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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of VCREDIT Holdings Limited (the “**Company**” or “**we**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2024 (the “**Period**”).

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change
	2024	2023	
	<u>RMB million</u>	<u>RMB million</u>	
Total Income	1,738.4	1,917.6	-9.3%
Interest type income	1,068.3	774.2	38.0%
Less: interest expenses	(193.3)	(175.6)	10.0%
Loan facilitation service fees	939.6	1,105.3	-15.0%
Other (expenses)/income	(76.2)	213.7	NM ⁽³⁾
Operating Profit	154.4	389.5	-60.4%
Net Profit	120.3	302.1	-60.2%
Non-IFRS Adjusted Operating Profit ⁽¹⁾	154.8	390.9	-60.4%
Non-IFRS Adjusted Net Profit ⁽²⁾	120.7	303.5	-60.2%

Notes:

- (1) Non-IFRS Adjusted Operating Profit is defined as operating profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed “Management Discussion and Analysis – Non-IFRS Measures”.
- (2) Non-IFRS Adjusted Net Profit is defined as net profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed “Management Discussion and Analysis – Non-IFRS Measures”.
- (3) NM: not meaningful

BUSINESS REVIEW AND OUTLOOK

In the first half of 2024, China's macroeconomic conditions remained sluggish and continued to bring about market uncertainty and weakened consumer demand, prompting us to adjust our business strategy by tightening risk control and improving operational efficiency. Meanwhile, we continued to enhance our business framework to sustain and support a secure and compliant digital financial ecosystem as well as moving ahead with our strategic plan to establish additional businesses in new markets.

During the Period, we continued to optimise our risk model, innovate product and services, and improve technological standards, to maintain focus on higher quality borrowers. Hand in hand with our financial technology innovation and risk control tightening, we also emphasised in our business model the consumer rights of our borrowers and the security of their personal information to address regulatory developments in this regard in our industry. At the same time, initiatives to nurture and maintain talent development and compliance construction to promote the sustained and healthy development of our business were also undertaken. Our performance and results during the Period demonstrate the resilience and flexibility of our development strategy, business model and operations.

Business Review

Our loan origination volume reached RMB27.02 billion for the Period. As macroeconomic conditions remained sluggish and consumption and credit demand decreased, we promptly adjusted our operating strategy by tightening risk control to mitigate borrower credit risk and asset quality depreciation and implemented cost control measures to improve operational efficiency.

To enhance the level of risk control in the first half of 2024, we upgraded through iterations our risk model by utilising additional data sources, and adjusted our credit line policy to lower average risk exposure per customer basis. At the same time, through the application of more comprehensive dimensions for assessing borrower characteristics, we improved the quality of our approval processes. These updates have helped our ongoing targeting of higher quality borrowers on the asset side, and achieve a balance between short-term risk and long-term returns.

Through our technology research and development (“**R&D**”), we have been monitoring and assessing the application of artificial intelligence (“**AI**”) in our business technology to improve operational efficiency. In the first half of 2024, we officially launched ‘金鳥大模型’ (*Sunbird AI Hub*), our AI large model. ‘金鳥大模型’ (*Sunbird AI Hub*) is being deployed across several aspects of our business. In particular, it is able to summarise large amounts of dialogue texts and significantly improve the quality of customer service statistics and quality control through its application to intelligent credit. In addition, ‘金鳥大模型’ (*Sunbird AI Hub*) is aiding in code generation by helping R&D staff to focus on the design and improvement of data structure and system architecture.

In the office setting, AI is being utilised with ‘維小智’ (*VQuickMind*) 2.0 which was put into service during the Period. ‘維小智’ (*VQuickMind*) 2.0 enables employees to create content in addition to the original question-and-answer interaction function, thus improving office efficiency. Other AI initiatives during the Period include an iterative upgrade of our core risk control system ‘蜂鳥’ (*Hummingbird*) with the help of AI technology in the field of specialised modeling, thereby improving the operational efficiency of our risk control and reducing operational risks by revamping the rules engine.

Building on our ongoing efforts to strengthen our technological capabilities, we continue to focus on performance improvement in user experience and financial partnership.

We actively expanded our network of high-quality customer acquisition channels and enhanced customer acquisition efficiency. In the first half of 2024, we reached cooperation agreements with leading food delivery platform and other high-quality channels. In light of changes in user behaviour and traffic entrances, we increased the proportion of customers acquired through mini programs, which better enable us to enhance our customer interaction and enable seamless connection with new high-quality customers. At the same time, we persistently focused on enhancing the efficiency of new customer operations. By leveraging the user behaviour variances in our lending process nodes, we carried out customised operations to boost the probability of transactions and enhance users' first-time transaction experience.

In addition to actively acquiring high-quality new customers, we continued to optimise our existing user operation strategy. In the first half of 2024, repeat customers accounted for 89.5% of total loan volume. We have upgraded our services at various points in the business process to shorten the time taken to issue and disburse loans and reduce the operation path for users, to provide users with a safer and more convenient and caring financial ecological experience. As of June 2024, our cumulative number of registered users reached 149.1 million, an increase of 9.8% over the same period in 2023.

We also focused on strengthening co-operation with our financial institution funding partners, especially deepening our relationship with systemically important banks. As of June 2024, we have established long-term relationships with 109 external funding partners (including national joint-stock commercial banks, consumer finance companies and trust funds, etc), thus growing our rich and diversified funding pool. Alongside the expansion in our number of funding partners, we also improved our capital management with the construction of the VCREDIT fund management platform system, which strengthens the whole life-cycle management of our funding partner co-operation, continuously improves the efficiency of our funding operation, and steadily reduces our cost of funds. In addition, we have marketed our technology solutions to our funding partners which broadens our digital alliances and deepens relationships in loan monitoring and consumer protection through joint modelling.

Apart from strengthening and developing our existing consumer finance business in Mainland China, we also consolidated our new business initiatives outside of Mainland China. In May 2024, our Hong Kong-based online consumer finance brand '*CreFIT*' became the first money lender in Hong Kong to cooperate with China Mobile Hong Kong Company Limited to provide consumer finance products to customers on its MyLink platform. '*CreFIT*' will look for opportunities to align with additional quality customer acquisition channels and develop mutually beneficial cooperation across cross-industry online platforms and widen access to users with a tailored instalment experience that can truly match real consumer finance scenarios.

Operating Review

Products and Services

In Mainland China, we primarily offer two credit products through our pure online loan origination processes: (i) credit card balance transfer products; and (ii) consumption credit products, both of which are instalment-based. Interest rates (inclusive, where applicable, of our funding partners' interest share and guarantee charges of credit enhancement organisations) payable in respect of loans to customers ranged from 8.00% per annum to 35.95% per annum according to the type of consumer loan product and depending on factors such as results of the credit assessment and allocated score, loan size and loan tenor. As the Group is primarily engaged in lending to consumers, the Group did not have any concentration of loans in any single borrower during the Period. As at June 30, 2024, the aggregate principal amount outstanding from the five largest borrowers of the Group was RMB851,043 (representing 0.003% of the total loan balance of the Group as at June 30, 2024) and the principal amount outstanding from the largest borrower of the Group was RMB177,679 (representing approximately 0.001% of the total loan balance of the Group as at June 30, 2024). For the Period, the total number of transactions was 2.3 million. The average term of our credit products was approximately 10.1 months and the average loan size was approximately RMB11,936.

The following table sets forth a breakdown of the loan origination volume by funding structure for the periods indicated.

Loan Origination Volume	Six months ended June 30,		2023	
	2024		RMB million	%
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Direct Lending	485.6	1.8%	644.3	1.8%
Trust Lending	6,301.7	23.3%	4,751.6	13.1%
Credit-enhanced loan facilitation	15,915.7	58.9%	25,721.1	71.1%
Pure loan facilitation	4,320.1	16.0%	5,081.1	14.0%
Total	27,023.1	100.0%	36,198.1	100.0%

From all the loans originated by us, the outstanding loan principal is calculated using an amortisation schedule and is defined as the outstanding balance of loans to customers. As at June 30, 2024, the online consumption products outstanding balance of loans to customers was RMB26,602.9 million.

Asset Quality

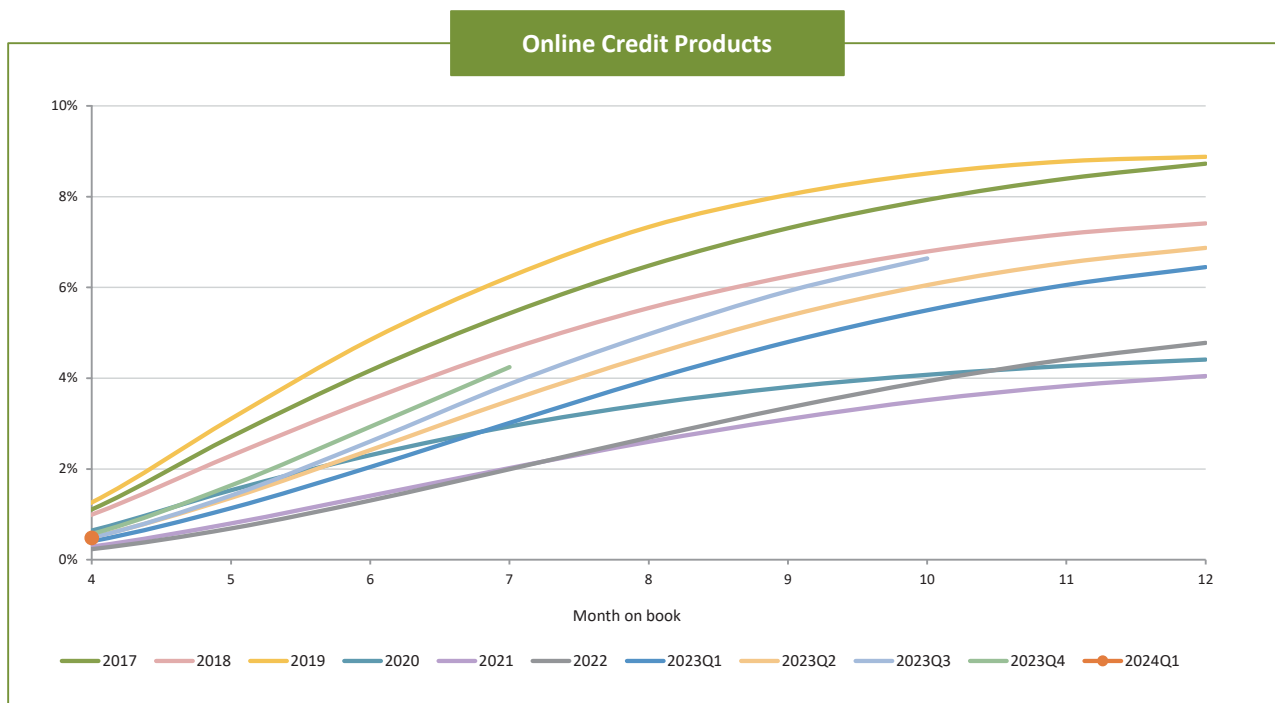
During the Period, the overall environment has remained volatile and uncertain. Against this backdrop, we have made iterative upgrades to our risk model and concurrently, we have made major policy adjustments to reduce individual customer's risk exposure across the board, which is in line with the prevailing macroeconomic environment and regulations.

In view of the adverse effects of the unfavourable macroeconomic conditions on existing loans and the moderate contraction in business scale, the M3+ ratio has experienced a corresponding increase. However, with the Chinese Government's promulgation of various economic and fiscal policies to boost consumption and economic recovery and our timely risk control adjustments, customers' liquidity has been improved to a certain degree, particularly since the beginning of the second quarter of 2024. For instance, our first payment delinquency ratio has dropped by 29.6% to 0.50% in the second quarter of 2024 in comparison to the fourth quarter of 2023.

In the second half of 2024, we will seek improvements in the precise identification ability of various types of customers and the optimisation and enhancement of our risk control system. At the same time, we will also undertake an innovative review of the collection process to achieve optimal balance between business metrics and customer experience.

	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2
First payment delinquency ratio ⁽¹⁾	0.35%	0.43%	0.53%	0.64%	0.61%	0.71%	0.59%	0.50%
M1-M3 ratio ⁽²⁾	2.33%	3.53%	3.20%	4.09%	4.45%	5.07%	4.62%	4.47%
M3+ ratio ⁽³⁾	1.44%	1.77%	2.49%	2.26%	2.83%	2.98%	3.49%	3.82%

The following diagram sets forth our latest Cohort-Based M3+ Delinquency Ratio⁽⁴⁾.



Notes:

- (1) First payment delinquency ratio is defined as the total balance of outstanding principal amount of the loans we originated in the applicable period that were delinquent on the month of their first payment due dates divided by the aggregate loan origination volume in that period.
- (2) M1-M3 ratio is calculated by dividing (i) the outstanding balance of online loans which have been delinquent up to 3 months, by (ii) the total outstanding balance of loans to customers which have not been written off (excluding offline credit products, which had a negligible balance of RMB2.7 million as at June 30, 2024).
- (3) 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 which have not been written off (excluding offline credit products, which had a negligible balance of RMB2.7 million as at June 30, 2024).
- (4) Cohort-Based M3+ Delinquency Ratio is defined as (i) the total amount of principal for the online loans in a vintage that have become delinquent for more than 3 months, less (ii) the total amount of recovered past due principal, and then divided by (iii) the total amount of initial principal for loans in such vintage (excluding offline credit products, which had a negligible balance of RMB2.7 million as at June 30, 2024).

Outlook and Strategies

The macro environment is constantly changing and evolving, which requires us to respond in a prompt and effective way to remain competitive. In order to contribute to further growth in our consumer finance business and fulfill the financial needs of high-quality customers, we will continue to hone our business strategies and upscale our technology. In addition to growing our existing consumer finance operation in China, we shall also look to expand by investing or collaborating in or acquiring similar, related or complementary businesses and industries in other jurisdictions including Hong Kong, South-East Asia and Europe. We are reviewing and shall continue to review potential investment opportunities and business prospects on a constant basis and make suitable investments and acquisitions as opportunities occur.

The Group will continue to focus on leveraging our advanced expertise and knowledge and actively embrace the trends and innovation that are shaping our industry and society more broadly. We will also explore and expand in markets beyond China should appropriate opportunities arise.

Therefore, moving forward, we intend to execute the following strategies:

- Streamline and extend our credit solutions to better serve our customers to improve brand recognition and the loyalty and creditworthiness profile of our customer base
- Enhance risk management capability through deployment of evolving technology and AI
- Strengthen long-term collaborations with licensed financial institutional partners and other business partners
- Ensure our business is conducted within applicable regulatory parameters to achieve regulation-centric sustainability
- Review and assess potential business prospects and invest or collaborate in or acquire similar, related or complementary businesses and industries in China and other jurisdictions
- Cultivate dynamic enterprise value and culture, grow our in-house talents

MANAGEMENT DISCUSSION AND ANALYSIS

The following selected interim condensed consolidated statements of comprehensive income for the Period has been derived from our unaudited condensed consolidated interim financial information and related notes included elsewhere in this unaudited interim results announcement.

Total Income

We derived our total income through (i) net interest type income; (ii) loan facilitation service fees; and (iii) other (expenses)/income. Our total income decreased by 9.3% to RMB1,738.4 million for the Period, compared to RMB1,917.6 million for the six months ended June 30, 2023 (the “**Corresponding Period**”), primarily due to a decrease in loan volume through our credit-enhanced and pure loan facilitation structures with partial offset due to an increase in the average outstanding loan balance of our trust lending structure, and an increase in M3+ ratio as a result of the lower loan demand from high quality borrowers and the adverse impact of the unfavourable macroeconomic conditions.

Net Interest Type Income

Our net interest type income comprised (i) interest type income; and (ii) interest expenses. The following table sets forth our net interest type income for the periods indicated.

	Six months ended June 30,	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Net Interest Type income		
Interest type income	1,068,276	774,197
Less: interest expenses	<u>(193,290)</u>	<u>(175,656)</u>
Total	<u>874,986</u>	<u>598,541</u>

For the Period, we recorded interest type income of RMB1,068.3 million, which was generated from loans to customers originated under direct lending and trust lending structures, an increase by 38.0% compared to RMB774.2 million for the Corresponding Period, primarily due to an increase in the average outstanding loan balance of our trust lending structure.

Interest expenses increased by 10.0% to RMB193.3 million for the Period, compared to RMB175.6 million for the Corresponding Period, primarily due to an increase in the average borrowing balance, although partially offset by a decrease in the weighted average interest rate during the Period.

Loan Facilitation Service Fees

Loan facilitation service fees decreased by 15.0% to RMB939.6 million for the Period, compared to RMB1,105.3 million for the Corresponding Period, primarily due to a decrease in loan origination volume through our credit-enhanced and pure loan facilitation structures.

The following table sets forth a breakdown of our loan facilitation service fees for our credit-enhanced loan facilitation structure and our pure loan facilitation structure for the periods indicated.

	Six months ended June 30,	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Loan Facilitation Service Fees		
Credit-enhanced loan facilitation	866,506	922,867
Pure loan facilitation	<u>73,118</u>	<u>182,467</u>
Total	<u>939,624</u>	<u>1,105,334</u>

The following table sets forth the allocation of our upfront loan facilitation service fees and post loan facilitation service fees for the periods indicated.

	Six months ended June 30,	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Loan Facilitation Service Fees		
Upfront loan facilitation service fees	566,557	758,205
Post loan facilitation service fees	373,067	347,129
Total	939,624	1,105,334

Other (Expenses)/Income

We recorded other expenses of RMB76.2 million for the Period, compared to other income of RMB213.7 million for the Corresponding Period, primarily due to an increase in M3+ ratio reflected in losses from guarantee as a result of the lower loan demand from high quality borrowers and the adverse impact of the unfavourable macroeconomic conditions.

The following table sets forth a breakdown of our other (expenses)/income for the periods indicated.

	Six months ended June 30,	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Other (Expenses)/Income		
(Losses)/gains from guarantee	(234,706)	127,726
Membership fees, referral fees and other service fees	76,456	74,333
Government grants	56,263	–
Penalty and other charges	16,939	8,386
Others	8,795	3,287
Total	(76,253)	213,732

Expenses

Origination and Servicing Expenses

Our origination and servicing expenses decreased by 22.5% to RMB626.0 million for the Period, compared to RMB807.7 million for the Corresponding Period, mainly due to a decrease in customer acquisition cost resulting from the reduced scale, partially offset by an increase in loan collection fees, reflecting our intensified efforts to improve our loan portfolio.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 12.3% to RMB24.1 million for the Period, compared to RMB21.4 million for the Corresponding Period, due to increased employee benefit expenses and branding expenses required to further develop new business and explore new growth possibilities.

General and Administrative Expenses

Our general and administrative expenses decreased by 3.0% to RMB162.2 million for the Period, compared to RMB167.2 million for the Corresponding Period, due to improvements in operating efficiency.

Research and Development Expenses

Our research and development expenses decreased by 1.9% to RMB57.0 million for the Period, compared to RMB58.1 million for the Corresponding Period, primarily attributed to streamlining our procedures and improvements in efficiency through our continued investments in technological research and development.

Operating Profit

We recorded an operating profit of RMB154.4 million for the Period, a decrease of 60.4% compared to RMB389.5 million for the Corresponding Period, primarily due to (i) a decrease in loan volume during the Period, largely due to weaker consumer credit demand, coupled with our prudent business strategy in light of uncertain macroeconomic environment; (ii) initial losses incurred in the early stage startup of new businesses, in line with the Group's strategy to diversify its business operations into new markets and new businesses; and (iii) an increase in M3+ ratio due to lower loan demand from high quality borrowers, a lower volume base, and the adverse impact of the unfavourable macroeconomic conditions on existing loans.

Net Profit

We recorded a net profit of RMB120.3 million for the Period, a decrease of 60.2% compared to RMB302.1 million for the Corresponding Period, which is consistent with our operating profit for the same period.

Non-IFRS Adjusted Operating Profit

Our Non-IFRS adjusted operating profit was RMB154.8 million for the Period, a decrease of 60.4% compared to RMB390.9 million for the Corresponding Period.

Non-IFRS Adjusted Net Profit

Our Non-IFRS adjusted net profit was RMB120.7 million for the Period, a decrease of 60.2% compared to RMB303.5 million for the Corresponding Period.

Non-IFRS Measures

To supplement our historical financial information, which is presented in accordance with International Financial Reporting Standards (“IFRS”), we also use Non-IFRS adjusted operating profit and Non-IFRS adjusted net profit as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these Non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of items that our management do not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations and financial position in the same manner as they help our management. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results. Our presentation of the Non-IFRS adjusted operating profit and Non-IFRS adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of these Non-IFRS measures has limitations as analytical tools, and should not be considered in isolation from, or as substitutes for analysis of, our results of operations or financial position as reported under IFRS.

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Operating Profit	154,417	389,497
Add:		
Share-based compensation expenses	346	1,403
Non-IFRS Adjusted Operating Profit	154,763	390,900
Non-IFRS Adjusted Operating Profit Margin ⁽¹⁾	8.9%	20.4%
	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net Profit	120,343	302,113
Add:		
Share-based compensation expenses	346	1,403
Non-IFRS Adjusted Net Profit	120,689	303,516
Non-IFRS Adjusted Net Profit Margin ⁽²⁾	6.9%	15.8%

Notes:

- (1) Non-IFRS adjusted operating profit margin is calculated by dividing the Non-IFRS adjusted operating profit by the total income.
- (2) Non-IFRS adjusted net profit margin is calculated by dividing the Non-IFRS adjusted net profit by the total income.

Loans to Customers at Fair Value through Profit or Loss

Our loans to customers at fair value through profit or loss primarily represent the fair value of total balance of loans originated by us through our trust lending and direct lending structures. Our loans to customers at fair value through profit or loss increased by 2.0% to RMB6,637.1 million as at June 30, 2024, compared to RMB6,504.4 million as at December 31, 2023, primarily due to an increase in our trust lending loan origination volume.

	As at June 30, 2024		As at December 31, 2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Online consumption products	<u>6,637,053</u>	<u>100.0%</u>	<u>6,504,421</u>	<u>100.0%</u>

Contract Assets

Our contract assets decreased by 18.0% to RMB381.5 million as at June 30, 2024, compared to RMB465.4 million as at December 31, 2023, due to the decrease in our credit-enhanced and pure loan origination volume by 37.4% to RMB20,235.8 million for the Period, compared to RMB32,346.9 million for the six months ended December 31, 2023.

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets	454,620	552,808
Less: expected credit losses (“ECL”) allowance	(73,120)	(87,400)
	<u>381,500</u>	<u>465,408</u>

Guarantee Receivables and Guarantee Liabilities

Our guarantee receivables decreased by 24.2% to RMB998.7 million as at June 30, 2024, compared to RMB1,317.0 million as at December 31, 2023. Our guarantee liabilities decreased by 33.3% to RMB1,023.6 million as at June 30, 2024, compared to RMB1,533.9 million as at December 31, 2023. The changes in guarantee receivables and guarantee liabilities are primarily due to the decrease in our credit-enhanced loan origination volume by 36.2% to RMB15,915.7 million for the Period, compared to RMB24,955.3 million for the six months ended December 31, 2023.

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantee Receivables		
Opening balance	1,317,024	787,396
Addition arising from new loan facilitated	1,196,504	1,674,123
ECL	(98,607)	(100,129)
Reversal due to early repayment	(58,786)	(86,228)
Payment received from borrowers	(1,357,437)	(1,012,071)
Ending Balance	<u>998,698</u>	<u>1,263,091</u>

	Six months ended June 30,	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Guarantee Liabilities		
Opening balance	1,533,883	1,140,754
Addition arising from new loan facilitated	1,196,504	1,674,123
Release of the margin	(88,347)	(113,888)
ECL	323,053	(13,838)
Reversal due to early repayment	(58,786)	(86,228)
Payouts during the period, net	(1,882,736)	(1,037,213)
Ending Balance	<u><u>1,023,571</u></u>	<u><u>1,563,710</u></u>

Borrowings and Senior Notes

Our total borrowings and senior notes, as recorded in our interim condensed consolidated statement of financial position, comprise (i) payable to trust plan holders; (ii) bank borrowings; and (iii) senior notes. Our payable to trust plan holders increased by 3.1% to RMB5,151.8 million as at June 30, 2024, compared to RMB4,999.1 million as at December 31, 2023, primarily due to an increase in loans originated by us through our trust lending structure.

As at June 30, 2024, the Group had a secured bank borrowing with a principal amount of RMB350.0 million guaranteed by deposits of RMB357.9 million.

The senior notes comprised the remaining principal amount of HK\$100.0 million of the HK\$200.0 million 9.5% senior notes due 2025 issued on June 16, 2022.

	As at June 30, 2024		As at December 31, 2023	
	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>%</u>
Payable to trust plan holders	5,151,844	89.1%	4,999,099	89.9%
Secured bank borrowings	350,676	6.1%	314,901	5.7%
Unsecured bank borrowings	188,481	3.2%	157,888	2.8%
	<u>5,691,001</u>	<u>98.4%</u>	<u>5,471,888</u>	<u>98.4%</u>
Senior notes	<u>90,929</u>	<u>1.6%</u>	<u>89,989</u>	<u>1.6%</u>
Total	<u><u>5,781,930</u></u>	<u><u>100.0%</u></u>	<u><u>5,561,877</u></u>	<u><u>100.0%</u></u>

Weighted Average Interest Rates of Borrowings and Senior Notes

	As at June 30, 2024	As at December 31, 2023
Payable to trust plan holders	6.6%	8.3%
Bank borrowings	5.4%	5.1%
Senior notes	9.5%	9.5%

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operating activities and capital contribution from shareholders of the Company.

Cash Flows

The following table sets forth our cash flows for the periods indicated.

	Six months ended June 30,	
	2024	2023
	<u><i>RMB'000</i></u>	<u><i>RMB'000</i></u>
Net cash inflow from operating activities	469,647	578,614
Net cash inflow from investing activities	13,421	47,651
Net cash inflow/(outflow) from financing activities	11,101	(959,371)
Net increase/(decrease) in cash and cash equivalents	494,169	(333,106)
Cash and cash equivalents at the beginning of the periods	896,700	1,592,514
Effects of exchange rate changes on cash and cash equivalents	(313)	1,903
	<u>1,390,556</u>	<u>1,261,311</u>

Our cash inflow generated from operating activities primarily consists of principal and interest, loan facilitation service fees and other service fees received from the consumer finance products we offered. Our cash outflow used in operating activities primarily consists of loan volume originated from direct and trust lending structures, cash payment of guarantee indemnification, security deposits in financial institutions funding partners, employee salaries and benefits, taxes and surcharges, and other operating expenses. We had net cash inflow generated from operating activities of RMB469.6 million for the Period, a decrease of RMB109.0 million compared to net cash inflow generated from operating activities of RMB578.6 million for the Corresponding Period, primarily due to an increase in cash outflow used in our expanded loan volume originated by our trust lending structure for the Period, and an increase in cash outflow used in payment of guarantee indemnification as a result of the change in asset quality; although partially offset by an increase in cash inflow from recovery of security deposits in financial institution funding partners and a decrease in cash outflow used in payment of operating expenses as a result of a decrease in loan origination volume.

We had net cash inflow from investing activities of RMB13.4 million for the Period, compared to net cash inflow of RMB47.7 million for the Corresponding Period. For the Period, we had a net cash inflow decrease primarily due to a decrease of RMB45.0 million in trust plans, partially offset by an increase of RMB10.0 million in structured deposits and cash outflow used in payment of investments accounted for using the equity method of RMB14.6 million, compared to a net cash inflow from a decrease of RMB190.0 million in structured deposits partially offset by an increase of RMB136.4 million in money market funds for the Corresponding Period.

We had net cash inflow from financing activities of RMB11.1 million for the Period, compared to net cash outflow of RMB959.4 million for the Corresponding Period. For the Period, we had net cash inflow from borrowings and trust plans of RMB227.5 million and cash outflow used in payment of interest expenses of RMB201.4 million, compared to net cash outflow from borrowings and trust plans of RMB683.9 million and payment of interest expenses of RMB171.6 million for the Corresponding Period.

Capital Commitments

The Group did not have any significant capital commitments contracted for but not recognised as liabilities as at June 30, 2024.

Charges on Assets

As at June 30, 2024, the Group had cash deposits of RMB357.9 million pledged to banks as securities for banking facilities.

Contingencies

Save as disclosed in this unaudited interim results announcement, the Group did not have any significant contingent liabilities as at June 30, 2024.

ACQUISITIONS AND DISPOSALS

Material Investments and Acquisitions

The Group acquired an indirect 15.0% interest in Thousand Whales Technology (BVI) Limited by way of a subscription for 6,000,000 Series Angel Preferred Shares for a consideration of HK\$10.0 million on January 19, 2024 and a subscription for 3,592,814 Series Angel Preferred Shares for a consideration of HK\$6.0 million on June 21, 2024. The applicable percentage ratios set out in rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in respect of the acquisition are less than 5.0% and, therefore, the acquisition constitutes a de minimis transaction. Save as aforementioned, the Group did not hold any material investments or make any material acquisitions during the Period.

Save as disclosed in this unaudited interim results announcement, the Group did not hold any material investments or make any material acquisitions during the Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this unaudited interim results announcement, the Group does not have any present plans for other material investments and capital assets.

FINANCIAL RESULTS
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

		Six months ended June 30,	
		2024	2023
	<i>Notes</i>	<u>RMB'000</u>	<u>RMB'000</u>
		(Unaudited)	(Unaudited)
Continuing operations			
Interest type income	4	1,068,276	774,197
Less: interest expenses	4	(193,290)	(175,656)
Net interest type income	4	874,986	598,541
Loan facilitation service fees	5	939,624	1,105,334
Other (expenses)/income	6	(76,253)	213,732
Total income		<u>1,738,357</u>	<u>1,917,607</u>
Origination and servicing expenses	7	(625,954)	(807,664)
Sales and marketing expenses	7	(24,082)	(21,443)
General and administrative expenses	7	(162,182)	(167,171)
Research and development expenses	7	(56,955)	(58,067)
Credit impairment losses	8	(144,149)	(148,258)
Fair value change of loans to customers		(592,304)	(333,450)
Other gains, net	9	21,686	7,943
Operating profit		<u>154,417</u>	<u>389,497</u>
Share of net loss of investments accounted for using the equity method		(1,876)	(1,525)
Profit before income tax		152,541	387,972
Income tax	10	(32,198)	(85,859)
Profit for the period attributable to:			
Owners of the Company		120,345	302,109
Non-controlling interests		(2)	4
		<u>120,343</u>	<u>302,113</u>

		Six months ended June 30,	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		(2,087)	(161)
Total comprehensive income for the period, net of tax		118,256	301,952
Total comprehensive income attributable to:			
Owners of the Company		118,258	301,948
Non-controlling interests		(2)	4
		118,256	301,952
Basic earnings per share (RMB yuan)	<i>11</i>	0.25	0.62
Diluted earnings per share (RMB yuan)	<i>11</i>	0.25	0.62
Non-IFRS Measures			
Non-IFRS adjusted operating profit ⁽¹⁾		154,763	390,900
Non-IFRS adjusted net profit ⁽²⁾		120,689	303,516
Non-IFRS adjusted basic earnings per share (RMB yuan) ⁽³⁾		0.25	0.62

Notes:

- (1) Non-IFRS adjusted operating profit is defined as operating profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed “Management Discussion and Analysis – Non-IFRS Measures”.
- (2) Non-IFRS adjusted net profit is defined as net profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed “Management Discussion and Analysis – Non-IFRS Measures”.
- (3) Non-IFRS adjusted basic earnings per share is calculated by dividing the Non-IFRS adjusted net profit by the weighted average number of shares outstanding during the applicable period.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2024	As at December 31, 2023
	<i>Notes</i>	<u>RMB'000</u> (Unaudited)	<u>RMB'000</u> (Audited)
Assets			
Cash and cash equivalents	12(a)	1,390,228	896,534
Restricted cash	12(b)	694,542	652,241
Loans to customers at fair value through profit or loss	13	6,637,053	6,504,421
Contract assets	14	381,500	465,408
Guarantee receivables	15	998,698	1,317,024
Financial investments at fair value through profit or loss		127,616	148,695
Investments accounted for using the equity method		26,224	13,384
Deferred income tax assets		653,272	522,217
Right-of-use assets		48,186	58,187
Intangible assets		34,208	36,292
Property and equipment		39,713	45,369
Other assets		710,222	1,274,691
Total assets		11,741,462	11,934,463
Liabilities			
Current tax liabilities		218,523	285,651
Guarantee liabilities	15	1,023,571	1,533,883
Lease liabilities		49,395	59,256
Borrowings	16	5,691,001	5,471,888
Senior notes		90,929	89,989
Deferred income tax liabilities		5,000	7,500
Other liabilities		419,815	317,706
Total liabilities		7,498,234	7,765,873
Equity			
Share capital		40,067	40,067
Share premium		5,198,650	5,243,415
Treasury shares		(4,541)	(5,399)
Other reserves		747,030	749,536
Accumulated losses		(1,739,379)	(1,859,724)
Non-controlling interests		1,401	695
Total equity		4,243,228	4,168,590
Total liabilities and equity		11,741,462	11,934,463

NOTES

1 General Information

The Company was incorporated in the British Virgin Islands (the “**BVI**”) on July 24, 2007 as an exempted company with limited liability under the laws of the BVI.

Pursuant to a shareholders’ resolution dated February 6, 2018, the Company re-domiciled to the Cayman Islands by way of continuation as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented. The re-domiciliation was completed on February 26, 2018. The Company’s registered office is at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Group is currently primarily a technology-driven consumer financial service provider in the People’s Republic of China (“**China**” or the “**PRC**”) and the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”). The Group offers tailored consumer finance products to prime and near-prime borrowers who are underserved by traditional financial institutions. The Group also offers consumer finance products by facilitating transactions between borrowers and financial institutions or lending to borrowers.

The shares of the Company (“**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since June 21, 2018 by way of its initial public offering (the “**IPO**”). Upon the completion of the IPO, all of the Company’s outstanding convertible redeemable preferred shares were converted into Shares on a one-to-one basis. As at June 30, 2024, the number of Shares in issue was 489,459,789, with a par value of HK\$0.10 per Share.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

The interim condensed consolidated financial information has been approved and authorised for issue by the Board on August 26, 2024.

2 Basis of Preparation

These interim condensed consolidated financial information for the sixth-month reporting period ended June 30, 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”).

The interim condensed consolidated financial information does not include all of the notes normally included in an annual consolidated financial statements. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards, and any public announcements made by the Group during the Period.

3 Material Accounting Policies

3.1 New standards and amendments adopted by the Group

Except as described below, the accounting policies and method of computation used in the preparation of the interim condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended December 31, 2023.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2024:

		Effective for the annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	January 1,2024
Amendments to IFRS 16	Lease Liability in Sale and Leaseback	January 1,2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1,2024

The Group adopted these amendments on January 1, 2024 and noted no material impact on the Group's financial position or performance.

3.2 New standards and amendments that have relevance to the Group not yet adopted by the Group

		Effective for the annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	To be determined

The Group does not expect that adoption of these standards will have a significant impact on the Group's financial position or performance.

4 Net interest type income

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest type income		
Loans to customers	1,068,276	774,197
Less: interest expenses		
Payable to trust plan holders	(173,604)	(161,938)
Bank borrowings	(15,073)	(5,154)
Senior notes	(4,613)	(8,563)
Others	-	(1)
	<u>(193,290)</u>	<u>(175,656)</u>
Net interest type income	<u><u>874,986</u></u>	<u><u>598,541</u></u>

5 Loan facilitation service fees

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Upfront loan facilitation service fees	566,557	758,205
Post loan facilitation service fees	373,067	347,129
	<u>939,624</u>	<u>1,105,334</u>

6 Other (expenses)/income

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Losses)/gains from guarantee	(234,706)	127,726
Membership fees, referral fees and other service fees	76,456	74,333
Government grants	56,263	-
Penalty and other charges	16,939	8,386
Others	8,795	3,287
	<u>(76,253)</u>	<u>213,732</u>

7 Expenses by nature

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Loan origination and servicing expenses	(549,759)	(744,021)
Employee benefit expenses	(198,149)	(199,147)
Professional service fees	(38,949)	(28,645)
Office expenses	(33,258)	(38,032)
Depreciation of right-of-use assets	(15,726)	(15,124)
Depreciation and amortisation	(14,209)	(11,925)
Tax and surcharge	(11,995)	(11,769)
Branding expenses	(5,886)	(5,008)
Others	(1,242)	(674)
	<u>(869,173)</u>	<u>(1,054,345)</u>

8 Credit impairment losses

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Cash and cash equivalents	(162)	141
Restricted cash	(323)	(35)
Contract assets	(42,850)	(43,790)
Guarantee receivables	(98,607)	(100,129)
Other assets	(2,207)	(4,445)
	<u>(144,149)</u>	<u>(148,258)</u>

9 Other gains, net

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Gains from financial investments at fair value through profit or loss	21,573	945
Bank interest income	8,840	11,341
Losses from repurchase of senior notes	-	(1,283)
Bank charges	(405)	(2,544)
Interest expense on lease liabilities	(1,605)	(1,664)
Exchange (losses)/gains	(6,717)	1,148
	<u>21,686</u>	<u>7,943</u>

10 Income tax expense

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	(165,753)	(181,271)
Deferred income tax	133,555	95,412
	<u>(32,198)</u>	<u>(85,859)</u>

11 Earnings per Share/Non-IFRS Adjusted basic earnings per Share

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings attributable to owners of the Company (RMB'000)	120,345	302,109
Non-IFRS Adjusted net profit (RMB'000)	120,689	303,516
Weighted average number of Shares for calculation of the basic earnings per Share ('000)	<u>488,088</u>	<u>487,763</u>
Weighted average number of Shares for calculation of the diluted earnings per Share ('000)	<u>489,959</u>	<u>489,923</u>
Basic earnings per Share (RMB yuan)	<u>0.25</u>	<u>0.62</u>
Diluted earnings per Share (RMB yuan)	<u>0.25</u>	<u>0.62</u>
Non-IFRS Adjusted basic earnings per Share (RMB yuan)	<u><u>0.25</u></u>	<u><u>0.62</u></u>

11.1 Basic earnings per Share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of Shares in issue during the Period and the Corresponding Period, respectively.

11.2 For the Period and the Corresponding Period, diluted earnings per Share is calculated by adjusting the weighted average number of Shares outstanding by the assumption of the conversion of all potential dilutive Shares arising from share options and share awards granted by the Company (collectively forming the denominator for computing diluted earnings per Share). No adjustment is made to earnings (numerator).

11.3 Non-IFRS Adjusted basic earnings per Share is calculated by dividing the Non-IFRS adjusted net profit by the weighted average number of Shares in issue during the Period and the Corresponding Period, respectively.

12 Cash and bank balances

(a) Cash and cash equivalents

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Cash on hand	11	33
Cash at bank	1,378,720	887,551
Cash held through platform	11,825	9,116
Less: ECL allowance	(328)	(166)
	<u>1,390,228</u>	<u>896,534</u>

(b) Restricted cash

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Deposits to funding partners	338,105	332,121
Deposits for borrowings	357,903	321,263
Less: ECL allowance	(1,466)	(1,143)
	<u>694,542</u>	<u>652,241</u>

13 Loans to customers at fair value through profit or loss

The composition of loans is as follows:

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Unsecured	<u>6,637,053</u>	<u>6,504,421</u>

13 Loans to customers at fair value through profit or loss (continued)

Contractual terms of loans to customers at fair value through profit or loss:

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Within 1 year (including 1 year)	6,397,635	6,297,615
1 to 2 years (including 2 years)	239,418	206,806
	6,637,053	6,504,421

Remaining contractual maturities of loans to customers at fair value through profit or loss:

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Overdue	94,791	72,495
Within 1 year (including 1 year)	6,320,544	6,226,665
1 to 2 years (including 2 years)	221,718	205,261
	6,637,053	6,504,421

14 Contract assets

The Group uses the expected-cost-plus-a-margin approach to determine its best estimate of selling prices of its different services as the basis for allocation. The service fee allocated to upfront loan facilitation is recognised as revenue upon execution of loan agreements with borrowers. When the fee allocated to the loan facilitation service is more than the cash received, a “Contract Asset” was recognised as follows:

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Contract assets	454,620	552,808
Less: ECL allowance	(73,120)	(87,400)
	381,500	465,408

15 Guarantee receivables and guarantee liabilities

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Guarantee receivables	1,170,635	1,508,416
Less: ECL allowance	(171,937)	(191,392)
	998,698	1,317,024

A summary of the Group's guarantee receivables movement for the Period and the Corresponding Period is presented below:

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Guarantee receivables		
Opening balance	1,317,024	787,396
Addition arising from new loan facilitated	1,196,504	1,674,123
ECL	(98,607)	(100,129)
Reversal due to early repayment	(58,786)	(86,228)
Payment received from borrowers	(1,357,437)	(1,012,071)
Ending balance	998,698	1,263,091

A summary of the Group's guarantee liabilities movement for the Period and the Corresponding Period is presented below:

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Guarantee liabilities		
Opening balance	1,533,883	1,140,754
Addition arising from new loan facilitated	1,196,504	1,674,123
Release of the margin	(88,347)	(113,888)
ECL	323,053	(13,838)
Reversal due to early repayment	(58,786)	(86,228)
Payouts during the period, net	(1,882,736)	(1,037,213)
Ending balance	1,023,571	1,563,710

16 Borrowings

Our total borrowings, as recorded in our interim condensed consolidated statement of financial position, comprise (i) payable to trust plan holders, and (ii) bank borrowings. The following table sets forth a breakdown of our borrowings by nature as at the dates indicated.

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Secured		
Bank borrowings	350,676	314,901
Unsecured		
Payable to trust plan holders	5,151,844	4,999,099
Bank borrowings	188,481	157,888
	5,691,001	5,471,888

The following table sets forth the effective interest rates of borrowings:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Payable to trust plan holders	4.90%~9.00%	5.00%~10.50%
Bank borrowings	3.68%~7.45%	3.68%~7.45%

The following table sets forth the contractual maturities of borrowings as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Within 1 year (including 1 year)	2,657,941	2,339,608
1 to 2 years (including 2 years)	3,033,060	3,132,280
	5,691,001	5,471,888

16 Borrowings (continued)

The following table sets forth the repayment schedule of borrowings as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 1 year (including 1 year)	5,671,001	5,008,938
1 to 2 years (including 2 years)	20,000	462,950
	5,691,001	5,471,888

Gearing ratio

As at June 30, 2024, our gearing ratio, calculated as total liabilities divided by total assets, was approximately 63.9%, representing a decrease of 1.2% as compared with 65.1% as at December 31, 2023.

As at June 30, 2024, our consolidated debt to equity ratio, calculated as the sum of borrowings, senior notes, lease liabilities and guarantee liabilities divided by total equity, was approximately 1.6x, as compared with 1.7x as at December 31, 2023.

17 Consolidated structured entities

The Group has consolidated certain structured entities which are primarily trust plans. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as the manager, is acting as an agent or a principal. The factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those trust plans where the Group provides financial guarantees, the Group therefore has an obligation to fund the losses, if any, in accordance with the guarantee agreements even if the Group does not have any investment in those products. The Group concludes that these structured entities shall be consolidated.

As at June 30, 2024, remaining injected funds of the trust plans consolidated by the Group amounted to RMB5.62 billion (December 31, 2023: RMB5.49 billion).

Interests held by other interest holders are included in payable to trust plan holders.

18 Commitments

The Group did not have any other significant commitments as at June 30, 2024 other than those mentioned above.

19 Dividends

The Board does not recommend the payment of an interim dividend for the Period (for the six months ended June 30, 2023: an interim dividend of HK15 cents per Share).

20 Foreign exchange exposure

Foreign currency transactions during the Period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates prevailing as at June 30, 2024. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of operations with functional currency other than RMB are translated into RMB at the exchange rates approximating to the foreign exchange rates prevailing at the dates of translation. Interim condensed consolidated statement of financial position items are translated into RMB at the closing foreign exchange rates prevailing as at June 30, 2024. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than RMB, the cumulative amount of the exchange differences relating to that operation with functional currency other than RMB is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

21 Subsequent events

Up to the date of this unaudited interim results announcement, the Group had no material events for disclosure after the end of the Period.

22 Opinion

The Board is of the opinion that, after taking into account existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended June 30, 2023: HK15 cents per Share).

DIRECTORS' AND EMPLOYEES' REMUNERATION AND POLICY

Directors' and senior management's remuneration is determined by the remuneration committee of the Company and the Board. No Director has waived or agreed to waive any emoluments.

As at June 30, 2024, the Group had a total of 843 employees.

The Group seeks to attract, retain and motivate high quality staff to be able to continuously develop its business. Remuneration packages are designed to ensure comparability within the market and competitiveness with other companies engaged in the same or similar industry with which the Group competes and other comparable companies. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's overall profits, performance and achievements.

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The Group operates a defined scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for those employees in Hong Kong who are eligible to participate. Contributions are made based on a percentage of the employees' basic salaries. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the scheme.

The Company operates a number of share incentive schemes for the purpose of providing share-based incentives and rewards to eligible persons.

CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

REVIEW OF UNAUDITED INTERIM FINANCIAL RESULTS

The audit committee of the Company has reviewed these unaudited interim results, including the accounting principles and practices adopted by the Company, and discussed these unaudited interim results with senior management of the Company. These unaudited interim results have been reviewed by the auditor of the Company.

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

Hong Kong, August 26, 2024

As at the date of this announcement, the Board comprises Mr. Ma Ting Hung as the chairman and an 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 Derek, Mr. Chen Penghui and Mr. Fang Yuan as independent non-executive Directors.