increase of interest income received from banks and the increase in the number of credit cards issued and the number of transactions conducted by our credit card holders during the Reporting Period.

Interest expenses

We have incurred interest expenses of HK\$31.0 million for the Reporting Period (2023: HK\$25.2 million), which mainly comprised of interest on interest bearing bank borrowings. The increase in interest expenses by HK\$5.8 million or 23.0% was primarily due to the new facilities obtained during the Reporting Period.

General and administrative expenses

We have incurred general and administrative expenses of HK\$64.2 million for the Reporting Period (2023: HK\$80.8 million), which mainly comprised of employee benefit expenses,

legal and professional fees, and depreciation of property, plant and equipment. The decrease in general and administrative expenses by HK\$16.6 million or 20.6% was mainly due to the decrease in listing expense incurred during the Reporting Period.

Selling expenses

We have incurred selling expenses of HK\$40.6 million for the Reporting Period (2023: HK\$24.8 million), which mainly comprised of advertising and marketing expenses, employee benefit expenses, and depreciation of right-of-use assets. The increase in selling expenses by HK\$15.8 million or 63.7% was mainly due to the increase in advertising and promotional activities carried out by the Group during the Reporting Period as our Group was the title sponsor of several major activities for brand building purpose.

Expected credit losses, net

We recorded net expected credit losses of HK\$77.4 million for the Reporting Period (2023: HK\$55.8 million) which was mainly due to the increase of loan receivables. 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 for the year

As a result of the foregoing, our profit achieved HK\$63.8 million for the Reporting Period (2023: HK\$51.6 million).

Liquidity and Financial Resources

During the Reporting Period, our primary funding channels mainly include: (i) funding from loans or facilities from authorized institutions; (ii) funding from a Japanese fund provider 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\$917.6 million as at 31 December 2024 (31 December 2023: HK\$880.9 million). As at 31 December 2024, cash and cash equivalents amounted to HK\$116.4 million (31 December 2023: HK\$218.4 million); amount due to fellow subsidiaries amounted to HK\$2.7 million (31 December 2023: HK\$0.1 million); and bank and other borrowings amounted to HK\$491.9 million (31 December 2023: HK\$342.6 million).

Majority of cash and bank balances held by the Group was denominated in Hong Kong dollars, whilst the remaining was denominated in Japanese Yen. Save as the Group's borrowings from the Japanese fund provider which was denominated in Japanese Yen and carried a fixed interest rate, all of the Group's borrowings were denominated in Hong Kong dollars and 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 2024, unutilised banking facilities available to our Group for drawdown amounted to HK\$230.0 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 2023 and 2024 amounted to HK\$324.3 million and HK\$467.4 million, respectively. The effective interest rates of such borrowings in 2023 and 2024 ranged from 7.81% to 9.93% per annum and 5.10% to 10.0% per annum, respectively. In 2024, interest payable to our largest fund provider (by interest expense and tax loans excluded) accounted for approximately 66.6% (2023: 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 fellow subsidiaries and the ultimate holding company 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					
	2024			2023		
	Number of loan accounts	HK\$ million	%	Number of loan accounts	HK\$ million	%
Unsecured Property						
Owner Loans	2,899	1,037.0	76.8	2,443	784.0	73.0
Personal Loans	5,281	253.1	18.8	4,752	242.3	22.6
SME Loans	38	47.2	3.5	65	47.5	4.4
Credit card advances	1,385	12.0	0.9	—	—	—
Total	<u>9,603</u>	<u>1,349.3</u>	<u>100.0</u>	<u>7,260</u>	<u>1,073.8</u>	<u>100.0</u>

As of 31 December, 2023 and 2024, we had 65 and 38 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	
	2024	2023
	(HK\$'000)	
Unsecured Property Owner Loans	372.0	319.2
Personal Loans	66.2	61.9
SME Loans	1,475.5	1,080.5
Overall	155.4	150.1

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

	As at 31 December	
	2024	2023
	(months)	
Unsecured Property Owner Loans	49.8	60.4
Personal Loans	29.5	23.1
SME Loans	37.7	29.4
Overall	36.1	35.8

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

	Year ended 31 December	
	2024	2023
Unsecured Property Owner Loans	28.0%	29.1%
Personal Loans	37.6%	39.6%
SME Loans	24.6%	24.1%
Overall	35.0%	36.3%

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

	Year ended 31 December	
	2024	2023
Unsecured Property Owner Loans	21.0% to 36.0%	20.4% to 42.0%
Personal Loans	25.0% to 43.2%	25.2% to 48.0%
SME Loans	21.9% to 28.2%	22.0% to 25.1%
Overall	21.0% to 43.2%	20.4% to 48.0%

Note: Due to the revolving nature of our credit card business, operational data for average loan size, average loan tenor, average effective interest rate and range of interest rates for our credit card advances are not considered relevant.

The ageing analysis of loans and advances to customers based on instalments by due date is as follows:

	As at 31 December	
	2024	2023
	(HK\$'000)	
Unsecured Property Owner Loans		
Current	846,387	600,500
Overdue 1-30 days	9,735	9,513
Overdue 31-60 days	7,805	6,203
Overdue 61-90 days	5,152	6,244
Overdue over 90 days	167,963	161,561
Personal Loans		
Current	237,146	219,540
Overdue 1-30 days	2,304	3,052
Overdue 31-60 days	1,451	1,918
Overdue 61-90 days	1,291	1,771
Overdue over 90 days	10,911	16,014
SME Loans		
Current	23,025	43,170
Overdue 1-30 days	1,248	928
Overdue 31-60 days	668	647
Overdue 61-90 days	637	471
Overdue over 90 days	21,590	2,315
Credit Card Advances		
Current	11,853	—
Overdue 1-30 days	47	—
Overdue 31-60 days	22	—
Overdue 61-90 days	15	—
Overdue over 90 days	65	—

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

	As at 31 December	
	2024	2023
Unsecured Property Owner Loans	20,212	21,019
Personal Loans	65,115	72,104
SME Loans	29,819	16,332
Credit card advances	1,789	–
Total	116,935	109,455

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	
	2024	2023
Gearing ratio ⁽¹⁾	0.45	0.16
	Year ended 31 December	
	2024	2023
Return on assets ⁽²⁾	4.7 %	4.4%
Return on equity ⁽³⁾	7.1 %	6.4%
Interest coverage ratio ⁽⁴⁾	3.4 times	3.7 times
Net interest margin	19.7 %	21.3%
– Unsecured Property Owner Loans	18.7 %	19.9%
– Personal Loans	23.5 %	25.9%
– SME Loans	18.8 %	20.0%

- (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, lease liabilities, derivative financial instruments and contract 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 and risk 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.

We have introduced BNPL services in response to the evolving market trend, and therefore we started providing credit card advances during the Reporting Period. Whether or not such segment can successfully grow 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

Consumer sentiment remains soft in Hong Kong and the property market has yet to recover, which has made licensed money lenders more cautious in approving loans to borrowers lately. However, we believe that government initiatives will reactivate the market in the near future. Further, as market expects the Federal Reserve System of the United States to maintain its interest rate at the current level, we expect that interest rate from our fund providers would remain at similar levels, and we would continue to explore new source of funding which ultimately drives the growth of our loan portfolio.

Nonetheless, we believe that the increasing adoption of fintech could further modernize the money lending market. Hence, we continue to strive to offer more efficient and accessible lending solutions.

During the Reporting Period, we successfully completed phase 1 of the K Cash GO platform digital transformation project, which uplifted and streamlined various business process and the corresponding technical components. For example, our fintech & credit risk teams have co-developed our home-grown credit score engine and enhanced our automation credit rule approval engine to increase straight-through processing rate of loan applications.

Besides, we revamped our repayment component to support Faster Payment System repayment method for our customers. Also, we integrated the module with multiple settlement bank providers. This near-real time repayment feature can enhance our customer experience and also provide more flexibility to our finance department in terms of cash flow management.

In 2025, we will revamp and upgrade our AI-based credit models to provide a more precise and personalized risk-base pricing to our customers. Our fintech team will also explore using generative AI technology and deploy related technology to different departments and increase the efficiency of various business processes.

During the Reporting Period, we have successfully built our own digital marketing (“DM”) platform and our data and intelligent (“DnI”) platform which set the foundation for us to unleash both our customer data and our business data. The DM platform enables us to provide personalized marketing campaign to micro customer segments in timely fashion, while the DnI platform allows us to perform different types of data-driven business decision making and further our AI development.

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 2024.

Pledge of Assets

As at 31 December 2024, certain gross loan receivables of HK\$547.6 million in aggregate (2023: HK\$821.1 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, and foreign exchange risk mainly arises from borrowings denominated in Japanese Yen. Our Directors did not consider our Group was exposed to any significant foreign exchange risks.

Our Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and monitoring the movement of the foreign currency rate. During the Reporting Period, the 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. Nonetheless, the Group has arranged foreign exchange forward contracts to hedge against the foreign exchange exposure arising from the funding from a Japanese fund provider as at the date of this announcement. The Group will continue to monitor and mitigate the impact on exchange rate fluctuations by entering into currency hedge for any future arrangement, if necessary.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, 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 3.0% (2023: 2.1%) of our total revenue, and aggregate value of outstanding loan receivables of our top five customers accounted for approximately 2.6% (2023: 1.9%) of our total loan receivables.

Employees and Remuneration Policy

As at 31 December 2024, we employed 61 employees (31 December 2023: 62). Our employee benefit expenses for the Reporting Period was HK\$40.8 million (2023: HK\$40.7 million).

Our Company adopted a share scheme, and employees are eligible for share options and/or share awards under such scheme. As at 31 December 2024, 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 2024, the Company did not have any contingent liabilities.

OTHER INFORMATION

Proposed Final Dividend and Special Dividend

The Board has recommended a final dividend of HK3 cents per Share (2023: HK1.998 cents per Share) and a special dividend of HK2.5 cents per Share (2023: nil), respectively, for the year ended 31 December 2024, which will be payable in cash. The proposed final dividend and special dividend will be paid on Friday, 20 June 2025 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 Thursday, 5 June 2025.

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.

The Company has complied with the applicable code provisions as set out in Part 2 of the CG Code during the Reporting Period.

Model Code for Securities Transactions

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 during the Reporting Period.

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 2024 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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period.

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 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 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 2024:

Purpose	Amount available for utilization as of 1 January 2024	Actual use of proceeds during the Reporting Period (HK\$ million)	Unutilized amount as of 31 December 2024	Expected timeline for full utilization of remaining net proceeds
Enrich our technology capabilities	30.6	7.9	22.7	By December 2026
Expand our loan portfolio	133.6	133.6	–	–
General working capital and general corporate purposes	17.0	17.0	–	–
Total	181.2	158.5	22.7	

Publication of the Annual Results and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (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 Wednesday, 28 May 2025. Notice of the AGM will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the eligibility of the Shareholders to attend and vote at the AGM will be Wednesday, 28 May 2025. In order to be eligible to attend and vote 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 Thursday, 22 May 2025.

For determining the Shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the Shareholders' entitlement to the proposed final dividend and special dividend will be Thursday, 5 June 2025. In order to qualify for the proposed final dividend and special dividend, 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 Monday, 2 June 2025.

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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“K Cash Go Platform”	our hybrid cloud loan application platform and loan management platform
“Listing”	the listing of the Shares 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)”	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 2024
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	the ordinary shares in the share capital of our Company
“SME(s)”	small and medium enterprises
“SME Loan(s)”	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)”	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, 19 March 2025

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.