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VCREDIT Holdings Limited

維信金科控股有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock Code: 2003)

US\$85 Million 11.0% Senior Notes Due 2022

(Stock Code: 40498)

POSITIVE PROFIT ALERT

This announcement is made pursuant to rule 13.09 of the Listing Rules and the Inside Information Provisions.

The Board wishes to inform Shareholders and investors in securities of the Company that, based on the latest available information and a preliminary assessment of the latest unaudited consolidated management accounts of the Group, the Company is expecting to record a net profit of not less than RMB750 million, and an adjusted net profit⁽¹⁾ of not less than RMB780 million, for the Period, as compared to the net loss of RMB1,081.2 million, and the adjusted net loss⁽²⁾ of RMB1,042.0 million, for the Corresponding Period.

Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by VCREDIT Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and investors in securities of the Company that, based on the latest available information and a preliminary assessment of the latest unaudited consolidated management accounts of the Group, the Company is expecting to record a net profit of not less than RMB750 million, and an adjusted net profit⁽¹⁾ of not less than RMB780 million, for the six months ended 30 June 2021 (the “**Period**”), as compared to the net loss of RMB1,081.2 million, and the adjusted net loss⁽²⁾ of RMB1,042.0 million, for the six months ended 30 June 2020 (the “**Corresponding Period**”).

The expected net profit for the Period and the significant turnaround from the net loss for the Corresponding Period is primarily attributable to:

- (1) an increase in total income from a greater loan origination volume as a result of improved economic and market conditions, and recovery in demand for consumer finance products, in China; and
- (2) a decrease in the amount of fair value loss in the Group’s loan portfolio due to significant improvement in delinquency rates for loan repayments.

The Group’s loan origination volume was RMB 22.53 billion for the Period, an increase of 69.2% compared to RMB13.31 billion for the Corresponding Period and an increase of 29.0% compared to RMB17.46 billion for the six months ended 31 December 2020.

Through strategic changes in credit and customer acquisition policies that target higher quality prime and near-prime customers, as well as adjustments to risk management policies that enhance post-loan origination portfolio management and increase loan payment collection efficiency, the Group has been able to maintain lower delinquency rates and achieve higher risk-adjusted returns on its credit portfolio during the Period.

Certain delinquency ratios tracked by the Group illustrate the current asset quality of the Group’s loan portfolio. The First Payment Delinquency Ratio⁽³⁾, which is a leading indicator of the Group as to its asset quality among newly originated loans, remained at a similar level during the Period to the First Payment Delinquency Ratio of 0.4% for the fourth quarter of 2020. Meanwhile, the Group’s M3+ Ratio⁽⁴⁾ for the Period decreased to 1.4%, as compared to 2.9% for the fourth quarter of 2020. Both of these ratios are better than they were immediately prior to the outbreak of the Covid-19 pandemic at the beginning of 2020.

Notes:

- (1) Adjusted net profit means net profit for the Period after excluding share-based compensation expenses.
- (2) Adjusted net loss means net loss for the Corresponding Period after excluding share-based compensation expenses.
- (3) First Payment Delinquency Ratio is defined as the total balance of outstanding principal amount of the loans originated in the applicable period that were delinquent on their first payment due dates divided by the aggregate loan origination volume in the applicable period.
- (4) M3+ ratio is calculated by dividing (i) the outstanding balance of online loans which have been delinquent for more than 3 months and have not been written off by (ii) the total outstanding balance of loans to customers excluding offline credit products, which had a negligible balance of RMB101.6 million as at 31 December 2020 and as of RMB36.4 million as at 30 June 2021.

The information contained in this announcement is based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the Period by the Board. The unaudited consolidated management accounts of the Group for the Period have not yet been reviewed or audited by the Company's audit committee or external auditor. The Company is still in the process of finalising the Group's unaudited consolidated interim results for the Period which may differ from the information contained in this announcement. The Group's unaudited consolidated interim results for the Period are expected to be published in August 2021.

Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
VCREDIT Holdings Limited
Ma Ting Hung
Chairman

Hong Kong, 8 July 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Ma Ting Hung as the chairman and a non-executive director; Mr. Liu Sai Wang Stephen and Mr. Liu Sai Keung Thomas as executive directors; Mr. Yip Ka Kay as a non-executive director; and Mr. Chen Penghui and Mr. Fang Yuan as independent non-executive directors.