

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



VCREDIT Holdings Limited 維信金科控股有限公司

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

(Stock Code: 2003)

US\$100 million 11.0% Senior Notes due 2021

(Stock Code: 5064)

PROFIT WARNING

This announcement is made by VCREDIT Holdings Limited (the “**Company**”) and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to advise shareholders of the Company (“**Shareholders**”) and potential investors in the securities of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”), the Group is expected to report a net loss in the range of RMB890 million to RMB1,090 million, and an adjusted net loss⁽¹⁾ in the range of RMB850 million to RMB1,050 million for the Period, as compared to a net profit of RMB6.2 million and an adjusted net profit⁽²⁾ of RMB192.8 million for the corresponding period in 2019. The expected loss for the Period is due mainly to the adverse impact of the COVID-19 pandemic on the business and operations of the Group during the Period which has resulted, in particular, in (i) an increase in a fair value loss in the Group’s loan portfolio and (ii) an increase in delinquency rates for loan repayments.

The Group has responded with measures, including focussing on loan collection, to control credit risk as part of its overall risk management strategy to mitigate the impact of the COVID-19 pandemic. Whilst delinquency ratios have increased across the board following the spread of the COVID-19 pandemic outbreak at the beginning of the Period, there has been an improving trend in the First Payment Delinquency Ratio⁽³⁾ for the months of March to May 2020, which is a leading indicator of the Group as to its asset quality among newly originated loans, as shown in the table below.

Notes:

- (1) Adjusted net loss means net loss for the Period after excluding share-based compensation expenses.
- (2) Adjusted net profit means net profit for the six months ended 30 June 2019 after excluding share-based compensation expenses.
- (3) First payment delinquency ratio is defined as the total balance of outstanding principal amount of the loans originated in the Period that were delinquent on their first payment due dates divided by the aggregate loan origination volume in the Period.

	20-Jan	20-Feb	20-Mar	20-Apr	20-May
First Payment Delinquency Ratio	2.7%	1.9%	1.3%	0.9%	0.8%

Additionally, despite the expected net loss for the Period, the Company has managed to maintain healthy cash flows and cash balance for operations during the Period. While there have been improvements in market conditions in China towards the end of the Period with the relaxation of COVID-19 pandemic related restrictions allowing greater movement and some return to normality, the Board expects the ongoing COVID-19 pandemic to continue to affect economic sentiment and the consumer finance industry going forward. The Group will continue to monitor operating conditions and changes and adapt its strategy and measures as appropriate, including calibrating credit policies, strengthening loan collection efforts, and expanding its loan origination business incrementally.

The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the Period by the Board. The unaudited consolidated management accounts of the Group for the Period have not yet been reviewed or audited by the Company's audit committee or external auditor. The Group is still in the process of finalising the Group's unaudited consolidated interim results for the Period which may differ from the information contained in this announcement. The Group's unaudited consolidated interim results for the Period are expected to be published in August 2020.

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

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

Hong Kong, 6 July 2020

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