51信用卡

51 CREDIT CARD INC.
51信用卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2051)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of 51 Credit Card Inc. (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**" or "**we**") for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	2023 ***RMB'000*** ***(approximate)***	2022 *RMB'000* *(approximate)*	**Year on year change Percentage** ***(approximate)***
Revenue	**217,158**	395,739	-45.1%
Credit facilitation and service fee	**70,227**	113,799	-38.3%
Payment service fee	**–**	152,945	-100.0%
Credit Card technology service fee	**21,977**	27,739	-20.8%
SAAS service fee	**57,833**	51,111	13.2%
Camping service fee	**33,941**	11,063	206.8%
Other revenue	**33,180**	39,082	-15.1%
Operating profit/(loss) for the year	**22,562**	(40,735)	N/A
Net loss for the year	**(3,148)**	(97,629)	-96.8%
Non-IFRS measures			
Non-IFRS adjust operating profit for the year	**22,514**	33,742	-33.3%
Non-IFRS adjust net profit for the year	**22,803**	11,154	104.4%

Notes:

(1) Non-IFRS adjusted operating profit for the year is defined as operating profit/(loss) for the year ended 31 December 2023 and 2022 excluding share-based compensation expenses, fair value (gain)/loss of financial assets at fair value through profit or loss and impairment loss of investments accounted for using equity method. For more details, please see the section headed "Non-IFRS measures" below.

(2) Non-IFRS adjusted net profit for the year is defined as net loss for the year ended 31 December 2023 and 2022 excluding share-based compensation expenses, fair value (gain)/loss of financial assets/liabilities at FVPL, loss on deconsolidation of subsidiaries and impairment loss of investments accounted for using equity method. For more details, please see the section headed "Non-IFRS measures" below.

(3) No dividend has been paid or declared by the Company for the year ended 31 December 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group operates a widely-used credit card management platform, 51 Credit Card Manager App ("**51 Credit Card Manager**"). As at 31 December 2023, the number of registered users of 51 Credit Card Manager was approximately 88.9 million, up from approximately 88.7 million users as at 31 December 2022, and the number of credit cards we had managed cumulatively amounted to approximately 151.9 million, up from approximately 151.2 million as at 31 December 2022. The Group's commercial information searching tool, Little Blue Book App ("**Little Blue Book**"), aims to provide users with valuable commercial information. As at 31 December 2023, Little Blue Book had approximately 6.9 million registered users, up from approximately 6.7 million users as at 31 December 2022.

The economy and market in general remained on the road to recovery in 2023. Given the impact of the macro market and the change of financial regulatory policy, the Group proactively adjusted its operation structure and optimized the allocation of resources, with further reduction of the overall scale in the credit facilitation business. Meanwhile, we continued to adjust our business strategies of the credit facilitation business with focus on the user management of existing high-quality customers, and actively explored the new customers acquisition model in different channels. In addition, our performance on the recovery of overdue assets met our expectations, mainly due to our active expansion of collection channels subject to strict compliance with regulations, in which good progress was made in the maintenance of litigation channels and recovery.

Our To B SaaS business of Little Blue Book experienced a significant growth and enhanced profitability as the size of our sales team, the effectiveness of our sales staff and our monthly sales doubled as compared to that as at the end of 2022. Our customer unit price, additional customer purchases and renewal rate also registered steady year-on-year growth due to the Group's proactive marketing and promotion efforts. In general, development of the To C business of Little Blue Book remained relatively stable and it continued to generate some leads to the To B business, which further consolidated the complementary competitiveness of C To B with cultivation in various sub-segments, thus enhancing the opportunities and sustainability of business development.

For the year ended 31 December 2023, our revenue was approximately RMB217.2 million, representing a decrease of approximately 45.1% from approximately RMB395.7 million for the year ended 31 December 2022; our operating profit was approximately RMB22.6 million, as compared to the operating loss of approximately RMB40.7 million for the year ended 31 December 2022; and our net loss was approximately RMB3.1 million, representing a decrease of approximately 96.8% from approximately RMB97.6 million for the year ended 31 December 2022.

As for non-IFRS measures, for the year ended 31 December 2023, our non-IFRS adjusted operating profit was approximately RMB22.5 million, representing a decrease of approximately 33.3% as compared to approximately RMB33.7 million for the year ended 31 December 2022; and our non-IFRS adjusted net profit was approximately RMB22.8 million, representing an increase of approximately 104.4% as compared to approximately RMB11.2 million for the year ended 31 December 2022. Please refer to the section headed "FINANCIAL REVIEW – Non-IFRS measures" of this announcement for the definitions, explanations of usage and reconciliations of non-IFRS measures.

	2023		2022		
	RMB'000 ***(approximate)***	**Percentage of revenue** ***(approximate)***	*RMB'000* *(approximate)*	Percentage of revenue *(approximate)*	*Percentage* *(approximate)*
Revenue	**217,158**	**100.0%**	395,739	100.0%	(45.1%)
Credit facilitation and service fee	**70,227**	**32.3%**	113,799	28.8%	(38.3%)
Payment service fee	**–**	**–**	152,945	38.6%	(100%)
Credit card technology service fee	**21,977**	**10.1%**	27,739	7.0%	(20.8%)
SaaS service fee	**57,833**	**26.6%**	51,111	12.9%	13.2%
Camping services fee	**33,941**	**15.6%**	11,063	2.8%	206.8%
Other revenue	**33,180**	**15.4%**	39.082	9.9%	(15.1%)
Operating profit/(loss) for the year	**22,562**		(40,735)		N/A
Net loss for the year	**(3,148)**		(97,629)		(96.8%)
Non-IFRS adjusted operating profit for the year (1)	**22,514**		33,742		(33.3%)
Non-IFRS adjusted net profit for the year (2)	**22,803**		11,154		104.4%

Notes:

(1) Non-IFRS adjusted operating profit for the year is defined as operating profit/(loss) for the year ended 31 December 2023 and 2022 excluding share-based compensation expenses, fair value (gain)/loss of financial assets at fair value through profit or loss ("**FVPL**") and impairment loss of investments accounted for using equity method. For more details, please see the section headed "Non- IFRS measures" below.

(2) Non-IFRS adjusted net profit for the year is defined as net loss for the year ended 31 December 2023 and 2022 excluding share-based compensation expenses, fair value (gain)/loss of financial assets/liabilities at FVPL, loss on deconsolidation of subsidiaries and impairment loss of investments accounted for using equity method. For more details, please see the section headed "Non-IFRS measures" below.

1. Credit Facilitation Service

For the year ended 31 December 2023, the credit facilitation business was one of the Group's major sources of revenue. The Board considered that the credit facilitation business offers credit solutions at competitive price to fill a gap in the PRC lending market by targeting borrowers who have been largely underserved by traditional PRC commercial financial institutions (the "**Target Borrowers**"). The Group, through its online platforms, refers the Target Borrowers who are assessed to have a satisfactory credit level to partnered financial institutions being the funders by providing credit facilitation services and receives service fees upon successful drawdown of loans to Target Borrowers and a guarantee fee upon loan repayment by the Target Borrower. We also provide credit enhancement to partner financial institutions through a licensed financial guarantee company within the Group.

For the year ended 31 December 2023, the total volume of credit facilitation business was approximately RMB1,938.7 million, all being businesses cooperated with financial institutions, representing a decrease of approximately 23.0% from approximately RMB2,519.4 million in the year ended 31 December 2022 as a result of adjustment made to the Group's operation structure and resource allocation as mentioned above. The Day-1 delinquency rate (defined as the total amount of overdue principal as of a specified date divided by the total principal amount due for repayment as of such date) of the credit facilitation assets facilitated in the year ended 31 December 2023 was lower than 4.5%, and the 30-day collection rate of overdue assets was approximately 79.0%. The average tenure of loans decreased to approximately 9.1 months in the year ended 31 December 2023 from approximately 9.5 months in the year ended 31 December 2022, and the average amount of loans decreased to approximately RMB7,500 in the year ended 31 December 2023 from approximately RMB9,200 in the year ended 31 December 2022.

2. SaaS Business

Our SaaS business mainly consists of the Little Blue Book business and the smart retail business as well as the bank operations management business. Little Blue Book is a commercial information searching tool that generates subscription income from corporate customers and individual users. Our smart retail business serves corporate customers and the Group received a fixed amount of revenue from system development and hardware and software sales as well as service fees based on customer usage such as transaction payment amount, cloud server usage and SMS traffic. The bank operations management business mainly provides full-spectrum back-office operation management services to financial institutions such as banks. Revenue from SaaS business increased by approximately 13.2% to approximately RMB57.8 million for the year ended 31 December 2023 from approximately RMB51.1 million for the year ended 31 December 2022.

3. Camping services

The Group has established the campsite brand chain named 51CAMP in 2022, with the aim to develop the “2H” urban camping circle centered on peri-urban campsites and complemented by remote glamping campsites. The revenue of 51 CAMP can mainly be divided into two types: To B and To C. For To C, we provide our customers with delicate camping services and charge a fixed service fee for the use of the venue, food and beverage consumption, etc. On the other hand, To B revenue includes fees charged for commercial advertising shooting, live broadcast, commercial brand press conference, wedding shooting, bespoke wedding, music festivals, camping festivals, enterprise team building customization, event advertising sponsorship and other modes of site services. Revenue from camping services increased by approximately 206.8% to approximately RMB33.9 million for the year ended 31 December 2023 from approximately RMB11.1 million for the year ended 31 December 2022.

OUTLOOK

Against the backdrop of the deceleration of overall macro-economic growth in the year 2023, our SaaS Little Blue Book business has achieved a historical breakthrough and the Group’s camping-related business has thrived despite the decline in our traditional financial technology business. In the future, we will continue to capture the development window period of our new businesses, and constantly seek for new revenue growth points in every business, specifically:

For financial technology business, we will continue to optimize our risk management model, reasonably control the overall risk level, ensure the smooth transition of financial technology business adjustments, and continue to maintain collection channels for historical overdue assets, so as to keep the overall recovery at a satisfactory level.

As for SaaS business, we will continue to focus on To B sales as our key business development, continue to enhance the iteration of industrialized products, and insist on building a high-performance sales team as a one-stop intelligent smart expansion system service provider. In order to comprehensively enhance corporate marketing effectiveness, we will continue to explore the value and commoditization opportunities of artificial intelligence technology in actual scenarios for customers and drive corporate growth through technological innovation.

As to camping services, since inception, 51 CAMP has established 20+ campsites, mainly located in the Yangtze River Delta and Pearl River Delta regions. To further strengthen the large-scale expansion of the camping services business, the Group has employed various collaboration models such as campsite franchise and member campsite during the first half of the year, through which the Group would export its established supply chain system and standardized campsite operation management system, empower its partner campsites, help partner campsites to achieve breakthrough and share the 51 CAMP brand and traffic resources to achieve a win-win situation. Meanwhile, the Group will continue to explore feasibility of other business models, extend the boundaries for the development of the entire camping industry chain, promote camping-related consumption, and further enhance 51 CAMP’s presence in the domestic camping market throughout the entire China.

FINANCIAL INFORMATION

The Board announces the audited condensed results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 as below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Credit facilitation and service fee	*2*	**70,227**	113,799
Payment service fee		**–**	152,945
Credit card technology service fee		**21,977**	27,739
SaaS service fee		**57,833**	51,111
Camping service fee		**33,941**	11,063
Other revenue	*3*	**33,180**	39,082
Total revenue		**217,158**	395,739
Origination and servicing expenses	*4*	**(204,310)**	(332,724)
General and administrative expenses	*4*	**(52,918)**	(95,418)
Research and development expenses	*4*	**(18,319)**	(28,811)
Sales and marketing expenses	*4*	**(27,355)**	(31,569)
Expected credit (loss)/gain, net	*5*	**(23,184)**	84,986
Other gain/(losses), net	*6*	**131,490**	(32,938)
Total operating expenses		**(194,596)**	(436,474)
Operating profit/(loss)		**22,562**	(40,735)

		Year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Share of net loss of associates accounted for using equity method		**(13,240)**	(11,923)
Fair value loss of financial liabilities at fair value through profit or loss		**(25,999)**	(3,350)
Loss on deconsolidation of subsidiaries	*16*	**–**	(30,956)
Finance income/(expenses), net		**3,320**	(7,431)
Loss before income tax		**(13,357)**	(94,395)
Income tax credit/(expenses)	*7*	**10,209**	(3,234)
Loss for the year		**(3,148)**	(97,629)
Profit/(loss) for the year attributable to:			
– Owners of the Company		**11,037**	(82,697)
– Non-controlling interests		**(14,185)**	(14,932)
		(3,148)	(97,629)
Other comprehensive income/(loss)			
Items that may not be reclassified to profit or loss			
Change in fair value attributable to change in the credit risk of other financial liability designated at fair value through profit or loss		**2,250**	(1,286)
Currency translation differences		**(1,863)**	3,443
Total comprehensive loss for the year, net of tax		**(2,761)**	(95,472)

	Notes	Year ended 31 December **2023** ***RMB'000***	 2022 *RMB'000*
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**12,154**	(81,853)
– Non-controlling interests		**(14,915)**	(13,619)
		(2,761)	(95,472)
Earning/(loss) per share attributable to owners of the Company – basic and diluted *(expressed in RMB per share):*			
Earning/(loss) for the year – basic	*8*	**0.01**	(0.07)
Earning/(loss) for the year – diluted	*8*	**0.01**	(0.07)

The above consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment, net		**108,096**	102,464
Right-of-use assets		**34,238**	13,887
Intangible assets	*9*	**38,396**	40,717
Investments accounted for using equity method		**16,016**	31,660
Financial assets at fair value through profit or loss		**70,448**	69,291
Deferred income tax assets		**15,171**	5,386
Prepayments and other receivables	*10*	**632**	1,073
Total non-current assets		**282,997**	264,478
CURRENT ASSETS			
Inventory		**3,027**	–
Quality assurance fund receivable	*11*	**21,060**	16,443
Contract assets	*12*	**32,622**	34,875
Trade receivables	*13*	**41,173**	18,968
Prepayments and other receivables	*10*	**118,736**	116,375
Loans to customers, net		**193,933**	179,725
Financial assets at fair value through profit or loss		**249**	–
Restricted cash		**121,679**	128,827
Cash and cash equivalents		**349,490**	376,813
Total current assets		**881,969**	872,026
Total assets		**1,164,966**	1,136,504

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
EQUITY AND LIABILITIES			
Share capital		**90**	90
Reserves		**725,610**	712,347
Equity attributable to owners of the Company		**725,700**	712,437
Non-controlling interests		**(16,130)**	(1,215)
Total equity		**709,570**	711,222
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank and other borrowings		**59,684**	13,170
Lease liabilities		**27,514**	6,589
Total non-current liabilities		**87,198**	19,759
CURRENT LIABILITIES			
Quality assurance fund payable	*11*	**37,043**	21,713
Payable to platform customers		**54,625**	75,389
Contract liabilities	*12*	**18,767**	16,347
Bank and other borrowings		**100,804**	166,687
Lease liabilities		**4,347**	6,600
Trade and other payables	*14*	**76,132**	66,056
Financial liabilities at fair value through profit or loss		**76,480**	52,731
Total current liabilities		**368,198**	405,523
Total liabilities		**455,396**	425,282
Total equity and liabilities liabilities		**1,164,966**	1,136,504

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NOTES

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRSs and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

IFRSs comprise International Financial Reporting Standards ("**IFRS**"), International Accounting Standards ("**IAS**"), and Interpretations. The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value through profit or loss.

1.2 Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs is not expected to have material impact on the consolidated financial statements of the Group.

2 CREDIT FACILITATION AND SERVICE FEE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Upfront credit facilitation service fee	**35,091**	47,607
Post credit facilitation service fee	**35,136**	66,192
	70,227	113,799

Note: The unsatisfied performance obligation as at 31 December 2023 was approximately RMB23,761,553 (2022:RMB21,193,000). Management expects that 100% of the transaction price allocated to the unsatisfied contracts as at 31 December 2023 and 2022 will be recognized as revenue within the next twelve months.

3 OTHER REVENUE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Overdue charges	**6,874**	6,298
Referral service fee	**12,013**	19,066
Others	**14,293**	13,718
	33,180	39,082

4 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**137,707**	153,376
External technical service fees	**79,942**	123,162
Fund transfer charges	**4,062**	135,103
Marketing and advertising fees	**9,087**	7,087
Depreciation and amortization	**18,623**	15,752
Professional service fees	**10,586**	17,368
Office expenses	**9,910**	11,808
Auditor's remuneration	**2,300**	2,380
Camping operating fee	**11,555**	5,713
Others	**19,130**	16,773
Total amount of origination and servicing expenses, general and administrative expenses, research and development expenses and sales and marketing expenses	**302,902**	488,522

Note: Incremental costs to obtain arrangements where the Group is not the loan originator are generally expensed off when incurred, because the amortization periods of these incremental costs are one year or less. These costs are recorded as sales and marketing expenses.

5 EXPECTED CREDIT LOSS/(GAIN), NET

The composition of ECL provided for the years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables *(Note 13)*	**2,512**	1,132
Prepayments and other receivables	**4,278**	3,912
Contract assets *(Note 12)*	**5,540**	(5,502)
Loans to customers, net	**(430)**	(1,680)
Quality assurance fund *(Note 11)*	**11,284**	(82,848)
	23,184	(84,986)

6 OTHER GAIN/(LOSS), NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Impairment loss (a)	**–**	(26,179)
Fair value gain/(loss) on financial assets at FVPL	**1,157**	(14,489)
Government grants (b)	**994**	1,434
Others (c)	**129,339**	6,296
	131,490	(32,938)

(a) The composition of impairment loss provided for the years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Impairment on investments accounted for using equity method	**–**	(26,179)

(b) Government grants represented various subsidies granted by the government authorities which are not assets related.

(c) The satisfactory recovery of overdue assets in the credit facilitation business of approximately RMB124.1 million for the year ended 31 December 2023.

7 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax	**(424)**	(12)
Deferred income tax	**(9,785)**	3,246
	(10,209)	3,234

The Group's main applicable taxes and tax rates are as follows:

Cayman Islands

The Company was incorporated in the Cayman Islands. Under the current tax laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no withholding tax will be imposed on dividends distributed by the Company to its shareholders.

BVI

The Group's entities incorporated in BVI are not subject to tax on income or capital gains.

HK

The Group's entities incorporated in HK are subject to profits tax rate of 16.5%

The PRC

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**"), the enterprises incorporated in mainland China are generally subject to a uniform enterprise income tax rate of 25%, except for entities qualified as "Software Enterprise", "High and New Technology Enterprise"("**HNTE**") or "Small Low-profit Enterprise" for which preferential tax treatments are granted under EIT Law.

Beijing Dingli Chuangshi Technology Co., Ltd., Hangzhou Yiniu Network Technology Co., Ltd. and Beijing Shouhui Kaizhuo Technology Co., Ltd. ("**Shouhui Kaizhuo**") were qualified as HNTEs in 2017; Beijing Yaku Shikong Information Exchange Technology Co., Ltd. ("**Yaku Shikong**") and Beijing Shouhui Shidai Information Technology Co., Ltd. were qualified as HNTEs in 2018; Hangzhou Enniu Network Technology Co., Ltd. ("**Hangzhou Enniu**") and Hangzhou Zhenniu Information Technology Co., Ltd. ("**Hangzhou Zhenniu**") were qualified as HNTEs in 2019. Hangzhou Zhenniu renewed its HNTEs qualification in 2022. They were entitled to a preferential income tax rate of 15% for three years. The HNTE qualification is subject to renewal every three years.

All other subsidiaries of the Company established in mainland China were subject to enterprise income tax rate of 25%.

Withholding Tax on Undistributed Profits

According to the EIT Law, distribution of profits earned by the companies in the PRC since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan to require its subsidiaries in the PRC to distribute their retained earnings and intends to retain them to operate and expand its business within the PRC. Accordingly, no deferred income tax liability on withholding tax for the undistributed profits of the subsidiaries in the PRC has been accrued.

8 EARNING/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share is calculated by dividing the profit/(loss) of the Group for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2023	2022
Profit/(loss) attributable to owners of the Company *(RMB'000)*	**11,037**	(82,697)
Weighted average number of ordinary shares in issue *('000)*	**1,220,717**	1,220,409
Basic earnings/(loss) per share *(expressed in RMB)*	**0.01**	(0.07)

(b) Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred profit for the years ended 31 December 2023, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and restricted share units ("**RSUs**") granted by the Company.

As the Group incurred losses for the years ended 31 December 2022, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2022 is the same as basic loss per share.

	Year ended 31 December	
	2023	2022
Profit/(loss) attributable to owners of the Company *(RMB'000)*	**11,037**	(82,697)
Weighted average number of ordinary shares in issue *('000)*	**1,220,717**	1,220,409
Adjustments for share options and RSUs granted to employee *('000)*	**132**	–
Weighted average number of ordinary shares for calculation of diluted profit/(loss) per share *('000)*	**1,220,849**	1,220,409
Diluted earning/(loss) per share *(expressed in RMB)*	**0.01**	(0.07)

9 INTANGIBLE ASSETS

	Goodwill	Software	Platform	Applications	Payment licence	Trademark	Camping	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (a))				*(Note (b))*			
Cost								
At 1 January 2023 and 31 December 2023	482,377	26,327	9,810	3,260	–	5,272	4,670	531,716
Accumulated amortization								
At 1 January 2023	–	(25,935)	(9,810)	(1,277)	–	(2,847)	(517)	(40,386)
Amortization charge for the year *(Note (c))*	–	(145)	–	–	–	(585)	(1,591)	(2,321)
At 31 December 2023	–	(26,080)	(9,810)	(1,277)	–	(3,432)	(2,108)	(42,707)
Impairment losses								
At 1 January 2023	(448,630)	–	–	(1,983)	–	–	–	(450,613)
Addition	–	–	–	–	–	–	–	
At 31 December 2023	(448,630)	–	–	(1,983)	–	–	–	(450,613)
Net book value								
At 31 December 2023	33,747	247	–	–	–	1,840	2,562	38,396

	Goodwill RMB'000 (Note (a))	Software RMB'000	Platform RMB'000	Applications RMB'000	Payment licence RMB'000 (Note (b))	Trademark RMB'000	Camping RMB'000	Total RMB'000
Cost								
At 1 January 2022	482,377	26,292	9,810	3,260	499,000	5,272	–	1,026,011
Additions from purchase	–	35	–	–	–	–	4,670	4,705
Disposal on Deconsolidation	–	–	–	–	(499,000)	–	–	(499,000)
At 31 December 2022	482,377	26,327	9,810	3,260	–	5,272	4,670	531,716
Accumulated amortization								
At 1 January 2022	–	(24,109)	(9,810)	(1,277)	–	(2,262)	–	(37,458)
Amortization charge for the year *(Note (c))*	–	(1,826)	–	–	–	(585)	(517)	(2,928)
At 31 December 2022	–	(25,935)	(9,810)	(1,277)	–	(2,847)	(517)	(40,386)
Impairment losses								
At 1 January 2022	(448,630)	–	–	(1,983)	(188,800)	–	–	(639,413)
Disposal on Deconsolidation *(Note 16)*	–	–	–	–	188,800	–	–	188,800
At 31 December 2022	(448,630)	–	–	(1,983)	–	–	–	(450,613)
Net book value								
At 31 December 2022	33,747	392	–	–	–	2,425	4,153	40,717

(a) Impairment tests for goodwill

As at 31 December 2023 and 2022, goodwill of approximately RMB33,747,000 was recognized as the results of the acquisition of China Netcom in 2017 by the Group. Goodwill is monitored at the operating segment level by the management. The management assessed Netcom as one separate operating segment ("**Netcom Unit**").

Impairment review on the goodwill of the Group has been conducted by the management as at 31 December 2023 according to IAS 36 "Impairment of assets". For the purpose of impairment review, the recoverable amount of Netcom Unit containing goodwill is determined based on the higher amount of the fair value less cost of disposal ("**FVLCD**") and value in use calculations.

As at 31 December 2023, the recoverable amount of Netcom Unit containing goodwill was determined based on FVLCD, which was estimated by management with reference to the quoted market price of Netcom's listed shares on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Management considered the recoverable amount of Netcom Unit containing goodwill was higher than its carrying amount as at 31 December 2023.

Based on the assessment, no impairment on Netcom Unit containing goodwill was required for the year ended 31 December 2023 (2022: Nil).

(b) Impairment tests for payment licence

The Group's payment licence which arose from the acquisition of Shouhui Kaizhuo on 31 December 2017 is carried at cost less any subsequent impairment loss, and is considered to have an indefinite useful life based on the following grounds:

(i) The payment licence was valid and granted by People's Bank of China ("**PBOC**") which is renewable every 5 years with immaterial administrative expenses;

(ii) The management of the Company considered that there would be no practical difficulties in the application for payment licence renewal; and

(iii) The Company has tested whether the payment licence with indefinite useful life had suffered any impairment on an annual basis by conducting an annual review to determine whether the latest events and circumstances continue to support an indefinite useful life assessment.

Impairment review on the payment licence with indefinite useful life has been conducted by the management as of 31 December 2021 according to IAS 36 "Impairment of assets". The Group compares the carrying amount of the payment licence against its recoverable amount. The recoverable amount of the payment licence was determined based on FVLCD, which was estimated by management with reference to the comparable transaction cases within past one year. Based on the impairment assessment, an impairment loss of approximately RMB148,903,000 was recognized against the payment licence for the year ended 31 December 2021.

Refer to Note 16 for information in respect of the disposal of payment licence on Deconsolidation of subsidiaries during the year ended 31 December 2022.

(c) Amortization of intangible assets

Amortization charges of intangible assets were recorded in the following categories in the consolidated statement of comprehensive loss:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Origination and servicing expenses	**1,565**	1,331
General and administrative expenses	**616**	1,143
Research and development expenses	**140**	454
	2,321	2,928

10 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Included in non-current assets:		
Rental deposits	**632**	1,073
	632	1,073
Included in current assets:		
Amounts due from related parties	**12,023**	24,573
Deposits and prepaid expenses	**27,306**	31,975
Receivable from disposal of bad debts	**9,959**	10,574
Loan to a Director	**11,059**	10,393
Loans to third parties *(note)*	**19,119**	–
Withholding tax paid on behalf of grantees under employee incentive schemes	**6,292**	6,292
Others	**32,978**	32,568
	118,736	116,375
Total	**119,368**	117,448

Note: The loans are repayable on demand and the amounts are at annual interest rate of 8% to 10%.

11 QUALITY ASSURANCE FUND PAYABLE AND RECEIVABLE

The following table sets forth the Group's quality assurance fund payable movements for the years ended 31 December 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening balance	**21,713**	59,681
Fair value of newly written quality assurance obligation	**81,095**	93,109
ECL provided/(reversed) for the year *(Note 5)*	**9,473**	(83,164)
Payouts during the year, net	**(75,238)**	(47,913)
Ending balance	**37,043**	21,713

The following table sets forth the Group's quality assurance fund receivable movements for the years ended 31 December 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening balance	**16,443**	28,797
Fair value of newly written quality assurance obligation	**81,095**	93,109
ECL provided for the year *(Note 5)*	**(1,811)**	(316)
Contribution received from borrowers	**(74,667)**	(105,147)
Ending balance	**21,060**	16,443

	As at 31 December 2023			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Quality assurance fund receivable	22,251	1,365	35,253	58,869
Less: ECL allowance under IFRS 9 (a)	(2,899)	(749)	(34,161)	(37,809)
Quality assurance fund receivable, net	19,352	616	1,092	21,060

	As at 31 December 2022			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Quality assurance fund receivable	17,746	933	33,762	52,441
Less: ECL allowance under IFRS 9 (a)	(2,598)	(632)	(32,768)	(35,998)
Quality assurance fund receivable, net	15,148	301	994	16,443

(a) The following tables explain the changes in the ECL allowance of quality assurance fund receivable by stage for the years ended 31 December 2023 and 2022:

	Year ended 31 December 2023			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Opening balance	**2,598**	**632**	**32,768**	**35,998**
Net increase for the period (i)	**324**	**138**	**1,349**	**1,811**
Transfer				
Transfer from Stage 1 to Stage 2	**(1)**	**1**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(22)**	**–**	**22**	**–**
Transfer from Stage 2 to Stage 1	**–**	**–**		
Transfer from Stage 2 to Stage 3	**–**	**(22)**	**22**	**–**
Ending balance	**2,899**	**749**	**34,161**	**37,809**

	Year ended 31 December 2022			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL *RMB'000*	Stage 3 Lifetime ECL *RMB'000*	Total *RMB'000*
Opening balance	2,666	709	32,307	35,682
Net (decrease)/increase for the period (i)	(39)	(12)	367	316
Transfer				
Transfer from Stage 1 to Stage 2	(2)	2	–	–
Transfer from Stage 1 to Stage 3	(27)	–	27	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	(67)	67	–
Ending balance	2,598	632	32,768	35,998

(i) This item includes changes of PD, EAD and LGD due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

12 CONTRACT ASSETS/(LIABILITIES)

	As at 31 December	
	2023 *RMB'000*	2022 *RMB'000*
Contract assets	**641,498**	638,211
Less: ECL allowance	**(608,876)**	(603,336)
Contract assets, net	**32,622**	34,875
Contract liabilities	**(18,767)**	(16,347)

13 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Referral and credit card technology service receivables	**243,141**	226,582
Saas service receivables	**13,173**	5,931
Others	**1,511**	595
	257,825	233,108
ECL allowance	**(216,652)**	(214,140)
	41,173	18,968

The activity in the total ECL allowance for trade receivables as at 31 December 2023 and 2022 consisted of the following:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening balance	**(214,140)**	(213,008)
Provision of ECL for the year *(Note 5)*	**(2,512)**	(1,132)
Ending balance	**(216,652)**	(214,140)

Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**27,964**	6,467
More than 30 days	**229,861**	226,641
	257,825	233,108

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables (a)	**18,175**	18,058
Payroll and welfare payable	**18,043**	13,556
Interest payable	**18,110**	16,110
Professional service expenses	**6,232**	6,965
Others	**15,572**	11,367
	76,132	66,056

(a) Trade payables represent payables of fund transfer charges and collection service charges.

The aging analysis of trade payables based on invoice date is as below:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**15,001**	9,046
30 to 90 days	**1,347**	8,352
90 to 180 days	**280**	322
180 to 360 days	**1,494**	163
over 360 days	**53**	175
	18,175	18,058

15 Dividends

No dividend has been paid or declared by the Company for the year ended 31 December 2023 (2022: Nil).

16 LOSS ON DECONSOLIDATION OF SUBSIDIARIES

Shouhui Kaizhuo through its subsidiary (collectively, the "**SK Group**"), holds a valid payment business licence (the "**payment licence**"), was acquired by the Group from the former shareholders of Shouhui Kaizhuo in December 2017.

In or around early August 2022, Mr. Yang Fan ("**Mr. Yang**"), the former controlling shareholder of Shouhui Kaizhuo, had become aggressive and directly gone to the office of Shouhui Kaizhuo in Beijing and claimed that the personnel of Shouhui Kaizhuo shall report to him instead of the Group, restricted the management of Shouhui Kaizhuo from contacting the staff of the Group, and sent his staff to interfere with the business operation of Shouhui Kaizhou and SK Group. The Group had since 3 August 2022 been unable to carry out workplace communication with SK Group and was also unable to access all the books and records of SK Group. The management of SK Group ceased to report to the Group on any business matter, and the Group was unable to obtain all the necessary books and records of SK Group to ascertain the operational status and financial situation of SK Group.

Despite the Group's efforts in taking protective measures since then, such as (i) taking legal action against Shouhui Kaizhuo's subsidiaries for the repayment of loans of an aggregate of RMB101,425,800 to the Group (the "**Loans**"); (ii) obtaining an order from the court to freeze the bank accounts of operating subsidiaries of SK Group; and (iii) commencing Legal Proceedings against the relevant individuals and entities (including but not limited to Mr. Yang), the Board is of the view that the Company is currently unable to control to the assets and operations of SK Group and is unable to exercise its decision-making rights over SK Group. After having taken into account the applicable requirements under the International Financial Reporting Standards in relation to the consolidated financial statements of the Group for the year ended 31 December 2023 and 2022, the Board considers that SK Group shall be deconsolidated from the Group with effect from the date of the event that Mr. Yang seized the Group ' s management right over the office of SK Group (i.e., 3 August 2022) (the "**Deconsolidation**"), on the basis that (i) the Company is unable to control the operation and finance of SK Group; (ii) the Company is unable to obtain the books and records of SK Group since 3 August 2022; (iii) the Company is unable to obtain report from the management of SK Group on business matter; and (iv) the Company is unable to direct the future development of SK Group.

In light of the above circumstances, the Group excluded the financial position of the SK Group as at and after 3 August 2022 and the results and cash flows of the SK Group since 3 August 2022 from the consolidated financial statements of the Group for the financial year ended 31 December 2023 and 2022. The Board considered that the consolidated financial statements of the Group for the year ended 31 December 2023 and 2022 be prepared on such basis will present the results and state of affairs of the Group more fairly as a whole in light of the current situation of the SK Group.

The following set out the financial impact on the Deconsolidation of SK Group:

	Note	3 August 2022 RMB'000
Cash and cash equivalents		56,129
Trade receivables		600
Prepayments and other receivables		8,535
Property and equipment, net		1,541
Intangible assets	9	310,200
Trade payables		(10,029)
Other payables		(142,058)
Deferred tax liabilities		(77,550)
Net assets of SK Group		147,368
Consideration payable waived		
Payables for equity investments		(214,825)
Financial liabilities at FVPL on unissued shares		(3,013)
		(70,470)
Amount due by SK Group to the Group *(Note (a))*		101,426
Loss on deconsolidation of subsidiaries		30,956

Note:

(a) As at 3 August 2022, the Group has an amount due from SK Group, net of approximately RMB101,425,800. Due to the loss of control over and legal action against SK Group, an impairment loss of RMB101,425,800 had been provided for as loss on Deconsolidation of subsidiaries in the consolidated financial statements for the year ended 31 December 2022.

17. EVENT AFTER REPORTING PERIOD

On 1 March 2024, Hangzhou Enniu, which is the subsidiary of the Group, entered into a conditional settlement agreement with the Tiantu Respondent Group (as defined below), pursuant to which, among others, the Group shall withdraw its claims against the Tiantu Respondent Group in the arbitration proceedings commenced by the Group in the PRC to, among others, rescind the acquisition of the entire equity interests in Shouhui Kaizhuo by the Group and seek for damages for breach of contract. Under the agreement, Tiantu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司) and Tianjin Tiantu Xinghua Equity Investment Partnership (Limited Partnership)* (天津天圖興華股權投資合夥企業(有限合夥)) (collectively, the "Tiantu Respondent Group") will, among others, continue to hold the approximately 6.0% and 13.12% equity interest in Shouhui Kaizhou, respectively, which is currently registered under their respective names, as nominee for and on behalf of the relevant member of the Group in accordance with the terms of a nominee agreement dated 25 June 2019; and the Tiantu Respondent Group will compensate Hangzhou Enniu of RMB75 million which will be repayable in accordance with the terms of the settlement agreement.

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately 45.1% from approximately RMB395.7million for the year ended 31 December 2022 to approximately RMB217.2 million for the year ended 31 December 2023.

Credit facilitation and service fee decreased by approximately 38.3% from approximately RMB113.8 million for the year ended 31 December 2022 to approximately RMB70.2 million for the year ended 31 December 2023. We generally collect credit facilitation service fees from Target Borrowers according to the pre-confirmed fee schedules, and recognize in the consolidated financial statements the upfront credit facilitation service fee at the inception of the loan and the post credit facilitation service fee over the loan during the year. The decrease in credit facilitation and service fee was mainly attributable to the decrease in credit facilitation business volume in the year ended 31 December 2023 mainly due to our own business strategies adjustments.

Payment service fee decreased from approximately RMB152.9 million for the year ended 31 December 2022 to nil for the year ended 31 December 2023, mainly due to the deconsolidation of the SK Group in August 2022.

SaaS service fee increased by approximately 13.2% from approximately RMB51.1 million for the year ended 31 December 2022 to approximately RMB57.8 million for the year ended 31 December 2023, mainly due to the subscription income of Little Blue Book having increased by 60.7% from approximately RMB14.5 million for the year ended 31 December 2022 to approximately RMB23.3 million for the year ended 31 December 2023.

Credit card technology service fee decreased by approximately 20.8% from approximately RMB27.7 million for the year ended 31 December 2022 to approximately RMB22.0 million for the year ended 31 December 2023. In the year ended 31 December 2023, credit card technology service mainly focused on the issuance of co-branded cards under the cooperation with financial institutions. After evaluating the market situations, we reduced the investment in the co-branded card business, which led to a decrease in credit card technology service fee.

Camping service fee increased by approximately 206.8% from approximately RMB11.1 million for the year ended 31 December 2022 to approximately RMB33.9 million for the year ended 31 December 2023. The rapid growth of the business was driven by the strong consumer demand for camping experience in the post-pandemic era.

Other revenue decreased by approximately 15.1% from approximately RMB39.1 million for the year ended 31 December 2022 to approximately RMB33.2 million for the year ended 31 December 2023, mainly due to the decrease in the referral service fee of the Group generated from loans referred to third-party business partners by approximately 37.0 % from approximately RMB19.1 million for the year ended 31 December 2022 to approximately RMB12.0 million for the year ended 31 December 2023 in light of the further tightening of relevant financial policies.

Operating expenses

Total operating expenses decreased by approximately 55.4% from approximately RMB436.5 million for the year ended 31 December 2022 to approximately RMB194.6 million for the year ended 31 December 2023.

Origination and servicing expenses decreased by approximately 38.6% from approximately RMB332.7 million for the year ended 31 December 2022 to approximately RMB204.3 million for the year ended 31 December 2023, of which (i) relevant fund transfer charges decreased by 100.0% from approximately RMB128.2 million for the year ended 31 December 2022 to nil for the year ended 31 December 2023 due to the payment business operated by the SK Group no longer being carried out by the Group following the Deconsolidation; and (ii) the camping operating expenses increased by approximately 80.7% from approximately RMB5.7 million for the year ended 31 December 2022 to approximately RMB10.3 million for the year ended 31 December 2023 due to growth in business volume of the camping services.

Sales and marketing expenses decreased by approximately 13.3% from approximately RMB31.6 million for the year ended 31 December 2022 to approximately RMB27.4 million for the year ended 31 December 2023. We strictly controlled the office expenses as part of the Group's cost control measures, which decreased by approximately 86.2% from approximately RMB2.9 million for the year ended 31 December 2022 to approximately RMB0.4 million for the year ended 31 December 2023.

General and administrative expenses decreased by approximately 44.5% from approximately RMB95.4 million for the year ended 31 December 2022 to approximately RMB52.9 million for the year ended 31 December 2023, which was mainly attributable to the decrease in employee benefit expenses by approximately 68.6% to approximately RMB19.4 million for the year ended 31 December 2023 from approximately RMB61.7 million for the year ended 31 December 2022 as a result of the substantial decrease by approximately 96.7% in share-based compensation expenses during the year to approximately RMB1.1 million from approximately RMB33.8 million for the year ended 31 December 2022.

Research and development expenses decreased by approximately 36.4% from approximately RMB28.8 million for the year ended 31 December 2022 to approximately RMB18.3 million for the year ended 31 December 2023, mainly due to the decrease of research and development staff as a result of business transformation, which led to a decrease in employee benefit expenses for the research and development department by approximately 26.9% to approximately RMB18.2 million for the year ended 31 December 2023 from approximately RMB24.9 million for the year ended 31 December 2022.

Expected credit loss/(gain) changed from a gain of approximately RMB85.0 million for the year ended 31 December 2022 to a loss of approximately RMB23.2 million for the year ended 31 December 2023 mainly because of (i) the increase in expected credit loss related to quality assurance fund and contract assets changed from a gain of approximately RMB88.4 million for the year ended 31 December 2022 to a loss of approximately RMB16.8 million for the year ended 31 December 2023, which was mainly because the recovery of historical overdue assets of approximately RMB124.1 million was reclassed in other gains, the recovery of historical overdue assets was maintained well during the year ended 31 December 2023; (ii) expected credit gain related to loans to customers decreased by approximately 74.4% from approximately RMB1.7 million for the year ended 31 December 2022 to approximately RMB0.4 million for the year ended 31 December 2023. Loans to customers, net are mainly historical overdue assets, and the overdue recovery in the year ended 31 December 2023 was satisfactory; and (iii) expected credit loss related to receivables are mainly caused by expected credit loss on accounts receivables under the credit card technology service, which increased by approximately 34.6% from approximately RMB5.0 million for the year ended 31 December 2022 to approximately RMB6.8 million for the year ended 31 December 2023, mainly due to the reduction of scale in business. In this segment, the management has closely monitored all outstanding overdue assets and regularly reviewed the recoverability of various loans and receivables.

Other gain/(losses), net changed from a loss of approximately RMB32.9 million for the year ended 31 December 2022 to a gain of approximately RMB131.5 million for the year ended 31 December 2023, mainly due to (i) the recovery of historical overdue assets of approximately RMB124.1 million was reclassed in other gains; (ii) impairment of the long term equity investment having decreased by 100% from approximately RMB26.2 million for the year ended 31 December 2022 to nil for the year ended 31 December 2023 mainly due to the good operating results of Group's subsidiaries and associates as at 31 December 2023 as compared to that of 31 December 2022; (iii) the fair value gain/(loss) on financial assets at FVPL turned to a gain of approximately RMB1.2 million for the year ended 31 December 2023 from a loss of approximately RMB14.5 million for the year ended 31 December 2022, due to the good operating results of several investees, resulting in a higher market value as at 31 December 2023 as compared to that of 31 December 2022.

Share of net loss of associates accounted for using equity method

Share of net loss of associates accounted for using equity method increased by approximately 11.0% from approximately RMB11.9 million for the year ended 31 December 2022 to approximately RMB13.2 million for the year ended 31 December 2023, mainly because of the loss operating results of several associates.

Fair value loss of financial liabilities at FVPL

Fair value loss of financial liabilities at FVPL increased by approximately 676.1% from approximately RMB3.4 million for the year ended 31 December 2022 to approximately RMB26.0 million for the year ended 31 December 2023, mainly due to the promising operating results of Little Blue Book during the year ended 31 December 2023, resulting in the significant increase in appraisal value of such liabilities as compared to that of 31 December 2022.

Finance income/(expenses), net

Finance income/(expenses), net changed from financial expenses of approximately RMB7.4 million for the year ended 31 December 2022 to financial income of approximately RMB3.3 million for the year ended 31 December 2023, mainly due to the increase in financial interest income as a result of the Group's effort in enhancing the efficiency of the utilization of funds.

Income tax (credit)/expenses

Income tax (credit)/expenses changed from expenses of approximately RMB3.2 million for the year ended 31 December 2022 to credit of approximately RMB10.2 million for the year ended 31 December 2023, mainly due to the increase in deferred income tax assets.

Loss for the year

As a result of the foregoing, our loss for the year decreased by approximately 96.8% from approximately RMB97.6 million for the year ended 31 December 2022 to approximately RMB3.1 million for the year ended 31 December 2023, mainly due to (i) the cost reduction brought about by the increase in the operational level of the Group's businesses; (ii) satisfactory recovery of overdue assets in the credit facilitation business; (iii) the absence of loss on deconsolidation of subsidiaries of approximately RMB30.1 million during the year as a result of the Deconsolidation; (iv) the decrease in the impairment of long-term equity investment by 100% from approximately RMB26.2 million for the year ended 31 December 2022 to nil for the year ended 31 December 2023; and (v) the significant decrease by approximately 96.7% in share-based compensation expenses to approximately RMB1.1 million for the year ended 31 December 2023 from approximately RMB33.8 million for the year ended 31 December 2022.

Non-IFRS measures

To supplement our consolidated financial statements that have been prepared in accordance with IFRSs, we also use adjusted operating profit and adjusted net profit as additional financial indicators, which are not presented in accordance with IFRSs. We believe that adjusted operating profit and adjusted net profit facilitate comparisons of operating performance from period to period by eliminating potential impacts of items which the management considers nonindicative of our operating performance, and provide useful information to investors and others in understanding and evaluating our consolidated results of operations. The use of adjusted operating profit and adjusted net profit has limitations as an analytical tool, and such measures should not be considered as an isolation from, or as a substitute for an analysis of, our results of operations or financial conditions as prepared under IFRSs. As non-IFRS measures do not have a standardised meaning prescribed by IFRSs, such non-IFRS measures may be defined differently from similar terms presented by other companies, and may not be comparable to other similarly titled measures presented by other companies.

When measuring adjusted operating profit and adjusted net profit for the year, we excluded share-based compensation expenses, fair value (gain)/loss of financial assets/liabilities at FVPL, loss on deconsolidation of subsidiaries and impairment loss of investments accounted for using equity method from operating gain/(loss) and net loss, respectively. We excluded these items because they were either non-operating in nature or not indicative of our core operating results and business outlook, or did not generate any cash outflows: (i) share-based compensation expenses were excluded because they were non-cash in nature and did not result in cash outflow. In particular, as the types of incentive available and valuation methodologies used may vary in different companies, we believed that excluding such item provides investors and others with greater visibility to the underlying performance of our business operations; (ii) fair value (gain)/loss of financial assets/liabilities at FVPL were non-cash in nature and did not result in cash outflow. We believe that this item was not reflective of our ongoing operating results and there was no direct correlation to the operation of our business; and (iii) loss on deconsolidation of subsidiaries and impairment loss of investments accounted for using equity method were non-cash items and there were no direct correlation to the operation of our business.

The following tables reconcile the non-IFRS adjusted operating profit for the year and the adjusted net profit for the year presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs, which are operating profit/(loss) for the year and net loss for the year:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Non-IFRS adjusted operating profit		
Operating profit/(loss)	**22,562**	(40,735)
Adjusted for:		
Share-based compensation expenses	**1,109**	33,809
Fair value (gain)/loss of financial assets at FVPL	**(1,157)**	14,489
Impairment loss of investments accounted for using equity method	**–**	26,179
Non-IFRS adjusted operating profit	**22,514**	33,742

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Non-IFRS adjusted net profit		
Net loss	**(3,148)**	(97,629)
Adjusted for:		
Share-based compensation expenses	**1,109**	33,809
Fair value loss of financial liabilities at FVPL	**25,999**	3,350
Fair value (gain)/loss of financial assets at FVPL	**(1,157)**	14,489
Loss on deconsolidation of subsidiaries	**–**	30,956
Impairment loss of investments accounted for using equity method	**–**	26,179
Non-IFRS adjusted net profit	**22,803**	11,154

Liquidity, Financial Resources and Gearing

The Group maintained a net cash position throughout the period under review. Our net cash positions as at 31 December 2023 and 31 December 2022 are as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB' million	*RMB' million*
Cash and cash equivalents	**349**	377
Borrowings	**(160)**	(180)
Net cash	**189**	197

Cash and cash equivalents include cash at banks and other short-term deposits with original maturities of three months or less. Our cash and cash equivalents and liquid investments are denominated in the United States dollars (the "**US dollars**"), Renminbi ("**RMB**") and HK dollars.

For the year ended 31 December 2023, the Group recorded net cash outflow of approximately RMB28.5 million, primarily representing net cash inflow in operating activities of approximately RMB25.8 million; net cash outflow in investing activities of approximately RMB15.3 million; and net cash outflow in financing activities of approximately RMB38.9 million.

The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The gearing ratio of the Group, calculated as total borrowings divided by total assets, was approximately 13.8% as at 31 December 2023 (31 December 2022: approximately 15.8%).

The following table sets forth the maturity profile of our borrowings within the years indicated:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Within 1 year	**100,804**	166,687
1 year to 2 years	**59,684**	7,763
2 years to 5 years	**–**	5,407
Total borrowings	**160,488**	179,857

The bank and other borrowings as at 31 December 2023 were denominated in RMB (31 December 2022: RMB). For the year ended 31 December 2023, the annual interest rates of borrowings ranged from 3.30% to 8.04% (year ended 31 December 2022: 5.64% to 8.04%).

Exposure to Fluctuations in Exchange Rates

The Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and HK dollars.

For the Group's PRC subsidiaries whose functional currency is RMB, if US dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the year ended 31 December 2023 would have been approximately RMB441,000 higher/lower, and the loss before income tax for the year ended 31 December 2022 would have been approximately RMB2,723,000 higher/lower, as a result of net foreign exchange gains/(losses) on translation of net monetary liabilities denominated in US dollars.

For the Group's PRC subsidiaries whose functional currency is RMB, if HK dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the year ended 31 December 2023 would have been approximately RMB23,000 lower/higher, and the loss before income tax for the year ended 31 December 2022 would have been approximately RMB300 lower/higher, as a result of net foreign exchange gains/(losses) on translation of net monetary assets denominated in HK dollars.

The Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuating during the year ended 31 December 2023.

The Group will monitor and manage foreign exchange risk from time to time and enter into foreign exchange forward contracts depending on circumstance to cover specific foreign currency payments and receipts within the exposure generated from time to time where appropriate.

Charge on Assets

For the year ended 31 December 2023, the Group had charged its properties located at Building B3, No. 588 Wenyi West Road, Hangzhou, PRC in favour of Wenchuang Branch of Bank of Hangzhou and Hangzhou Branch of Bank of Wenzhou for obtaining mortgage loans of RMB53.0 million and RMB85.0 million, respectively.

Material Investment and Future Plans for Material Investments on Capital Assets Acquisition

For the year ended 31 December 2023, the Group did not have any material investments (year ended 31 December 2022: Nil). The Group had no specific plan for material investment or acquisition of capital assets as at 31 December 2023.

Material Acquisition and Disposal

For the year ended 31 December 2023, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures (year ended 31 December 2022: Nil).

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2023 (31 December 2022: Nil).

Final Dividend

The Board did not recommend the declaration of a final dividend for the year ended 31 December 2023 (2022: Nil).

Employees and Remuneration policy

As at 31 December 2023, the Group had approximately 360 employees (2022: 469 employees). For the year ended 31 December 2023, the total staff cost incurred by the Group was approximately RMB137.7 million (2022: approximately RMB153.4 million). The Company has established an effective compensation management system and talent incentive mechanism by following the principle of "competitive compensation to attract high-quality talent". The Company's compensation system is linked to the performance appraisal system and the Group's operating results to create a more fair and humane working environment for each employee to fully exert his/her own value, so as to provide human resources guarantee for the Group's sustainable and stable development. In addition, the Company focuses on employee training system construction, including new employee induction training and on-the-job training, covering professional training to improve vocational skills, management training to enhance leadership quality and general-purpose training to develop comprehensive quality. The Company has also adopted the 51 Stock Scheme and 51 Award Scheme to reward the employees.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 1 March 2024 in relation to the settlement agreement (the "**Settlement Agreement**"). As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group had commenced arbitration proceedings certain parties to, among others, rescind the acquisition of the entire equity interests in Beijing Shouhui Kaizhuo Technology Co., Ltd. (北京首惠開桌科技有限公司) by the Group (the "**Acquisition**"). On 1 March 2024, Hangzhou Enniu, a subsidiary of the Company, entered into the Settlement Agreement with the Tiantu Respondent Group, each of which are respondents to the said arbitration proceedings, pursuant to which, subject to the approval of the independent shareholders of the Company, the Tiantu Respondent Group shall compensate the Group a sum of RMB75 million and the parties agree to finally settle the disputes amongst them regarding the Acquisition. Pursuant to the Settlement Agreement, in order to halt the arbitration proceedings against the Tiantu Respondent Group from further proceeding pending the Settlement Agreement becoming unconditional, the parties have agreed to apply to withdraw their respective claims and counterclaims against each other. Each of the Tiantu Respondent Group is a connected person of the Company, accordingly, the Settlement Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) exceeds 25% and the total consideration exceeds HK$10,000,000, the Settlement Agreement and the transactions contemplated thereunder is subject to announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. An extraordinary general meeting of the Company (date to be determined) will be held for the independent shareholders of the Company to consider, and if thought fit, approve the Settlement Agreement. For further details as to the Settlement Agreement and its background, please refer to the announcements of the Company dated 4 November 2022, 9 January 2023, 1 March 2024 and 22 March 2024.

Save as disclosed above, there were no material events undertaken by the Group subsequent to 31 December 2023 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2023, the Company had applied and complied with all the code provisions in Part 2 of Appendix C1 (the "**CG Code**"), with exceptions set out as follows:

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, Mr. Sun takes up the roles of both chairman of the Board and the chief executive officer of the Company, which is deviated from code provision C.2.1 of the CG Code which stipulates that the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. The Board considers that Mr. Sun possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, together with effective control of the Company's internal check and balance mechanism, the same individual performing the roles of chairman and the chief executive officer can achieve the goal of improving the Company's efficiency in decision making, execution and effectively capturing business opportunities. The Board will review the effectiveness of this arrangement from time to time.

Code Provision F.2.2

Code provision F.2.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meetings of the Company, and should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegates to attend. During the year ended 31 December 2023, Mr. Sun Haitao was unable to attend annual general meeting of the Company held on 30 May 2023 (the "**AGM**") due to other business commitments.

Ms. Wu Shan, an executive Director present at that AGM took the chair of the AGM pursuant to Article 13.3 of the Articles to ensure an effective communication with the Shareholders thereat. Mr. Sun Haitao is the Nomination Committee's chairman and due to his absence at the AGM, Ms. Wu Shan also invited Mr. Ye Xiang, member of the Nomination Committee, to attend.

Code Provision C.1.6

Code provision C.1.6 of the CG Code stipulates that, among others, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the year ended 31 December 2023, Ms. Zou Yunli, Ms. Gao Li and Mr. Xu Xuchu were unable to attend AGM due to other business commitments.

REVIEW OF THE ANNUAL RESULTS

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three members, of whom Mr. Ye Xiang (independent non-executive Director) is the chairman, and other members are Ms. Zou Yunli (non-executive Director) and Mr. Xu Xuchu (independent non-executive Director).

The Audit Committee has reviewed the audited consolidated annual results of the Group and the audited consolidated annual financial information for the year ended 31 December 2023 and also reviewed and confirmed the accounting policies and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from ZHONGHUI ANDA CPA Limited, the external auditor of the Company, on the Group's consolidated financial statements for the year ended 31 December 2023:

"QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

1. Deconsolidation of subsidiaries

As disclosed in note 16 to the consolidated financial statements, SK Group, holds a valid payment license, was acquired by the Group from the former shareholders of Shouhui Kaizhuo in December 2017.

In or around early August 2022, Mr. Yang Fan, the former controlling shareholder of Shouhui Kaizhuo, had restricted the management of SK Group from contacting the staff of the Group, and the Group had since 3 August 2022 (the "**Date of Deconsolidation**") been unable to carry out workplace communication with SK Group and also unable to access all the books and records of SK Group. The Group considered that since the Date of Deconsolidation, the Group is unable to (i) control the operation and finance of SK Group; (ii) obtain the books and records of SK Group; (iii) obtain report from the management of SK Group on business matters; and (iv) direct the future development of SK Group.

In light of the above circumstances, the Group considered it had lost control over SK Group and had excluded the consolidated financial position of SK Group as at and after the Date of Deconsolidation and the results and cash flows of SK Group since the Date of Deconsolidation from the consolidated financial statements of the Group for the year ended 31 December 2022 (the "**Deconsolidation**").

The Group has been taking protective measures such as (i) taking legal action against SK Group for the repayment of loans of an aggregate of approximately RMB101,425,800 to the Group; (ii) obtaining an order from the court to freeze the bank accounts of operating companies of SK Group; and (iii) commencing legal proceedings against the relevant individuals and entities (collectively, the "**Legal Proceedings**"). Due to the uncertainty of the outcome of the Legal Proceedings, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the Deconsolidation of SK Group was appropriate.

Due to the insufficient supporting documents and relevant explanations on the accounting books and records in respect of SK Group and its operations, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the Deconsolidation of SK Group on the Date of Deconsolidation and the loss on Deconsolidation of approximately RMB30,956,000; (ii) the income and expenses for the years ended 31 December 2023 and 2022; (iii) the assets and liabilities as at 31 December 2023 and 2022; and (iv) the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

(a) Income and expenses

	For the years ended 31 December 2022 *RMB'000*
Payment service fee	152,945
Origination and servicing expenses	(128,431)
General and administrative expenses	(12,719)
Sales and marketing expenses	(1,000)
Impairment loss on payment license	–
Fair value loss on financial liabilities at fair value through profit or loss	(5,061)
Profit before tax	5,734
Income tax credit	77,550
Profit for the year	83,284

(b) Commitments and contingent liabilities in relation to SK Group and its operations

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities in relation to SK Group and its operations as at 31 December 2023 and 2022.

(c) Related party transactions and disclosures in relation to SK Group and its operations

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions for the year ended 31 December 2023 and 2022 and balances as at 31 December 2023 and 2022 in relation to SK Group and its operations as required by International Accounting Standard 24 (Revised) "Related Party Disclosures".

Any adjustments to the figures described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the years ended 31 December 2023 and 2022, the consolidated financial position of the Group as at 31 December 2023 and 2022 and the related disclosure thereof in the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.u51.com). The annual report will be despatched to the shareholders and published on both aforementioned websites on or before 30 April 2024.

* *The English names have been transliterated from their respective Chinese names and are for identification only.*

By Order of the Board
51 Credit Card Inc.
Sun Haitao
Chairman, Chief Executive Officer and Executive Director

27 March 2024

As at the date of this announcement, the executive Directors are Mr. Sun Haitao and Ms. Wu Shan; the non-executive Directors are Ms. Zou Yunli, Ms. Gao Li and Ms. Jiang Chloe Cuicui and the independent non-executive Directors are Mr. Ye Xiang, Mr. Xu Xuchu and Mr. Shou Jian.