
RISK FACTORS

[REDACTED] in our [REDACTED] involves risks. Before deciding to [REDACTED] in the [REDACTED], you should carefully consider all of the information in this document, including the following risk factors, in light of the circumstances and your own investment objectives. The occurrence of any of the following events could materially and adversely affect our business, financial condition and results of operations, in which case the [REDACTED] of our Shares could also decline, and you could lose part or all of [REDACTED]. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in Hong Kong and are governed by a legal and regulatory environment that may differ significantly from that of other countries.

There are certain risks involved in our operations, and many of these risks are beyond our control. These risks can be characterized as: (i) risks relating to our business and industry; and (ii) risks relating to the [REDACTED] and our Shares. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are exposed to credit risks of our customers who may default on their loans.

We engage in the money lending business where we provide financing to customers on the premise that such loans will be repaid together with interest. Our business is therefore subject to risks that our customers may fail to perform their contractual obligations and default on payment of interest and/or the principal. As of December 31, 2020, 2021 and 2022, our loan receivables before provision for impairment amounted to approximately HK\$1,094.6 million, HK\$946.1 million and HK\$1,018.8 million, respectively, of which we made approximately HK\$108.6 million, HK\$101.6 million and HK\$105.0 million, respectively, of provision for impairment. For the years ended December 31, 2020, 2021 and 2022, we recorded net expected credit losses of approximately HK\$69.7 million, HK\$41.9 million and HK\$37.7 million, respectively.

We remind borrowers of their late payments. 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. If our customers delay or default on their payments, we may incur additional legal costs and expenses in order to enforce the guarantee (for SME Loans), execute the order for sale (for Unsecured Property Owner Loans) and/or make provision for impairment or write-off the relevant loans and interest receivables, which will have a material adverse effect on our business, results of operations, financial condition and prospects. We do not obtain collaterals from our borrowers, hence the outstanding amount may not be recovered even if legal proceedings are brought against defaulting borrowers.

During the Track Record Period, we initiated 551 legal proceedings, and among these, we obtained court judgments against 321 overdue loans. As of December 31, 2022, we engaged our debt collection agent in 847 out of 1,961 overdue loans. Nevertheless, we have still written-off an aggregate loan and interest receivables of approximately HK\$40.2 million during the year ended December 31, 2022. During the Track Record Period, we enforced order for sale against ten underlying properties of overdue Unsecured Property Owner Loans. However, the value of one of the properties sold was insufficient to fully cover the outstanding amount, which led to a repossessed assets written-off of approximately HK\$86,000 for three years ended December 31, 2022. During the Track Record Period, we obtained one bankruptcy order against a defaulting borrower and the realization of assets from the defaulting borrower was unable to cover his debt to all creditors including us, which led to an aggregate loss of approximately HK\$0.5 million. We may incur this kind of loss in the future in the recovery of overdue loans, which could materially and adversely affect our business, results of operations, financial condition and prospects.

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If we fail to promote our financial technology-based services to a satisfactory level of market acceptance, or if we fail to continuously enhance our technologies at a competitive pace, we may lose certain businesses and may not be able to recover our investment on adopting the relevant technologies.

The fintech lending industry is characterized by rapidly changing technology, new service and product introductions and changing customer demands. Our competitors are constantly developing innovations in technology online marketing, communications, social networking and other services to enhance borrowers’ lending experience. We continue to invest resources in enhancing our fintech to provide efficient, speedy and competitively priced lending services. The success of any new services or current services that we offer would depend on our ability to promote relevant services, to raise our customers’ awareness of the new technologies, and to encourage the use of relevant technologies. If we are unable to promote our technology-based services successfully to achieve a satisfactory level of market acceptance, or if we have to phase out certain services due to lack of popularity among our targeted customers, we may not be able to recover the investment that we have made in the adoption of relevant technologies.

During 2020, 2021 and 2022, our fintech and technology support related expenses was approximately HK\$6.1 million, HK\$5.8 million and HK\$6.1 million, respectively. However, our competitors may be able to provide services that better cater to market demand and customers’ acceptance than ours through more advanced or appropriate technologies, which may result in our loss of business and a substantial decline of revenue. If we fail to keep up with the rapid development of technology and its application in the money lending market, we may lose our competitive advantage and market share, and our business, results of operations, financial condition and prospects may be materially and adversely affected.

If the credit or other information of a prospective borrower we receive from other parties is inaccurate or unreliable, the accuracy or effectiveness of our credit assessment and risk-based pricing may be compromised.

We perform credit assessment based on, to a significant extent, information provided by loan applicants and data provided by external credit reference agency and other third parties. Although we implement a series of credit assessment procedures to verify and cross-check loan applicants’ credit data, the information provided by loan applicants to us may be inaccurate or fraudulent, and the data provided by the external credit reference agency or third parties may be inaccurate or unreliable. Moreover, credit information and analysis provided by third parties may be falsified or tainted in the collection process and may be produced based on assumptions and methodologies undisclosed to us, which would limit our ability to properly use such data inputs in our credit assessment and risk-based pricing. In addition, historical data and analysis may not provide a reliable basis to assess an applicant’s credit profile where the economic conditions have changed or the financial conditions of such applicant deteriorate after the loan has been funded. Our risk-based pricing is made by taking into consideration various variables. If the underlying data is outdated, incomplete, inaccurate or otherwise not indicative of the creditworthiness of the borrowers, the accuracy or effectiveness of our credit assessment and risk-based pricing may be compromised, in which case we may approve less creditworthy borrowers from whom we are unable to recoup funds or effectively control our bad debt ratios, which may materially and adversely affect our business, results of operations, financial condition and prospects.

If we fail to control our credit risk exposure, our bad debt ratio may increase, and our business and results of operations may be adversely affected.

As of December 31, 2020, 2021 and 2022, our overall bad debt ratio was approximately 4.5%, 5.1% and 3.8%, respectively. For the year ended December 31, 2020, 2021 and 2022, our overall bad debt was

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approximately HK\$51.3 million, HK\$51.0 million and HK\$40.2 million, respectively. We deploy various fintech to strengthen our credit risk assessment abilities. These fintech tools assist us in valuing the assets of our loan applicant, categorizing them into different risk groups and reaching credit decisions based on credit score results to establish a risk profile for each of them. For a discussion of our adoption and application of fintech, see “Business — Our Fintech Application on our Back-end Operation” and “Business — Our Fintech Application on our Back-end Operation”. Although we continuously refine the pre-set parameters, algorithms, data processing and technologies underlying our credit assessment and risk management model, we cannot assure you that our fintech will continue to be effective without disruption. If we fail to continuously enhance any of these technologies at a competitive pace, our risk-based pricing capabilities could be negatively affected, which may result in mispriced loans or incorrect approvals or denials of loans. If we are unable to precisely assess the credit profiles of our borrowers, our bad debt ratios may increase and our business, results of operations, financial condition and prospects may be materially and adversely affected.

We are in a highly competitive industry. If we are not able to compete effectively, it could impact our profitability.

Hong Kong’s lending market is intensely competitive and rapidly evolving. According to the Frost & Sullivan Report, there were 2,414 licensed money lenders in Hong Kong as of December 31, 2022. These licensed money lenders operate under various scales and conditions, some of which may or may not be our direct competitors. Our competitors operate with different business models, have different cost structures or participate selectively in different market segments. They may ultimately prove to be more successful or more adaptable to new regulatory, technologies and other developments. Some of our current and potential competitors may have significantly more financial, technical, marketing and other resources than us and may be able to devote greater resources to the development, promotion, sale and support of their products. Our competitors may also have longer operating histories, more extensive borrower or lender bases, greater brand recognition, brand loyalty and broader partner relationships than us.

In response to competition and in order to gain or maintain market share, we may have to charge lower interest rate and bear higher marketing fees, which could materially and adversely affect our business and results of operations. Failure to (i) maintain or enhance our competitiveness in the money lending industry (ii) maintain our customer base with good credit standing or (iii) adapt to cutting-edge fintech may result in a decrease in profit and loss of market share, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Our provision for expected credit losses may not be adequate to cover actual credit losses.

We make provision for expected credit losses on our loan receivables in accordance with HKFRS. As of December 31, 2020, 2021 and 2022, our provision for impairment of loan receivables was approximately HK\$108.6 million, HK\$101.6 million and HK\$105.0 million, respectively, representing expected loss rates of approximately 9.9%, 10.8% and 10.3%, respectively. For details, see “Appendix I — Accountant’s Report — II. Notes to the Historical Financial Information — Note 14” and “Financial Information — Principal Components of our Combined Statement of Comprehensive Income — Reversal of credit losses/(expected credit losses), net”. In addition, in 2020, 2021 and 2022, we recorded net expected credit losses of approximately HK\$69.7 million, HK\$41.9 million and HK\$37.7 million, respectively. The determination of provision for impairment losses involves accounting judgment and estimates, and the expected credit losses are a probability-weighted estimate of credit losses. Our provision may prove to be inadequate if unforeseen adverse changes occur in Hong Kong’s economy, or if other events adversely affect specific customers such that the amount of loan we recovered is less than our net expected credit loss. Under such circumstances, we may need to make additional provisions,

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which could significantly reduce our profit and may materially and adversely affect our business, results of operations, financial condition and prospects.

Our future expansion plans are subject to uncertainties and risks.

We intend to further expand our existing loan portfolio and diversify our product offerings with our fintech capability. In particular, we intend to introduce “Buy Now Pay Later” services in response to the evolving market trend. Further information on our future plans is set out in the section headed “Future plans and [REDACTED]” of this document.

Whether or not our business expansion plan can be implemented successfully depends on various factors which may be beyond our control, such as additional compliance expenses due to regulatory change and delays in obtaining the necessary licenses and approvals from the government. There is no assurance that our business expansion plans may be implemented successfully. If we fail to project accurately the time, labor and costs required for implementing our expansion plans, or if we fail to comply with the new regulatory requirements or secure sufficient number of customers or at all after the expansion, our business, results of operations and prospects may be materially and adversely affected.

In addition, our business expansion plan may place substantial demands on our managerial, operational, technological, financial and other resources. All of these endeavors will require substantial attention and time from our management and significant additional expenditures. We cannot assure you that we will be able to manage any future business expansion effectively and efficiently, and our ability to capitalize on new business opportunities may be materially and adversely affected if we fail to do so, which could in turn materially adversely affect our business, results of operations, financial condition and prospects.

We may not be able to obtain sufficient funding on terms acceptable to us to finance our operation; we may not be able to comply with covenants in our borrowings, and our lenders may request loan repayment without prior notice.

During the Track Record Period, our money lending business was primarily financed by (i) funding provided by banks (excluding tax loans); (ii) loans from Controlling Shareholders and their close associates; and (iii) cash flow from our operating activities.

The growth and success of our future operations depend 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 and securing a stable stream of funds from our funding resources. There is no assurance that we will generate sufficient cash flow from our operating activities for our intended expansion and growth plans. In the event that we do not have such operating cash flow, we may need to obtain alternative financing. There is no assurance that we will be able to obtain adequate financing from other sources on acceptable terms or at all. If we are unable to obtain financing from banks and authorized institution in the near future, we may be required to seek more expensive financing alternatives, which may result in an increase in our finance costs and adversely affect our business, results of operations, financial condition and prospects.

We are subject to and restricted by restrictive covenants in our borrowings. For example, we undertake that (i) we will not offer or promote any products for our borrowers to purchase properties that do not conform to the prudential measures or guidelines in relation to mortgage financing issued by The Hong Kong Monetary Authority; and (ii) the working capital facilities will not be used for property acquisition or investment purposes. During Track Record Period, we did not breach any restrictive covenant in our loan facilities. There is no assurance that we will always be able to comply with the

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restrictions and covenants in our current or future debt obligations and other agreements in the future. In the event of a default under such agreements, the lenders could terminate their commitments to us, accelerate the debt or declare all borrowed amounts due and payable. If we default under our debts, there can be no assurance that our working capital would be sufficient to repay those debts in full as they become due, or that we would be able to find alternative financing on terms that are acceptable to us or at all. In addition, some 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 the lenders terminate the facility upon the occurrence of the termination events, we may fail to meet the funding requirements and may not be able to obtain new facilities from other authorized institutions as replacement in time or at all. In such case, our finance costs may then increase and our business, results of operations, financial condition and prospects may be materially and adversely affected. In addition, any expansion plans will be limited by our capacity to obtain financing from sources other than banks or authorized institution and we may be required to scale back our planned expansion, which may adversely affect our business, results of operations, financial condition and prospects.

Our financial performance and securing funding source of reasonable cost may be adversely affected if our net interest margin erodes due to an increase in finance costs, fluctuations in Hong Kong market interest rates or competition.

During the Track Record Period, we obtained part of the funding for our business from independent authorized institutions, at a commercially viable interest rate. Our borrowings from Independent Third Parties (excluding tax loans) remained relatively stable at approximately HK\$306.0 million, HK\$291.0 million and HK\$282.0 million as of December 31, 2020, 2021 and 2022, respectively, for our business operation. During the Track Record Period, we also obtained funding from our Controlling Shareholders and their close associates. As of December 31, 2020, 2021 and 2022, we had borrowings of approximately HK\$323.6 million, HK\$305.9 million and HK\$39.1 million, respectively, from our Controlling Shareholders and their close associates at either no or a reasonable interest rate. Our operational results and profitability hinge on the net interest margin, primarily being the difference between the average effective interest rate of our loan products and the effective interest rate of our interest-bearing borrowings. For the years ended December 31, 2020, 2021 and 2022, our overall net interest margin was approximately 23.8%, 22.9% and 23.3%, respectively. For a discussion on the changes of our net interest margin during the Track Record Period, see “Financial Information — Results of Operations”. As our loan products carry fixed interest rates but the majority of funds obtained and used in providing our loan products are loans we obtained from authorized institution which are based on the Hong Kong dollar prime rate, any fluctuation of the prevailing market interest rate may erode into our net interest margin if we cannot pass it to our customers. During the Track Record Period, the Hong Kong dollar prime rate of authorized institution from which we obtained fundings increased from 5.250% per annum to 5.875% per annum.

We adopt risk-based pricing that reflects each borrower’s unique risk profile. We periodically review and modify our risk-based pricing model, taking into consideration not only the borrower’s credit risk but also other factors, particularly the prevailing market interest rates. If the market interest rates decrease after a loan is made, our borrowers may repay their loans in advance and transfer their loan accounts from us to our competitors or apply for a second loan from us with more favorable interest rates to take advantage of the lower prevailing rates, leading to lower interest income. If interest rates rise after a loan is made, we may lose the opportunity to take advantage of the higher rates. There is no assurance that we will continue to maintain the same net interest margin by virtue of securing funding from Independent Third Parties, particularly authorized institutions, at a commercially viable interest rate or at all. In the event that we are unable to acquire the required financing at competitive interest rates or at all, our business, results of operations, financial condition and prospects may be materially and adversely affected.

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If we or our debt collection agent cannot effectively and properly collect overdue loans, our business, results of operations and financial condition may be materially and adversely affected.

We rely on our frontline departments and debt collection agent to handle the collection of overdue loans. We also initiate legal proceedings for debt collection where necessary. Even though we carry out all these measures for debt collection, we may still not be able to collect overdue loans and may suffer losses. In addition, if any collection methods are determined as harassments, threats, forced collection or other improper activities, or if our debt collection agent uses any other aggressive measures in the collection process, we may be subject to complaints from public, lawsuits, administrative penalties or other regulatory actions and may be prohibited from using these collection methods or suffer reputational damage. If this happens and we fail to adopt alternative collection methods in a timely manner or the alternative collection methods are not effective, we may be unable to continue to effectively recover our loans, and our business, results of operations, financial condition and prospects may be materially and adversely affected. We have adopted internal control measures to monitor debt collection activities of our debt collection agent. See “Business — Risk Management and Internal Control — Loan collection” for more details.

Our business is affected by changes in the general economic, social political and legal landscape in Hong Kong.

Our business activities are based in Hong Kong and we are directly affected by any change or development in the local economic, social, political and legal situations as well as government policies in Hong Kong. Such changes or developments are subject to numerous factors, such as the global economy and political conditions which are beyond our control. Events with adverse impact on borrowers’ confidence and risk appetites, such as unemployment, travel restrictions and anything that will cause the Hong Kong economy to deteriorate, may lead to a reduction in borrowing behavior and in turn affect our business performance. Poor economic conditions also reduce our customers’ ability to repay their obligations to us which reduces our interest income and size of our loan portfolio and increases our credit losses. Any adverse change in the local economic, social and political environment may lead to a prolonged period of sluggish market activities and a deterioration in investment and trading activities, which may in turn adversely affect our business, results of operations, financial conditions and prospects.

As there is no security for most of our unsecured loan product, we are heavily reliant on the credit of the borrowers and our credit risk management. Although we utilize various fintech to enhance our risk management capability, especially our credit assessment on our clients, the analysis conducted through these fintech is based on historical information and behavior of the clients or information provided by our clients. In respect of our Personal Loans, we rely on the prediction on the default probability and credit scores generated by our IDCM through analyzing credit data and behavior patterns according to certain pre-set parameters. In respect of our Unsecured Property Owner Loans, we review the applicant’s credit history and the value of the property owned by the applicant. In respect of SME Loans, we conduct risk assessment primarily based on the applicant’s operating history and financial condition as well as the credit assessment of the guarantor for the SME Loan, who is typically a director, shareholder or ultimate beneficial owner of the applicant. All these review and analysis are conducted when the loans are being applied for. The accuracy of the parameters we set and the data we assess may not reflect subsequent changes and the accuracy of our credit assessment could be affected by changes in key macro factors. A slowdown in the Hong Kong economy may result in an over optimistic credit assessment result of our borrowers and any changes in the laws, regulations and social political may result in the inaccuracy of our pre-set parameters and assessment results, and may ultimately adversely affect our business performance.

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For Unsecured Property Owner Loans, we generally have legal remedies to recover the overdue amount by way of registering a charging order on the property owned by the borrower and obtaining an order for sale. The value of properties owned by the borrowers may decline due to various factors, including those affecting the overall real estate market conditions in Hong Kong. There may be a shortfall between the outstanding amount and amount of sale proceeds of the property that is the subject of the order for sale, which would ultimately affect our business, results of operations and financial condition.

Our business may be affected by changes in laws and regulations applicable to the money lending industry, in particular the Money Lenders Ordinance.

Our business operation is regulated under the Money Lenders Ordinance and compliance with such regulation and all applicable laws is essential for us to carry on our business. Relevant regulatory authorities may from time to time amend the Money Lenders Ordinance or applicable laws or adopt new laws and regulations applicable to licensed money lenders in Hong Kong. Since December 30, 2022, the statutory interest rate cap for lending was lowered from 60% to 48% per annum, and the threshold of extortionate rate under the Money Lender Ordinance was lowered from 48% to 36% per annum. Our loan portfolio consists of loan agreements with interest rate higher than 36% per annum. Before deciding whether a loan transaction is extortionate, the court will consider if: (a) it requires the borrower or a relative of his to make payments (whether unconditionally or on certain contingencies) which are grossly exorbitant; and (b) it otherwise grossly contravenes ordinary principles of fair-dealings. Hence, if the court is dissatisfied with our rationale for charging such rate and considered such rate grossly contravenes ordinary principles of fair dealings, we are subject to the risk that these transactions would be declared extortionate, and the court may then reopen the transaction between the parties and make orders or directions in respect of terms of the loan or rights of parties as it thinks fit. Our business, results of operations, financial condition and prospects may be materially and adversely affected if we are unable to comply with requirements of applicable laws and regulations related to the money lending industry in Hong Kong, or if our loan agreements are considered extortionate by the court.

For the loans granted by us to our customers, the relevant interest rate shall not exceed the statutory limit on effective interest rate as stipulated under the Money Lenders Ordinance, that is, 48% per annum since December 30, 2022. In the event that such maximum limit for interest rate is further lowered as a result of any change to the Money Lenders Ordinance and/or any relevant laws and regulations, thus limiting and lowering the interest rate we can offer to our customers, our business, results of operations, financial condition and prospects may be materially and adversely affected. Any changes to the current applicable laws or new laws related to our industry may require us to change our business practice or internal policy, and ultimately affect our results of operations and financial condition. For more details, see “Regulatory Overview — Money Lending — Licensing & Registration”.

Our business and reputation could be adversely affected by negative publicity in relation to us, our management personnel or the money lending industry generally.

The corporate image and reputation of a licensed money lender is an important consideration for prospective borrowers when they decide whether to borrow from one licensed money lender over another or over the traditional banking sector more generally. The reputation of us, our management team and the money lending industry are therefore highly correlated to our success. Our business prospects and reputation could be adversely affected by negative media publicity, including the publication of derogatory or defamatory articles relating us, our management team or the money lending industry generally. Adverse publicity, which might deter prospective borrowers from borrowing from us or may cause existing borrowers to redeem their loans, may not only adversely affect our reputation but also our business, results of operations, financial condition and prospects. Furthermore, negative publicity may also affect our ability to raise additional funds from external parties.

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We may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending ourselves against such claims or proceedings. Our business may be affected if we fail to obey relevant regulatory requirements or fail to obtain or renew approvals, licenses and permits from regulatory authorities.

Our business operations entail litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to loan disputes, fraud and misconduct, sales and customer services and control procedures deficiencies, as well as the protection of personal and confidential information of our users. We may be subject to claims and lawsuits in the ordinary course of our business. We may be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. Complying with government regulations may require substantial expenses, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expenses and divert substantial management time to resolve any deficiencies. We may also experience adverse publicity arising from such non-compliance, which may negatively impact our corporate image. A significant regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees would have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, we may fail to or experience difficulties in obtaining necessary approvals, licenses and permits for our business. During the Track Record Period and as of the Latest Practicable Date, we did not fail to renew our licenses, and our licenses have never been canceled, revoked, or suspended. There can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain or maintain all licenses required to operate our business, our planned expansions may be delayed and our ongoing business could be interrupted. We may also be subject to fines and penalties. In particular, under the Money Lenders Ordinance, in order to carry a money lending business in Hong Kong, we are required to renew our Money Lenders Licenses from the Licensing Court on a yearly basis upon our satisfying all the licensing conditions set out in the Money Lenders Ordinance. There is no assurance that our Money Lenders Licenses can be renewed in a timely manner, which may affect our operations materially. In case of non-compliance with the Money Lenders Ordinance, we may be subject to penalty charges or prosecution for a criminal offense. This may lead to suspension or revocation of our Money Lenders Licenses and termination of our money lending business. For the latest status of our Money Lender Licenses as of the Latest Practicable Date, see “Business — License, Permits and Approvals”.

Our failure to protect the confidential information of our customers may subject us to liabilities, administrative penalties or other regulatory actions imposed by data privacy and protection laws and regulations, and may negatively impact our reputation and deter borrowers from using our products and services.

We collect, store and process a large volume of personal and other sensitive data provided by our customers and other third party sources. Although we have taken various measures and adopted certain internal policies to protect the confidential information to which we have access, our security measures could still be breached. Confidential customer data may be leaked and used for unintended purposes in the event of any accidental or willful security breaches or other unauthorized access to our system, which may expose us to liability, administrative penalties or other regulatory actions related to the loss of information and damage our brand and reputation.

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In recent years, the Hong Kong government tightened the regulations of the storage, sharing, use, disclosure and protection of personal data. Our collection, storing, and process of personal and sensitive data are regulated by the PCPD and regulated under PDPO, and all applicable laws and regulatory guides. PDPO has been amended in 2021 and 2022, and strictly requires data users to comply with some data protection principles, such as compliance with data access requests and data correction requests, erasure of data no longer required, taking specified action before using and providing personal data in direct marketing, and so on. In addition, the new MCRA Platform, which allows the exchange of consumer credit data among participating credit providers, has been launched in November 2022 in Hong Kong and the existing proprietary channel of the pre-existing credit reference agency is scheduled for termination in August 2023. Hong Kong Monetary Authority has issued regulatory guides, such as IC-6 “The Sharing and Use of Consumer Credit Data through Credit Reference Agencies,” to ensure the security, confidentiality, and integrity of consumer credit data expected to be exchanged within the platform. As of the Latest Practicable Date, we have submitted application and are taking steps to join the MCRA platform. Hence, we may be required to change our privacy policies or business practice according to laws relevant to data protection, such as PDPO, and regulation guidance issued by HKMA governing CRP participants.

During the Track Record Period, we have not received any data privacy related complaint and have not been subject to any data privacy related claim. In addition, we have established an internal system and certain policies to protect customer information with remedial measures. However, we cannot assure our data privacy protection system will be considered sufficient under the applicable laws and regulations due to the uncertainty of the interpretation and implementation of the existing laws and regulations. Moreover, there could be new laws, regulations or industry standards that have new requirements on data or privacy protection. Complaints, claims or allegation on our inability to adequately address privacy concerns, or to comply with applicable privacy or data protection laws, regulations and privacy standards, even if unfounded, may expose us to liability, expenses, damage our reputation, discourage the use of our loan products and related services and harm our business, results of operations, financial condition and prospects.

Any undetected errors of or security breaches into our IT infrastructure, including cyberattacks, computer viruses, physical or electronic break-ins or similar disruptions, could adversely affect our business.

We deploy various fintech in our business operations. Our ability to deliver our services in a quality and timely manner depends on the satisfactory performance and reliability of our IT infrastructure and systems. The software and IT infrastructure on which we rely may now or in the future contain, undetected errors or bugs. Errors, malfeasance or design defects within the software and IT infrastructure on which we rely may result in a negative experience for the customers of our online services, delay introductions of new features or enhancements, result in errors or inaccuracy of data analysis, or compromise our ability to protect customers’ data. Furthermore, our IT infrastructure may be vulnerable to significant accidents or natural disasters, such as fire, flood or earthquakes, or man-made problems, such as power outage, strikes, terrorism or cyberattacks. Our operations also depend on the systems of our third-party service providers, such as telecommunications carriers. Any occurrence of natural disasters or man-made problems on our or our third party providers’ systems may cause lengthy interruptions to our services, and we may not have sufficient capacity to recover all data and restore services after the interruptions. If any serious errors, bugs or defects were to be discovered in our software or IT infrastructure, or the IT infrastructure that we use were to experience any significant disruptions, we may not be able to protect our confidential information, customer data or our intellectual property, or provide online services to borrowers in a timely and efficient manner, or we may be exposed to liabilities related to loss of information or time-consuming and expensive litigation and negative publicity, and in turn, our business, results of operations, financial condition and prospects may be materially and adversely

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affected. If any of these occurs, it could harm our reputation and reduce the attractiveness of our services to borrowers. During the Track Record Period, we did not experience any hacking of client accounts, technical malfunction, data leakage, unauthorized use and other incidents that lead to a material business disruption. We currently do not maintain business interruption insurance to compensate us for potentially significant losses, including potential harm to our business that may result from interruptions to our loan services.

We may not be able to detect and prevent errors, misconduct and illegal activities committed by our employees or third parties, which could harm our business and reputation.

During our daily operations, we may be exposed to errors, misconduct and illegal activities by our employees, other third parties that could subject us to financial losses and regulatory penalties and adversely affect our reputation. Although our internal control procedures are designed to monitor our operations and ensure overall compliance, it is not always possible to identify and deter all non-compliance incidents or suspicious activities in a timely manner or at all. The precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. Bribery, including acceptance of kickbacks, other illegal benefits or gains by our employees or third parties, such as our referral partners and agents and debt collection agent, in our ordinary course of business may be difficult to detect and the precautions we take to prevent and detect such activities may not be effective. If any of our employees engages in illegal or suspicious activities or other misconduct, we could suffer economic losses and may be subject to regulatory sanctions and significant legal liability, and our financial condition and ability to attract new borrowers may be adversely affected as a result. If any sanction was imposed against an employee during his employment with us, even for matters unrelated to us, we may be subject to negative publicity which could adversely affect our brand, public image and reputation, as well as potential challenges, suspicions, investigations or alleged claims against us.

We face certain risks associated with the outbreak of COVID-19.

The outbreak of COVID-19 has had a negative impact on global and local economy. It has, for example, caused the unemployment rates to increase in Hong Kong, led to a weak consumption market and negatively affected the local economic condition, which in turn led to a difficult operating environment for businesses, especially SMEs. If our borrowers fail to repay their obligations to us, our bad debt ratio may increase and our business, results of operations, financial condition and prospects may be negatively impacted. During the Track Record Period, we have tightened our credit risk management policy which also made us lose certain business opportunities and had an adverse effect on our business performance. For details, see “Business — Risk Management and Internal Control — Credit risk management — Credit Risk Management for COVID-19 Outbreak”.

In addition, the ongoing concern regarding COVID-19, particularly in relation to restrictions on social distancing and travelling, may also disrupt our operations. During the Track Record Period, when our employees contacted, or were suspected of contacting, COVID-19, we had to quarantine some or all of our employees and shorten our operating hours. While COVID-19 preventive measures, including social distancing and quarantine, have been loosen recently, we cannot guarantee that more restrictive measures will not be readopted in future. The extent to which COVID-19 impacts our business, results of operations, financial condition and prospects will depend on future developments, which is highly uncertain and cannot be predicted. Where COVID-19 becomes more severe or more restrictive measures are imposed, it may have a negative impact on our business plans and strategies, as well as our business, results of operations, financial condition and prospects.

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Any failure to protect our intellectual property or inappropriate use of our intellectual properties could harm our business, competitive position and our reputation.

We rely on a combination of intellectual property laws regarding trade secrets, trademarks and other rights, as well as agreements with our employees and other third parties that impose confidentiality obligations, to protect our proprietary rights. For details relating to our intellectual property rights, see “Appendix IV — Statutory and General Information — B. Further information about our business — 3. Our material intellectual property rights”. These measures may be inadequate to protect any of our intellectual property rights from being challenged, invalidated, circumvented, infringed or misappropriated by third parties.

Our intellectual properties comprise registered trademarks and domain names. If we fail to protect these intellectual properties from being inappropriately used by unauthorized third parties, our business and reputation could be adversely affected. For instance, if an unauthorized third party uses our trademark to provide unlawful loans to borrowers, we may get into disputes and be associated with a negative company image. It is often difficult or costly to effectively protect intellectual property rights or to enforce contractual rights. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could be costly, time-consuming and distracting to our management. We can provide no assurance that we will prevail in such litigation. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, results of operations, financial condition and prospects.

We have established business collaborations in different areas of our operations. Failure to maintain our relationship with these business partners may materially and adversely affect our business, results of operations, financial condition and prospects.

We have established collaborations with our business partners in different areas of our operations. In particular, we worked with a global technology services provider to develop our unique Credit Modeling System which takes into account behavior patterns of our applicants and specific parameters determined by us based on our experience, industry knowledge and modeling capabilities. We collaborate with an external credit reference agency to use its AQM System to generate the AQM Score which assists us in making lending decisions. We also engaged GRG HT (HK) Co., Limited, a leading ATM manufacturer headquartered in China, to develop our VTMs in various phases, which we believe are pioneering in the Hong Kong money lending market. In addition, our connected person, Modern Creative, provides us with debt collection services. The process of business collaboration fosters trust with our business partners for ongoing and deeper cooperation. If we fail to maintain our business relationship with these business partners or locate any alternative service providers on acceptable terms or at all, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our success depends on the continuing efforts of our executive Directors and other key personnel, and our business may be harmed if we lose their services.

Our future success depends on, to a certain extent, the continuing services and performance of our key management personnel. We must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel. If our executive Directors fail to work together successfully, or if one or more of them are unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner which we expect. Competition for experienced management and operating personnel in the money lending industry is strong, while the pool of qualified candidates is limited. We may not be able to retain the services of our key management and operating personnel or attract and retain high quality senior executives or key personnel in the future. In addition, if one or more of our key personnel are unable or unwilling to continue in their present

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positions, we may not be able to replace them easily or at all. Therefore, our business may be disrupted and our results of operations may be materially and adversely affected. In addition, if any member of our key personnel joins a competitor or forms a competing business, we may lose business secrets and know-how as a result. Any failure to attract, retain and motivate these key personnel may negatively impact our business, results of operations, financial condition and prospects.

Our business could be adversely affected by difficulties in employee recruitment and retention.

Our continued success depends in part on our ability to attract, motivate and retain a sufficient number of qualified employees for our business. We rely on our employees to upgrade and operate the various technologies used in the ordinary course of our lending business. Without adequate fintech and IT talents, we may not be able to maintain our competitiveness in respect of technologies. We cannot assure you that we will be able to recruit or retain a sufficient number of qualified employees for our business. Any material increases in employee turnover rates and any failure to recruit skilled personnel and to retain key staff due to factors such as failure to keep up with market average employee salary levels may make it difficult for us to continue our operations or implement our growth strategy. Any increased labor costs due to factors such as competition, increased minimum wage requirements and employee benefits would adversely impact our operating costs. Any of the above could materially and adversely affect our business, results of operations, financial condition and prospects.

Our historical financial and operating results are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

Our historical results and growth may not be indicative of our future performance. Our financial and operating results may not meet the expectations of [REDACTED], which could cause the [REDACTED] of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control. These factors can include general economic conditions, special events, government regulations, policies affecting money lending companies in Hong Kong, and our ability to control costs and operating expenses. In addition, we expect to recognize some of our expenses related to the [REDACTED] for the year ending December 31, 2023, which will impact our net profit. Investors should not rely on our historical results to predict the [REDACTED] of our Shares.

Our business is subject to risks of natural disasters, health epidemics and other unforeseeable calamities, which could significantly disrupt our operations.

In addition to COVID-19, we are vulnerable to various unforeseeable natural disasters and calamities. Natural disasters, such as fire, floods, typhoons, earthquakes may cause serious interruption to the daily lives of Hong Kong borrowers and the operation of our business. Wars, terrorist attacks, telecommunications failures, break-ins or other similar events may give rise to delays, loss or corruption of data or malfunctions of our technologies as well as adversely affect our ability to provide products and services to our customers. Epidemics, such as the Ebola virus disease, the H1N1 flu, the avian flu and so on, could disrupt our business operations if any of our employees is infected or is suspected of having contracted such diseases. Furthermore, our operations may experience material disruptions if any lockdown caused by epidemics was to occur in Hong Kong.

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RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and an active trading market may not develop.

Prior to the [REDACTED], there has been no public market for our Shares. The initial [REDACTED] of our Shares, and the [REDACTED], will be the result of negotiations between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us. In addition, while we have applied to have our Shares [REDACTED] on the Stock Exchange, there can be no guarantee that (i) an active trading market for our Shares will develop; or (ii) if it does, that it will be sustained following the completion of the [REDACTED]; or (iii) that the [REDACTED] of our [REDACTED] will not decline below the [REDACTED]. You may not be able to resell your shares at a price that is attractive to you or at all.

The price and trading volume of our Shares may be volatile which could result in substantial losses

The price and trading volume of our Shares may be volatile. The [REDACTED] of our [REDACTED] may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- investors’ protection of our Group and our future business plan;
- variations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- changes to our Group’s management personnel;
- changes in securities analysts’ estimates of our financial performance;
- the depth and liquidity of the market for the Shares;
- announcement by us of significant acquisitions, greenfield developments, strategic alliances or joint ventures;
- fluctuations in stock [REDACTED] and volume;
- involvement in litigation; and
- general economic and stock market conditions.

Since there will be a gap of several days between pricing and trading of our [REDACTED], holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our [REDACTED] begins.

The [REDACTED] of our [REDACTED] is expected to be determined on the [REDACTED]. However, our [REDACTED] will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the pricing date. As a result, investors may not be able to sell or [REDACTED] our [REDACTED] during that period. Accordingly, holders of our Shares are subject to the risk that the price of our [REDACTED] could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

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Future sale or major divestment of Shares by our Controlling Shareholders could materially and adversely affect the prevailing [REDACTED] of our [REDACTED].

The [REDACTED] of a significant number of our [REDACTED] in the public market after the [REDACTED], or the possibility of such sales, by our Controlling Shareholders could materially and adversely affect the [REDACTED] of our [REDACTED] and could materially impair our future ability to raise capital through [REDACTED] of our [REDACTED]. Although our Controlling Shareholders have agreed to a lock-up on their Shares, any major disposal of our [REDACTED] by any of our Controlling Shareholders upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing [REDACTED] of our [REDACTED] to fall, which could negatively impact our ability to raise equity capital in the future.

Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our [REDACTED] best interests.

Immediately following the [REDACTED], our Controlling Shareholders will, in aggregate, beneficially own [REDACTED]% of our Company’s outstanding shares on a fully-diluted basis, or approximately [REDACTED]% if the [REDACTED] is exercised in full. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, the non-controlling Shareholders could be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Our Controlling Shareholders have no obligation to consider the interests of our Company or the interests of our other Shareholders other than pursuant to the deed of non-competition. For more details, see “Relationship with our Controlling Shareholders — Deed of Non-competition by our Controlling Shareholders”. As such, our Controlling Shareholders’ interests may not necessarily be in line with the best interests of our Company or the interests of our other Shareholders, which may have a material and adverse effect on our Company’s business operations and the price at which our [REDACTED] are traded on the Stock Exchange.

There can be no assurance that we will declare or distribute any dividend in the future.

Subject to the Companies Act and the Articles, we may declare dividends, but no dividends shall exceed the amount recommended by our Board. We may also from time to time pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company, and may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as we think fit.

Any decision to pay dividends will be made having regard to factors such as the results of operations, financial condition and position, and other factors deemed relevant by our Board. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be reinvested in our operation. There can be no assurance that we will be able to declare or distribute any dividends in the future. Our future declarations of dividends will be at the absolute discretion of our Board.

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Certain statistics contained in this document are derived from a third party report and publicly available official sources.

This document includes information and statistics relating to the money lending industry and markets. For more details, see “Summary”, “Industry Overview” and “Business”. Such information and statistics have been derived from various official government and other publications and from a third party report commissioned by us. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the [REDACTED], the [REDACTED], the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers or representatives, or any other person involved in the [REDACTED], and no representation is given as to its accuracy. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, in other jurisdictions.

Therefore, you should not unduly rely upon the industry facts and statistics contained in this document.

[REDACTED] should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, there has been coverage in the media regarding us and the [REDACTED], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, [REDACTED] are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “going forward”, “intend”, “plan”, “project”, “seek”, “expect”, “may”, “ought to”, “should”, “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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Purchasers of our Shares in the [REDACTED] will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our Shares is higher than the net tangible asset value per Share immediately prior to the [REDACTED], and therefore [REDACTED] will experience an immediate dilution when they purchase our Shares in the [REDACTED].

In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of our Shares may experience further dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.