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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest Income	136,029	125,993
Profit and total comprehensive income for the period	34,307	26,178
Earnings per share for the period		
Basic and diluted (HK cents)	6.86	6.98

The Board resolves to declare an interim dividend of HK3.4 cents per share for the six months ended 30 June 2024.

The Board is pleased to present the unaudited interim results of the Group for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Interest income	5	136,029	125,993
Interest expenses		(14,585)	(11,574)
Net interest income		121,444	114,419
Other income	5	5,042	1,459
Other (losses)/gains, net	5	(923)	702
Selling expenses		(15,577)	(12,970)
General and administrative expenses		(31,999)	(39,292)
Expected credit losses, net	6	(36,407)	(29,669)
Operating profit		41,580	34,649
Other finance cost		(295)	(248)
Profit before income tax		41,285	34,401
Income tax expense	10	(6,978)	(8,223)
Profit and total comprehensive income for the period		34,307	26,178
Earnings per share for the period			
Basic and diluted (<i>HK cents</i>)	9	6.86	6.98

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2024

		As at	
		30 June 2024	31 December 2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents		60,074	218,368
Amounts due from fellow subsidiaries		350	236
Amounts due from related parties		763	82
Loans and advances to customers	6	1,069,543	964,392
Prepayments, deposits and other receivables		12,935	12,608
Repossessed assets		16,045	16,445
Deferred income tax assets		20,936	18,909
Property, plant and equipment		2,821	3,008
Other asset		8,662	–
Pledged bank deposit		75,701	–
Right-of-use assets		23,168	7,549
		<hr/>	<hr/>
Total assets		1,290,998	1,241,597
		<hr/>	<hr/>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		50	50
Reserves		905,157	880,840
		<hr/>	<hr/>
Total equity		905,207	880,890
		<hr/>	<hr/>
LIABILITIES			
Amount due to the ultimate holding company		–	13
Amounts due to fellow subsidiaries		100	99
Accruals and other payables		5,975	8,977
Income tax payable		11,464	2,459
Bank and other borrowings	7	345,265	342,629
Lease liabilities		22,987	6,530
		<hr/>	<hr/>
Total liabilities		385,791	360,707
		<hr/>	<hr/>
Total equity and liabilities		1,290,998	1,241,597
		<hr/>	<hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

K Cash Corporation Limited (the “**Company**”) was incorporated in 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.

This interim condensed consolidated financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated. This interim condensed consolidated financial information was reviewed by the Company’s Audit Committee and approved by the board of the directors of the Company on 19 August 2024.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on Stock Exchange and with the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidation financial information are consistent with those adopted and described in the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the following accounting policies, and new and amended standards as set out below.

(a) Accounting policies relevant to the new business activities of the Group

(i) *Credit cards fee income*

The Group receives payment services fee income from credit card transactions. The income is recognised at a point in time under transaction-based arrangements when services are provided to the credit card holders based on contractual rates agreed with them.

The Group also receives handling and late charges from credit card transactions which are recognised at a point in time when the Group has unconditional right to receive such income from the credit card holders.

(ii) *Investment in life insurance plan*

The life insurance contract included under other asset of the Group includes both investment and insurance elements. The investment in an insurance contract is initially recognised at the amount of the premium paid and subsequently carried at the amount that could be realised under the corresponding insurance plan as the cash surrender value, less provision of expected credit losses, if any, at the end of each reporting period. Changes in the surrender value are recognised under “Other (losses)/gains, net” in the consolidated statement of comprehensive income in the period when changes occurred.

- (b) New and amended standards adopted by the Group for the annual reporting period commencing on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
Hong Kong Interpretation 5 (Revised)	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))
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

The new and amended standards listed above did not have any impact to the Group's interim condensed consolidation financial information in the current and prior periods.

- (c) New and amended standards and interpretations 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
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

According to the preliminary assessment by the directors, the Group expected that these new and amended standards and interpretations issued do not have any significant impact on the Group's results of operations and financial position.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the critical estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

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

(a) Segment information and revenue

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 six months ended 30 June 2024 (30 June 2023: Same).

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:

	Six months ended 30 June	
	2024 <i>HK\$’000</i> (Unaudited)	2023 <i>HK\$’000</i> (Unaudited)
Interest income derived from:		
– Unsecured property owner loans	96,789	83,196
– Unsecured personal loans	33,025	36,580
– SME loans	5,769	6,217
– Credit cards	446	–
	136,029	125,993

(b) Other income and other (losses)/gains, net

	Six months ended 30 June	
	2024 <i>HK\$’000</i> (Unaudited)	2023 <i>HK\$’000</i> (Unaudited)
Other income		
Rental income from fellow subsidiaries	395	242
Rental income from a related party	2,566	1,184
Bank interest income	1,916	31
Credit cards fee income	164	–
Others	1	2
	5,042	1,459
Other (losses)/gains, net		
Changes on surrender value of investment in life insurance plan	(1,218)	–
Gain on termination of lease	–	660
Gain on disposal of property, plant and equipment	295	–
Reversal of impairment of repossessed assets	–	42
	(923)	702

6 LOANS AND ADVANCES TO CUSTOMERS

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Loan receivables		
– Unsecured property owner loans	881,279	784,021
– Unsecured personal loans	238,936	242,295
– SME loans	58,197	47,531
– Credit cards	5,042	–
	<u>1,183,454</u>	<u>1,073,847</u>
Less: Provision for impairment	(113,911)	(109,455)
	<u>1,069,543</u>	<u>964,392</u>
Expected loss rates	<u>9.6%</u>	<u>10.2%</u>

Receivables from credit card holders have an interest-free period of up to 46 days from the date of the relevant credit card transactions, and any overdue balances are chargeable with an interest.

The loan receivables are unsecured, interest-bearing (except for the undue receivable balances from credit card holders) and repayable with fixed terms agreed with customers as at 30 June 2024. The maximum exposure to credit risk at the end of the period is the carrying value of the loan receivables mentioned above (31 December 2023: Same).

During the six months ended 30 June 2024, expected credit losses, net of HK\$36,407,000 (30 June 2023: HK\$29,669,000) was recognized in the interim condensed consolidated statement of comprehensive income.

The aging of the gross balance of loans and advances to customers analysed by loan contracts based on their due date is as follows:

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Unsecured property owner loans		
Not overdue	391,170	363,312
1-30 days past due	124,027	100,272
31-60 days past due	21,152	17,590
61-90 days past due	12,276	10,954
Over 90 days past due	332,654	291,893
	<u>881,279</u>	<u>784,021</u>
Unsecured personal loans		
Not overdue	184,116	188,348
1-30 days past due	23,523	16,645
31-60 days past due	1,874	2,475
61-90 days past due	2,332	1,712
Over 90 days past due	27,091	33,115
	<u>238,936</u>	<u>242,295</u>
SME loans		
Not overdue	48,018	32,370
1-30 days past due	4,795	4,538
31-60 days past due	–	2,164
61-90 days past due	–	1,875
Over 90 days past due	5,384	6,584
	<u>58,197</u>	<u>47,531</u>
Credit cards		
Not overdue	2,703	–
1-30 days past due	585	–
31-60 days past due	457	–
61-90 days past due	538	–
Over 90 days past due	759	–
	<u>5,042</u>	<u>–</u>

As at 30 June 2024, the Group has provision for impairment of loans and advances to customers of HK\$113,911,000 (31 December 2023: HK\$109,455,000).

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

Credit card holders are required to repay the outstanding credit cards balances within the payment date specified in the corresponding monthly credit card statements.

The aging of the gross balance of loans and advances to customers analysed by individual instalments based on their due date is as follows:

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Unsecured property owner loans		
Current	677,732	600,500
Overdue 1-30 days	11,051	9,513
Overdue 31-60 days	6,885	6,203
Overdue 61-90 days	6,365	6,244
Overdue over 90 days	179,246	161,561
	<u>881,279</u>	<u>784,021</u>
Unsecured personal loans		
Current	219,247	219,540
Overdue 1-30 days	3,113	3,052
Overdue 31-60 days	1,551	1,918
Overdue 61-90 days	1,465	1,771
Overdue over 90 days	13,560	16,014
	<u>238,936</u>	<u>242,295</u>
SME loans		
Current	55,507	43,170
Overdue 1-30 days	546	928
Overdue 31-60 days	308	647
Overdue 61-90 days	634	471
Overdue over 90 days	1,202	2,315
	<u>58,197</u>	<u>47,531</u>
Credit cards		
Current	2,703	–
Overdue 1-30 days	585	–
Overdue 31-60 days	457	–
Overdue 61-90 days	538	–
Overdue over 90 days	759	–
	<u>5,042</u>	<u>–</u>

7 BANK AND OTHER BORROWINGS

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Bank borrowings	290,979	312,569
Other borrowings	54,286	30,060
	<u>345,265</u>	<u>342,629</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:

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Amounts of borrowings that are repayable:		
– Within 1 year	294,526	316,792
– Between 1 and 2 years	50,739	25,837
	<u>345,265</u>	<u>342,629</u>

As at 30 June 2024, the Group had aggregate banking and other facilities of approximately HK\$408,455,000 (31 December 2023: HK\$340,344,000) for bank loan and other facilities. There were undrawn facilities of approximately HK\$64,000,000 (31 December 2023: HK\$29,000,000) as at 30 June 2024.

These facilities were secured by:

- a) unlimited guarantee provided by the Company;
- b) floating charge against all assets duly executed by a subsidiary of the Company, K Cash Express Limited;
- c) the key management life insurance plan of approximately HK\$8,662,000; and
- d) the pledged bank deposit of approximately HK\$75,701,000.

The Group has complied with the relevant financial covenants of its banking and other facilities during the six months ended 30 June 2024.

The carrying amounts of bank and other borrowings approximate to their fair values and are denominated in the following currencies:

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
HK\$	320,979	342,629
Japanese Yen	24,286	–
	<u>345,265</u>	<u>342,629</u>

8 DIVIDENDS

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Dividends	<u>9,990</u>	<u>100,000</u>

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.

Dividends during the six months ended 30 June 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.

Dividends not recognised at the end of the half-year

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Dividends	<u>17,000</u>	<u>100,000</u>

On 19 August 2024, the Board resolved to declare an interim dividend of HK3.4 cents per ordinary share, totalling HK\$17,000,000. Such interim dividend has not been recognised as a dividend payable as at 30 June 2024.

9 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 six months ended 30 June 2024.

During the six months ended 30 June 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.

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 six months ended 30 June 2024:

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Profit attributable to equity holders of the Company <i>(HK\$'000)</i>	34,307	26,178
Weighted average number of shares in issue <i>(thousand shares)</i>	500,000	375,000
Basic earnings per share <i>(HK cents)</i>	<u>6.86</u>	<u>6.98</u>

(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.

Diluted earnings per share for the six months ended 30 June 2024 was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the period (30 June 2023: Same).

10 TAXATION

Hong Kong profits tax has been provided at rate of 16.5% (30 June 2023: 16.5%) on the estimated assessable profits for the six months ended 30 June 2024.

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”, and are dedicated to providing reliable and accessible financing solutions to individuals and businesses.

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, cloud computing and business process automation technology, to automate and streamline our risk management systems and business process.

We have flexible solutions designed to address unique financial requirements and aim to provide opportunities for those who may have been overlooked by financial institutions.

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. During the Reporting Period, Unsecured Property Owner Loans remained as the major source of our revenue, contributing approximately 71.2% to our revenue. Interest income generated from Unsecured Property Owner Loans increased by 16.3% to HK\$96.8 million during the Reporting Period as compared to 1H2023. Our loan receivables for Unsecured Property Owner Loans increased from HK\$784.0 million as of 31 December 2023 to HK\$881.3 million as of 30 June 2024 due to the utilization of funds we received from the Global Offering which increased our lending capacity, allowing us to gradually grow our loan portfolio by granting loans to customers who satisfy our credit review and approval process. In general, we were more inclined to grant more Unsecured Property Owner Loans during the Reporting Period as proceeds from the Global Offering were considered as a readily available and cheaper source of funding, and our profitability is more secured by granting loans which have a lower risk of default.

We also provide Personal Loans and SME Loans, which are unsecured loans offered to individuals and small and medium enterprises, 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 9.7% to HK\$33.0 million during the Reporting Period as compared to 1H2023, contributing about 24.3% of our revenue for the Reporting Period, whereas interest income for SME Loans decreased by 7.2% to HK\$5.8 million during the Reporting Period as compared to 1H2023.

Our loan receivables for Personal Loans slightly decreased from HK\$242.3 million as of 31 December 2023 to HK\$238.9 million as of 30 June 2024, and our loan receivables for SME Loans increased from HK\$47.5 million as of 31 December 2023 to HK\$58.2 million as of 30 June 2024 due to our management’s decision to re-balance our loan portfolio.

We have also made a soft launch of our PayKool credit card in Hong Kong, and have been able to successfully and gradually ramp up our customer base, and started to record revolving credit card receivables balances. We have received favourable feedbacks and are currently in discussion with other stakeholders, including merchants and service providers, to integrate our PayKool credit card into digital wallets and to incorporate our BNPL service to merchant's online or physical stores, so as to prepare for the full launch of such initiative. The PayKool credit card has already generated interest income for our Group during the Reporting Period, and we expect the revenue from this initiative to gradually grow onwards.

Financial Review

Interest income

We recorded interest income of HK\$136.0 million for 1H2024 (1H2023: HK\$126.0 million), representing an increase of 8.0% from the interest income for the corresponding period in 2023. The increase was mainly attributable to the growth in our interest income from our Unsecured Property Owner Loans business.

Interest income from our Unsecured Property Owners Loans increased by HK\$13.6 million or 16.3% from HK\$83.2 million for 1H2023 to HK\$96.8 million for 1H2024, which 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 period) by 12.3% from HK\$741.5 million in 1H2023 to HK\$832.7 million during the Reporting Period since we were more inclined to grant more Unsecured Property Owner Loans in 1H2024.

Interest income from our Personal Loans decreased by HK\$3.6 million or 9.7% from HK\$36.6 million for 1H2023 to HK\$33.0 million for 1H2024 due to the decrease in our average loan balance by 4.2% from HK\$251.2 million in 1H2023 to HK\$240.6 million in 1H2024, whilst interest income from our SME Loans decreased by HK\$0.4 million or 7.2% from HK\$6.2 million for 1H2023 to HK\$5.8 million for 1H2024 due to the decrease in our average loan balance by 4.8% from HK\$55.5 million in 1H2023 to HK\$52.9 million in 1H2024.

Other income

We have recorded other income of HK\$5.0 million during the Reporting Period (1H2023: HK\$1.5 million) which mainly comprised of bank interest income and rental income from a related party. The increase of other income was primarily due to the increase in bank interest income as a result of unutilized proceeds from the Global Offering deposited at banks, and the Group only started to receive rental income from related party in April 2023, which did not cover the entire period of 1H2023.

Interest expenses

We have incurred interest expenses of HK\$14.6 million for the Reporting Period (1H2023: HK\$11.6 million), which mainly comprised of interest on interest bearing bank borrowings. The increase in interest expenses by HK\$3.0 million or 25.9% was primarily due to increase in average bank and other borrowings from HK\$278.6 million for 1H2023 to HK\$333.5 million for 1H2024.

General and administrative expenses

We have incurred general and administrative expenses of HK\$32.0 million for the Reporting Period (1H2023: HK\$39.3 million), which mainly comprised of employee benefit expenses, legal and professional fees, depreciation of property, plant and equipment and listing expenses. The decrease in general and administrative expenses by HK\$7.3 million or 18.6% was primarily due to the decrease in listing expenses during the Reporting Period.

Selling expenses

We have incurred selling expenses of HK\$15.6 million for the Reporting Period (1H2023: HK\$13.0 million), which mainly comprised of advertising and marketing expenses, credit card charges, employee benefit expenses, and depreciation of right-of-use assets. The increase in selling expenses by HK\$2.6 million or 20.1% was mainly due to the technology related expenses for the credit card business.

Expected credit losses, net

In 1H2023 and 1H2024, we recorded net expected credit losses of HK\$29.7 million and HK\$36.4 million, respectively, which was mainly due to the changes in the mix of loan portfolio among Unsecured Property Owner Loans, Personal Loans and SME Loans. 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\$34.3 million for the Reporting Period as compared to HK\$26.2 million for 1H2023.

Liquidity and Financial Resources

During the Reporting Period, our primary funding channels mainly include: (i) funding from loans or facilities from authorized institutions; (ii) cash flows from our operating activities; (iii) funding from a Japanese fund provider; and (iv) proceeds from the Global Offering. 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\$905.2 million as at 30 June 2024 (31 December 2023: HK\$880.9 million). As at 30 June 2024, cash and cash equivalents amounted to HK\$60.1 million (31 December 2023: HK\$218.4 million); amount due to fellow subsidiaries amounted to HK\$0.1 million (31 December 2023: HK\$0.1 million); and bank and other borrowings amounted to HK\$345.3 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 company 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 30 June 2024, unutilised banking facilities available to our Group for drawdown amounted to HK\$64.0 million (31 December 2023: HK\$29.0 million). It is our policy to prioritise the utilisation of our available facilities which offer the lowest finance cost to our Group.

Our bank and other borrowings (tax loans excluded) and interest-bearing connected advances for our working capital as of 30 June 2024 amounted to HK\$332.3 million (31 December 2023: HK\$324.3 million) with interest rates ranging from 3.00% to 9.65% per annum (31 December 2023: 7.81% to 9.93% per annum).

During the Reporting Period, all bank and other borrowings were repayable on demand and were secured by our loans and interest receivables. The amounts due to the ultimate holding company and fellow subsidiaries were 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 30 June 2024			As at 31 December 2023		
	Number of loan accounts	Loan receivables (HK\$' million)	%	Number of loan accounts	Loan receivables (HK\$' million)	%
Unsecured Property						
Owner Loans	2,727	881.3	74.5	2,443	784.0	73.0
Personal Loans	4,948	239.0	20.2	4,752	242.3	22.6
SME Loans	55	58.2	4.9	65	47.5	4.4
Credit cards	501	5.0	0.4	–	–	–
Total	8,231	1,183.5	100.0	7,260	1,073.8	100.0

Note: As of 31 December 2023, our credit cards business did not have any loan accounts or loan receivables.

As of 31 December 2023 and 30 June 2024, we had 65 and 55 loan agreements, respectively, with corporate borrowers, and certain borrowers might have multiple loan accounts with us.

The table below sets out the average loan size (i.e. the arithmetic average of loan principal originally granted for loans which generated interest income during each period) of our loan products during the Reporting Period and in 2023:

	Six months ended 30 June 2024 (HK\$'000)	Year ended 31 December 2023
Unsecured Property Owner Loans	318.8	319.2
Personal Loans	61.9	61.9
SME Loans	1,443.2	1,080.5
Overall	156.0	150.1

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

	As at 30 June 2024	As at 31 December 2023
Unsecured Property Owner Loans	59.5 months	60.4 months
Personal Loans	22.8 months	23.1 months
SME Loans	28.7 months	29.4 months
Overall	35.7 months	35.8 months

Due to the revolving nature of our credit card business, operational data for average loan size and average loan tenor for our credit card receivables are not considered relevant.

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

	As at 30 June 2024 (HK\$'000)	As at 31 December 2023
Unsecured Property Owner Loans		
Current	677,732	600,500
Overdue 1-30 days	11,051	9,513
Overdue 31-60 days	6,885	6,203
Overdue 61-90 days	6,365	6,244
Overdue over 90 days	179,246	161,561
Personal Loans		
Current	219,247	219,540
Overdue 1-30 days	3,113	3,052
Overdue 31-60 days	1,551	1,918
Overdue 61-90 days	1,465	1,771
Overdue over 90 days	13,560	16,014
SME Loans		
Current	55,507	43,170
Overdue 1-30 days	546	928
Overdue 31-60 days	308	647
Overdue 61-90 days	634	471
Overdue over 90 days	1,202	2,315
Credit cards		
Current	2,703	–
Overdue 1-30 days	585	–
Overdue 31-60 days	457	–
Overdue 61-90 days	538	–
Overdue over 90 days	759	–

The table below provides the breakdown of provision for impairment as of the dates indicated:

	As at 30 June 2024	As at 31 December 2023
	<i>(HK\$'000)</i>	
Unsecured Property Owner Loans	26,107	21,019
Personal Loans	69,849	72,104
SME Loans	15,671	16,332
Credit cards	2,284	–
Total	113,911	109,455

Key Financial Ratios

The following table sets forth the key financial ratios of our Group during the Reporting Period and 1H2023, and as of 30 June 2024 and 31 December 2023:

	As at 30 June 2024	As at 31 December 2023
Gearing ratio ⁽¹⁾	0.36	0.16
	For the six months ended 30 June	
	2024	2023
Interest coverage ratio ⁽²⁾	3.8 times	4.0 times

Notes:

- (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) 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 period.

Outlooks and Prospects

We remain optimistic about our business outlook in Hong Kong. In an increasingly digital world, we understand the importance of embracing technology and innovation to enhance our services. We continuously invest in cutting-edge systems and digital platforms to streamline our processes, deliver a seamless customer experience, and ensure the security and privacy of our customers' information.

The financial landscape is ever-evolving, and we hope to thrive in this dynamic environment by differentiating ourselves through personalized service, flexible terms, and efficient loan processing. By staying ahead of market trends and leveraging our expertise, we are confident in our ability to meet the evolving needs of our customers.

During the Reporting Period, we have secured funds through loans from authorized institutions and a Japanese fund provider which has enhanced our lending capacity, and opens up new business opportunities and potential revenue streams. Our reach can also be expanded as a result thereof, allowing us to target previously untapped customer segments. With a larger pool of funds available, we can offer more competitive interest rates, flexible loan terms, and attractive financing options. This competitive advantage can help attract borrowers who are seeking better terms and more favourable lending arrangements.

In the second half of 2024, we will continue to enhance the functionality of our credit card platform including strengthen our BNPL experience, enable tokenization transactions from digital wallets and so on. Besides, we will continue to revamp our K Cash GO Platform to enhance our AI based credit risk management capability and uplift our loan life cycle management operation efficiency. Furthermore, we will continue to develop our customer engagement platform to enhance our analytic capability and gain better insights of customer behaviours, so that we can provide personalized offers to our customers and reduce customer churn.

Material Acquisitions and Disposals

During the Reporting Period, our Group did not have any material acquisitions and disposals of assets, subsidiaries, associates or joint ventures.

Significant Investments

During the Reporting Period, our Group did not have any significant investments. As at the date of this announcement, the Group does not have any future plans for material investments or capital assets.

Pledge of Assets

As at 30 June 2024, certain gross loan receivables of HK\$919.0 million in aggregate (31 December 2023: HK\$821.1 million) and pledged bank deposit of HK\$75.7 million (31 December 2023: Nil) were secured for our Group's bank and other borrowings.

Foreign Exchange Exposure

During the Reporting Period, 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.

Employees and Remuneration Policy

As at 30 June 2024, we employed 59 employees (31 December 2023: 62). Our employee benefit expenses for the Reporting Period was HK\$19.5 million (1H2023: HK\$19.2 million).

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.

The Company also adopted the Share Scheme which was effective since 5 December 2023, and employees are eligible for share options and/or share awards under such scheme. As at 30 June 2024, no options or awards were granted to any person eligible to participate in the share scheme.

Contingent Liabilities

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

OTHER INFORMATION

Interim Dividend

The Board resolves to declare an interim dividend of HK3.4 cents per share for the six months ended 30 June 2024.

Corporate Governance

Our Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices. The Board is of the view that the Company has complied with all 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 the codes of conduct regarding securities transactions by the Directors and by relevant employees of the Group. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors' securities transactions during the Reporting Period.

Review of Results by the Audit Committee

The Audit Committee has reviewed the Group's unaudited interim condensed consolidated results for the six months ended 30 June 2024 and discussed with the management on the accounting principles and practices, financial reporting process, internal control adopted by the Group with no disagreement by the Audit Committee.

No Material Changes

Saved as disclosed in this announcement, during the Reporting Period, there were no material changes affecting the Group's performance that needs to be disclosed under paragraphs 32, 40(2) and 46(3) of Appendix D2 to the Listing Rules.

Events After the Reporting Period

Save as disclosed in this announcement, there was no material event affecting the Group since 30 June 2024 and up to the date of this announcement.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) 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 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 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.

The proceeds from the Global Offering are and will continuously be applied in the same manner as set out in the Prospectus, namely:

Purpose	Amount available for utilization	Utilized amount as of 31 December 2023 (HK\$ million)	Amount utilized during the Reporting Period	Utilized amount as of 30 June 2024	Expected timeline for full utilization of remaining net proceeds
Enrich our technology capabilities	30.6	2.7	3.8	6.5	By December 2026
Expand our loan portfolio	133.6	50.2	83.4	133.6	–
General working capital and general corporate purposes	17.0	8.2	8.8	17.0	–
Total	181.2	61.1	96.0	157.1	

Closure of Register of Members

For determining Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 3 September 2024 to Thursday, 5 September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement of the interim 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 September 2024. The interim dividend is expected to be paid on 20 September 2024.

Publication of Interim Results and Interim Report

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.kcash.hk. The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be made available on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

“1H2023”	the six months ended 30 June 2023
“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 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
“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 Stock Exchange
“Reporting Period” or “1H2024”	the six months ended 30 June 2024
“Shares”	ordinary shares in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“SME Loan(s)”	unsecured loan(s) offered by our Group to small and medium enterprises without security, subject to a personal guarantee typically provided by a director or shareholder of the 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 August 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.