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VCREDIT Holdings Limited
維信金科控股有限公司

(registered by way of continuation in the Cayman Islands with limited liability)
(Stock Code: 2003)

US$100 million 11.0% Senior Notes due 2021
(Stock Code: 5064)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

The board (the "**Board**") of directors (the "**Directors**") of VCREDIT Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2020 (the "**Period**").

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2020	2019	Change
	RMB million	*RMB million*	
Total income	1,203.8	1,860.2	-35.3%
Interest type income	1,310.6	1,152.6	13.7%
Less: interest expenses	(446.5)	(395.9)	12.8%
Loan facilitation service fees	238.2	572.9	-58.4%
Other income	101.5	530.6	-80.9%
Operating (Loss)/Profit	(1,339.1)	57.4	NM
Net (Loss)/Profit	(1,081.2)	6.2	NM
Non-IFRS Adjusted Operating (Loss)/Profit (1)	(1,299.9)	244.0	NM
Non-IFRS Adjusted Net (Loss)/Profit (2)	(1,042.0)	192.8	NM

Notes:

(1) Non-IFRS Adjusted Operating (Loss)/Profit is defined as operating (loss)/profit for the Period excluding share-based compensation expenses. For more details, please see the section headed "Non-IFRS Measures" below.

(2) Non-IFRS Adjusted Net (Loss)/Profit is defined as net (loss)/profit for the Period excluding share-based compensation expenses. For more details, please see the section headed "Non-IFRS Measures" below.

BUSINESS REVIEW AND OUTLOOK

Our business performance in the first half of 2020 was heavily impacted by the COVID-19 pandemic, and our experience from this difficult period has strengthened our conviction that technology, risk management and compliance must be the core of our fintech business. Through the rapid technological advances and improved risk control measures, we have overcome external challenges to maintain services to our borrowers across China.

Throughout 2019, the online consumer lending sector had been overshadowed by concerns of rising asset quality risk associated with further regulatory tightening that clamped down on undesirable debt collection practices and precipitated P2P exits from the market. Against this backdrop, asset quality risk was one of our biggest concerns at the start of 2020 and this concern intensified in the first quarter of 2020 due to the spread of the COVID-19 pandemic and the impact of measures implemented in China to combat the pandemic, including lockdown measures and a halt in business activities, in the months from January to March 2020. Thanks to the effective measures implemented by the Chinese government to contain the outbreak, working and living conditions started to return to normal levels in April 2020. Whilst we saw a deterioration in our asset quality in the first quarter of 2020, consistent with market conditions, our asset quality gradually improved and our asset quality ratios returned to levels even lower than before the pandemic outbreak as a result of the responsive directed risk control measures we implemented to manage and mitigate our credit risk exposure. As the P2P exits come to an end and the crackdown on undesirable debt collection methods permeates the market, we believe asset quality stabilizing in the consumer lending sector in China will benefit us in the long run.

The recent uncertainties in the external environment required us to adopt a more prudent approach towards our credit business. By taking advantage of our direct, real-time, and officially authorized read-and-write access to the credit database of the Credit Reference Center of the People's Bank of China, we developed new dimensions in risk assessment variables and measures, including automatic monitoring and early warning of risk level changes associated with a borrower's place of residence and occupation, that help us better profile and identify our borrowers and their credit risk and to impose appropriate restrictions or conditions on borrowers deemed to be from high-risk areas or industries. These measures have enabled us to make more balanced credit decisions to reduce the occurrence of default.

Business Review

During the first half of 2020, even with the volatilities and economic uncertainties caused by the COVID-19 pandemic, we continued to commit to our technology-driven development strategy and to steer our business operation back to normal through the turmoil.

The COVID-19 pandemic has raised the credit risk level in the Chinese consumer finance industry and we have sought a series of remedies to mitigate the corresponding impact. Based on in-depth analysis conducted on proprietary data, we enhanced our customer acquisition algorithms in order to be more selective on our marketing channels to defend asset quality. We continued to dynamically improve our credit risk assessment and management models to improve our capabilities and hone our ability to better identify the risk level of our customers. Our highly intelligent and autonomous risk management system has led us to be more resilient when facing volatile market situations and uncertainties such as those brought about by the COVID-19 pandemic.

In terms of our cooperation with institutional funding partners, we have continued to introduce new consumer finance companies, banks and trust companies to our ecosystems. As at June 30, 2020, we have successfully established partnerships or collaborations with 64 licensed institutions in China in various aspects of our business including funding and credit enhancement cooperation.

To alleviate the impact of the COVID-19 pandemic on the Chinese economy, the Central Government has implemented a series of fiscal and monetary policies that have helped us to lower our funding costs in the first half of 2020. Over the same period, we strengthened our relationship with existing funding partners to further control our funding costs through a tiered pricing scheme based on the loan volume amount originated each month. We continued to enhance our cooperation structure with existing institutions by lowering our leverage ratio, such as reducing the portion of our guarantee deposits and investment in the trust plans. We also tailored our funding structure with new trust companies so that returns from assets are able to cover our risks and thus lower our guarantee commitment and optimize our cash flow.

In the first half of 2020, our collaborations with China Telecom Co., Ltd. (中國電信股份有限公司) ("**China Telecom**") saw us offer credit lines to more than 230,000 China Telecom customers from 265 different cities in China, with nearly 50% of them eventually using our consumption loan products that accounted for a total loan volume of RMB89.9 million. During the same period, our collaboration with China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) ("**China Mobile**") resulted in us providing a total loan volume of RMB184.9 million to more than 24,000 China Mobile customers.

Our technology is crucial in the development and sustainability of our business and we are constantly seeking innovations to enhance it. In 2020, we invested RMB20 million to acquire a 0.27% interest in Guoren Property and Casualty Insurance Co. Ltd. (國任財產保險股份有限公司) ("**Guoren P&C**") to become one of its shareholders. Guoren P&C is a national property and casualty insurance company, established with the approval of the China Banking Regulatory Commission (中國銀行業監督管理委員會). The investment places us at a vantage point to leverage our technology and carry out in-depth cooperation in insurance technology, consumer finance and other related business fields to digitalize risk management models, customer service capabilities and post-loan management processes. With the aim of creating and capturing synergies, we have established a joint business division with Guoren P&C to support talent communication and share technology specialties and jointly explore new business fields in Fintech and insurance in order to improve our market position in the industry.

Operating Review

Products and Services

We primarily offer two credit products through our pure online loan origination processes: (1) credit card balance transfer products, and (2) consumption credit products, both of which are installment-based. For the Period, the average term of our credit products was approximately 8.8 months, and the average loan size was approximately RMB11,192.

Our credit card balance transfer products allow credit card holders to transfer the outstanding balances of their credit cards to our credit products to bridge their short-term liquidity management needs. Our consumption credit products provide consumers with a variety of installment credit solutions tailored to their specific user cases. Credit card balance transfer products and consumption credit products are both purely originated and assessed online through an automated process utilizing our proprietary *Hummingbird system*.

The following tables set forth a breakdown of the number of our loan transactions and loan origination volume by product line for the periods indicated.

	Six months ended June 30,			
	2020		2019	
Number of Transactions	***'000***	***%***	*'000*	*%*
Credit card balance transfer products	**162**	**13.6%**	592	32.1%
Consumption credit products	**1,027**	**86.4%**	1,255	67.9%
Total	**1,189**	**100.0%**	1,847	100.0%

	Six months ended June 30,			
	2020		2019	
Loan Origination Volume	***RMB million***	***%***	*RMB million*	*%*
Credit card balance transfer products	**2,770.2**	**20.8%**	6,663.7	46.3%
Consumption credit products	**10,543.2**	**79.2%**	7,739.2	53.7%
Total	**13,313.4**	**100.0%**	14,402.9	100.0%

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

	Six months ended June 30,			
	2020		2019	
Loan Origination Volume	***RMB million***	***%***	*RMB million*	*%*
Direct lending	**69.7**	**0.5%**	215.4	1.5%
Trust lending	**5,049.4**	**37.9%**	5,056.9	35.1%
Credit-enhanced loan facilitation	**8,055.1**	**60.5%**	7,757.5	53.9%
Pure loan facilitation	**139.2**	**1.1%**	1,373.1	9.5%
Total	**13,313.4**	**100.0%**	14,402.9	100.0%

Out of all the loans originated by us, the outstanding loan principal calculated using amortization schedule is defined as outstanding balance of loans to customers. The table below sets forth the breakdown of outstanding balance of loans to customers by product line as at the dates indicated.

	As at June 30, 2020		As at December 31, 2019	
Outstanding Balance of Loans to Customers	***RMB million***	**%**	*RMB million*	%
Credit card balance transfer products	**3,755.6**	**23.9%**	6,092.7	31.8%
Consumption credit products	**10,959.4**	**69.9%**	11,391.6	59.5%
Online-to-offline credit products	**973.7**	**6.2%**	1,653.4	8.7%
Total	**15,688.7**	**100.0%**	19,137.7	100.0%

Asset Quality

The COVID-19 pandemic has had a major impact on the Chinese and global economy. Confronted with a complex market situation continuing from last year and rising credit risks spurred by the outbreak, our asset quality experienced sudden but temporary volatilities in the first half of 2020. To address this amid the severe external environment, we revamped risk models and adopted more prudent and tightened risk credit policies by granting credits to customers with better risk profiles, developed a more intelligent score card system to identify our existing customers' credit risks for prompt and appropriate customer maintenance and reduced credit exposure to customers in geographic areas and industries more seriously impacted by the COVID-19 pandemic. In the first quarter of 2020, our first payment delinquency ratio(1) reached 2.0%, but with our effective risk management policies, the ratio declined to 0.8% in the second quarter of 2020. We estimate that our first payment delinquency ratio will remain at a level of about 1.0% in the second half of 2020. The corresponding M1-M3 ratio(2) and M3+ ratio(3) are also expected to peak out in the third quarter of 2020 and gradually come down to their pre-pandemic levels in the fourth quarter of 2020, similar to our experience of the market disruptions caused by the promulgation of Circular 141 at the end of 2017 and M3+ ratio culmination in the second quarter of 2018 followed by normalization in subsequent quarters.

	2018Q1	**2018Q2**	**2018Q3**	**2018Q4**	**2019Q1**	**2019Q2**	**2019Q3**	**2019Q4**	**2020Q1**	**2020Q2**
First payment delinquency ratio(1)	1.5%	1.6%	1.7%	1.6%	1.7%	2.1%	2.4%	2.1%	2.0%	0.8%
M1-M3 ratio(2)	6.2%	4.5%	3.7%	3.5%	3.9%	3.6%	3.5%	4.1%	6.2%	7.2%
M3+ ratio(3)	4.8%	7.7%	6.2%	5.0%	5.0%	4.7%	4.3%	4.2%	5.2%	7.7%

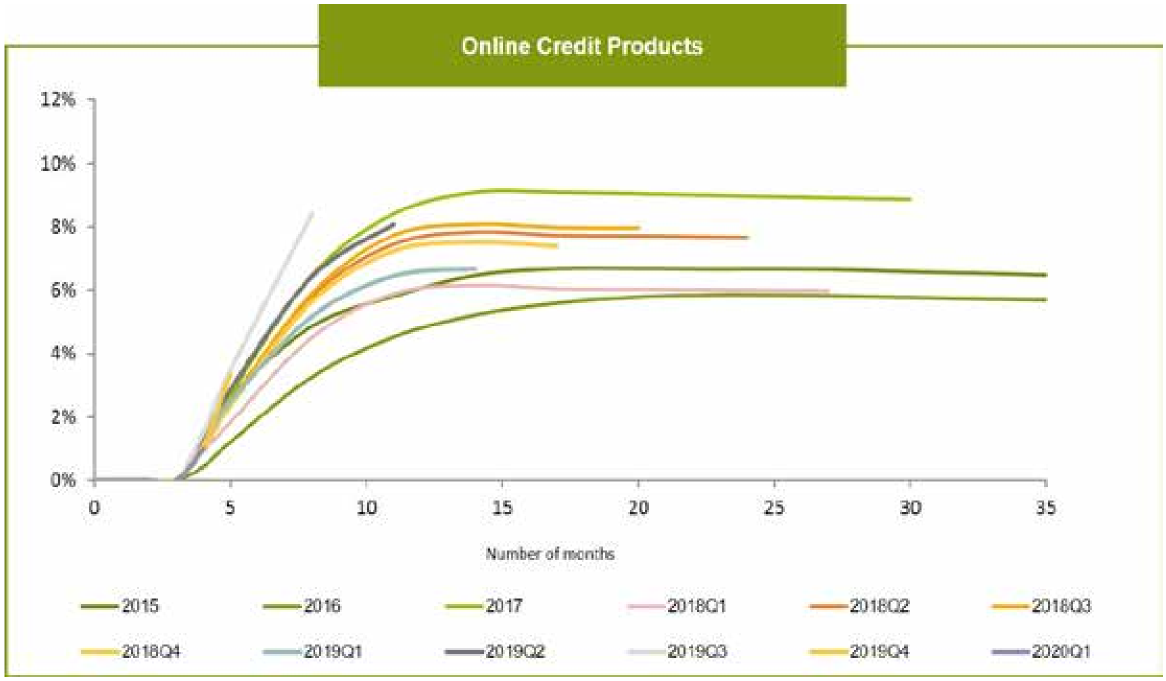
Notes:

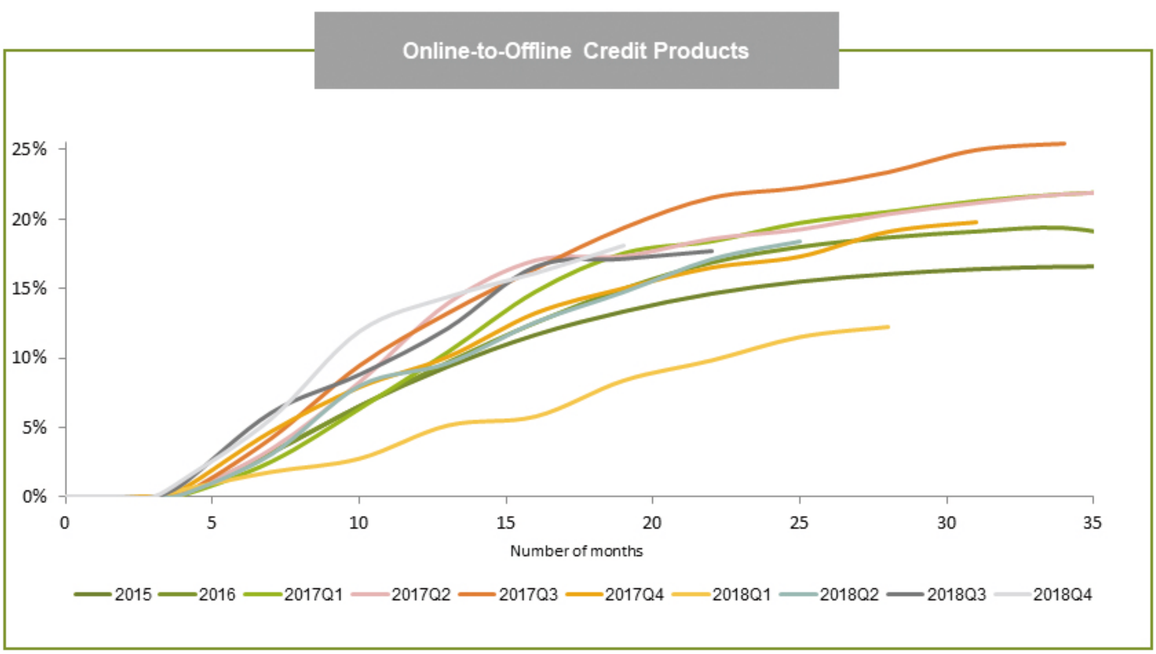
(1) First payment delinquency ratio is defined as the total balance of outstanding principal amount of the loans we originated in the applicable period that were delinquent on their first payment due dates divided by the aggregate loan origination volume in that period.

(2) M1–M3 ratio is calculated by dividing (i) the outstanding balance of loans which have been delinquent up to 3 months, by (ii) the total outstanding balance of loans to customers.

(3) M3+ ratio is calculated by dividing (i) the outstanding balance of 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.

The following diagrams set forth our latest Cohort-Based M3+ Delinquency Ratios[4] by product groups.





Note:

(4) Cohort-Based M3+ Delinquency Ratios is defined as (i) the total amount of principal for all the 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 all loans in such vintage.

Outlook and Strategies

Under the volatile external environment caused by the COVID-19 pandemic, we are committed to maintaining stable business operations and defending our business model. Therefore, moving forward, we intend to continue to execute the following strategies to retain our position in the consumer finance industry.

- Continue to carry out our technology-driven strategy to improve our risk management capabilities
- Strengthen compliance under changing regulatory environment
- Take further action on costs in response to the weaker revenue environment, continue on-going cost saving initiatives and reduce operating expenses
- Foster relationships with financial institutions to export our advantages in technologies
- Enhance our cooperation structure with funding partners to optimize our cash flow

MANAGEMENT DISCUSSION AND ANALYSIS

Total Income

We derived our total income through (i) net interest type income, (ii) loan facilitation service fees, and (iii) other income. Our total income decreased by 35.3% to RMB1,203.8 million for the Period, compared to RMB1,860.2 million for the six months ended June 30, 2019, primarily due to a decrease in loan origination volume and an increase in delinquency rates as a result of the impact of the COVID-19 pandemic during the first quarter of 2020.

Net Interest Type Income

Our net interest type income is comprised of (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,	
	2020	2019
Net Interest Type Income	***RMB'000***	*RMB'000*
Interest type income	**1,310,586**	1,152,633
Less: interest expenses	**(446,484)**	(395,939)
Total	**864,102**	756,694

For the Period, we recorded interest type income of RMB1,310.6 million, which was generated from loans to customers originated under direct lending and trust lending structures. The increase in interest type income, compared to RMB1,152.6 million for the six months ended June 30, 2019, was primarily due to an increase in the average outstanding loan balance as a result of the loans originated in the second half of 2019. Interest expenses increased by 12.8% to RMB446.5 million for the Period, compared to RMB395.9 million for the six months ended June 30, 2019. The increase in interest expenses primarily resulted from the interest expenses in respect of the US$100 million 11.0% senior notes due 2021 issued on June 21, 2019 (the "**Senior Notes**").

The following table sets forth a breakdown of our interest type income by product line in absolute amounts and as percentages of our total interest type income for the periods indicated.

	Six months ended June 30,			
	2020		2019	
Interest Type Income	***RMB'000***	*%*	*RMB'000*	*%*
Credit card balance transfer products	**325,215**	**24.8%**	387,034	33.6%
Consumption credit products	**937,022**	**71.5%**	443,774	38.5%
Online-to-offline credit products	**48,349**	**3.7%**	321,825	27.9%
Total	**1,310,586**	**100.0%**	1,152,633	100.0%

Loan Facilitation Service Fees

Loan facilitation service fees decreased by 58.4% to RMB238.2 million for the Period, compared to RMB572.9 million for the six months ended June 30, 2019. The decrease in loan facilitation service fees was driven by a decrease in facilitation fee rates and loan origination volume as a result of a more conservative strategy adopted during the first quarter of 2020 in the face of the spread of the COVID-19 pandemic. Loans originated through credit-enhanced and pure loan facilitation structures decreased by 10.3% to RMB8,194.3 million for the Period, compared to RMB9,130.6 million for the six months ended June 30, 2019. 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,	
	2020	2019
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*
Credit-enhanced loan facilitation	**228,214**	516,834
Pure loan facilitation	**9,959**	56,031
Total	**238,173**	572,865

For the Period, the upfront loan facilitation service fees decreased to RMB160.0 million, compared to RMB535.0 million for the six months ended June 30, 2019. The following table sets forth the allocation of our loan facilitation service fees for the periods indicated.

	Six months ended June 30,	
	2020	2019
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*
Upfront loan facilitation service fees	**159,983**	534,996
Post loan facilitation service fees	**78,190**	37,869
Total	**238,173**	572,865

Other Income

Other income decreased by 80.9% to RMB101.5 million for the Period, compared to RMB530.6 million for the six months ended June 30, 2019. The decrease in other income was primarily due to a decrease in referral fees and an increase in delinquency rates for loan repayments reflected in losses from guarantees as a result of the adverse impact of the COVID-19 pandemic during the first quarter of 2020.

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

	Six months ended June 30,	
	2020	2019
Other Income	***RMB'000***	*RMB'000*
Membership fees and referral fees	**301,047**	500,525
Penalty and service charges	**183,419**	125,094
Government grants	**34,975**	—
Technology and professional service fees	**—**	16,212
Losses from guarantee	**(421,526)**	(116,192)
Others	**3,636**	5,021
Total	**101,551**	530,660

Expenses

Origination and Servicing Expenses

Our origination and servicing expenses increased by 22.7% to RMB370.3 million for the Period, compared to RMB301.9 million for the six months ended June 30, 2019, due to our increased efforts on loan collection after the outbreak and spread of the COVID-19 pandemic, part of our credit risk management measures to improve loan collection recovery rates and delinquency trends.

Sales and Marketing Expenses

Our sales and marketing expenses decreased by 40.3% to RMB8.8 million for the Period, compared to RMB14.7 million for the six months ended June 30, 2019, due to a decrease in branding expenses and reallocation of resources to improve operation efficiency.

General and Administrative Expenses

Our general and administrative expenses decreased by 45.5% to RMB153.2 million for the Period, compared to RMB281.0 million for the six months ended June 30, 2019, primarily due to a decrease in personnel related expenses, and which include reduced share-based compensation of RMB39.2 million for the Period, compared to RMB186.6 million for the six months ended June 30, 2019, as share options of resigned employees lapsed during the Period.

Research and Development Expenses

Our research and development expenses decreased by 5.2% to RMB36.9 million for the Period, compared to RMB38.9 million for the six months ended June 30, 2019, primarily due to overall cost saving in respect of non-essential research and development expenses.

Operating (Loss)/Profit

We recorded an operating loss of RMB1,339.1 million for the Period, compared to an operating profit of RMB57.4 million for the six months ended June 30, 2019, mainly due to the adverse impact of the COVID-19 pandemic during the first quarter of 2020 which led to an increase in delinquency rates for loan repayments and an increase in fair value loss in the loan portfolio.

Net (Loss)/Profit

We recorded a net loss of RMB1,081.2 million for the Period, compared to a net profit of RMB6.2 million for the six months ended June 30, 2019, which is consistent with our operating (loss)/profit.

Non-IFRS Adjusted Operating (Loss)/Profit

Our Non-IFRS adjusted operating loss was RMB1,299.9 million for the Period, compared to our Non-IFRS adjusted operating profit of RMB244.0 million for the six months ended June 30, 2019, primarily as a result of the adverse impact of the COVID-19 pandemic during the first quarter of 2020.

Non-IFRS Adjusted Net (Loss)/Profit

Our Non-IFRS adjusted net loss was RMB1,042.0 million for the Period, compared to our Non-IFRS adjusted net profit of RMB192.8 million for the six months ended June 30, 2019, which is in line with our Non-IFRS adjusted operating (loss)/profit.

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 (loss)/profit and Non-IFRS adjusted net (loss)/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 (loss)/profit and Non-IFRS adjusted net (loss)/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,	
	2020	2019
	RMB'000	*RMB'000*
Operating (Loss)/Profit	**(1,339,063)**	57,363
Add:		
Share-based compensation expenses	**39,180**	186,606
Non-IFRS Adjusted Operating (Loss)/Profit	**(1,299,883)**	243,969
Non-IFRS Adjusted Operating (Loss)/Profit Margin(1)	**-108.0%**	13.1%

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Net (Loss)/Profit	**(1,081,228)**	6,174
Add:		
Share-based compensation expenses	**39,180**	186,606
Non-IFRS Adjusted Net (Loss)/Profit	**(1,042,048)**	192,780
Non-IFRS Adjusted Net (Loss)/Profit Margin(2)	**-86.6%**	10.4%

Notes:

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

(2) Non-IFRS adjusted net (loss)/profit margin is calculated by dividing the Non-IFRS adjusted net (loss)/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 decreased by 43.6% to RMB5,338.3 million as at June 30, 2020, compared to RMB9,457.7 million as at December 31, 2019, primarily due to the decrease in loan origination loan volume resulting from the impact of the COVID-19 pandemic on operations. Our loans to customers at fair value through profit or loss primarily represent the total balance of loans originated by us through our trust lending and direct lending structures.

	As at June 30, 2020		As at December 31, 2019	
	RMB'000	***%***	*RMB'000*	*%*
Credit card balance transfer products	**1,170,428**	**21.9%**	2,003,501	21.2%
Consumption credit products	**3,513,495**	**65.8%**	6,097,252	64.5%
Online-to-offline credit products	**654,385**	**12.3%**	1,356,920	14.3%
Total	**5,338,308**	**100.0%**	9,457,673	100.0%

Contract Assets

Our contract assets decreased by 57.6% to RMB221.7 million as at June 30, 2020, compared to RMB523.0 million as at December 31, 2019, attributable to a decrease in facilitation fee rates and decrease of loan origination volume as a result of a more conservative strategy adopted during the first quarter of 2020 in the face of the outbreak and spread of the COVID-19 pandemic.

	As at June 30, 2020	As at December 31, 2019
	RMB'000	*RMB'000*
Contract assets	**311,525**	655,815
Less: expected credit losses ("**ECL**") allowance	**(89,798)**	(132,793)
	221,727	523,022

Guarantee Receivables and Guarantee Liabilities

Our guarantee receivables increased by 36.2% to RMB616.4 million as at June 30, 2020 compared to RMB452.6 million as at June 30, 2019. The guarantee liabilities increased by 12.8% to RMB688.4 million as at June 30, 2020 compared to RMB610.5 million as at June 30, 2019. The changes in guarantee receivables and guarantee liabilities are primarily due to the increase of ECL as a result of higher delinquency rates.

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Guarantee Receivables		
Opening balance	**621,248**	206,146
Addition arising from new business	**735,002**	611,209
ECL	**(108,579)**	(62,364)
Reversal due to early repayment	**(59,441)**	(32,903)
Payment received from borrowers	**(571,838)**	(269,502)
Ending Balance	**616,392**	452,586

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Guarantee Liabilities		
Opening balance	**723,617**	204,496
Addition arising from new business	**735,002**	611,209
Release of the margin	**(41,606)**	(34,141)
ECL	**463,132**	150,333
Reversal due to early repayment	**(59,441)**	(32,903)
Payouts during the period, net	**(1,132,311)**	(288,530)
Ending Balance	**688,393**	610,464

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) borrowings from corporations, and (iii) Senior Notes. Our total borrowings decreased by 37.3% to RMB6,221.3 million as at June 30, 2020, compared to RMB9,915.2 million as at December 31, 2019, primarily due to decrease of loans originated by us through our trust lending structure. The following table sets forth a breakdown of our borrowings by nature as at the dates indicated.

	As at June 30, 2020		As at December 31, 2019	
	RMB'000	*%*	*RMB'000*	*%*
Payable to trust plan holders	**4,968,460**	**79.9%**	8,637,946	87.1%
Borrowings from corporations	**557,332**	**8.9%**	598,383	6.1%
	5,525,792	**88.8%**	9,236,329	93.2%
Senior Notes	**695,475**	**11.2%**	678,829	6.8%
Total	**6,221,267**	**100.0%**	9,915,158	100.0%

	As at June 30, 2020	As at December 31, 2019
Weighted Average Interest Rates of Borrowings and Senior Notes		
Payable to trust plan holders	**10.6%**	11.0%
Borrowings from corporations	**11.9%**	10.5%
Borrowings from individuals	**—**	10.0%
Secured borrowings	**—**	6.2%
Senior Notes	**11.0%**	11.0%

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 (the "**Shareholders**").

Cash Flows

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

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Net cash inflow from operating activities	**3,818,076**	1,791,972
Net cash outflow from investing activities	**(3,171)**	(89,755)
Net cash outflow from financing activities	**(4,170,254)**	(862,493)
Net (decrease)/increase in cash and cash equivalents	**(355,349)**	839,724
Cash and cash equivalents at the beginning of the period	**2,169,524**	1,050,112
Effects of exchange rate changes on cash and cash equivalents	**(121)**	(14)
Cash and cash equivalents at the end of the period	**1,814,054**	1,889,822

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 cash payment of guarantee indemnification, employee salaries and benefits, taxes and surcharges, and other operating expenses. We had net cash inflow generated from operating activities of RMB3,818.1 million for the Period, as compared to net cash inflow of RMB1,792.0 million for the six months ended June 30, 2019. For the Period, net cash inflow from operating activities increased primarily due to the development of loans originated by trust lending structure in the second half of 2019.

We had net cash outflow from investing activities of RMB3.2 million for the Period, as compared to net cash outflow of RMB89.8 million for the six months ended June 30, 2019. Our net cash outflow decreased RMB86.6 million due to there being no payment of financial assets at fair value through profit or loss in the first half of 2020.

We had net cash outflow from financing activities of RMB4,170.3 million for the Period, as compared to net cash outflow of RMB862.5 million for the six months ended June 30, 2019. For the Period, we had net cash outflow from trust plans of RMB3,642.6 million and payment of interest expenses of RMB467.0 million, as compared to net cash outflow from trust plans of RMB822.6 million and payment of interest expenses of RMB398.5 million for the six months ended June 30, 2019, due to the repayments of trust plans. There were no debt securities issued in the first half of 2020, while the Senior Notes led to a net cash inflow of RMB660.6 million in the first half of 2019.

CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGES ON ASSETS

Capital Commitments

The Group did not have any significant capital commitments contracted for at the end of the Period but not recognised as liabilities as at June 30, 2020.

Charges on Assets

The Group did not have any charges on assets as at June 30, 2020.

Contingencies

Save as disclosed in this unaudited interim results announcement, the Group did not have any significant contingent liabilities as at June 30, 2020.

ACQUISITIONS AND DISPOSALS

Material Investments and Acquisitions

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

	Notes	Six months ended June 30, 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Continuing operations			
Interest type income	*4*	**1,310,586**	1,152,633
Less: interest expenses	*4*	**(446,484)**	(395,939)
Net interest type income	*4*	**864,102**	756,694
Loan facilitation service fees	*5*	**238,173**	572,865
Other income	*6*	**101,551**	530,660
Total income		**1,203,826**	1,860,219
Origination and servicing expenses	*7*	**(370,340)**	(301,884)
Sales and marketing expenses	*7*	**(8,781)**	(14,699)
General and administrative expenses	*7*	**(153,200)**	(281,016)
Research and development expenses	*7*	**(36,900)**	(38,922)
Credit impairment losses	*8*	**(165,008)**	(124,161)
Fair value change of loans to customers		**(1,800,107)**	(1,040,106)
Other losses, net	*9*	**(8,553)**	(2,068)
Operating (loss)/profit		**(1,339,063)**	57,363
Share of net (loss)/profit of associates accounted for using the equity method		**(11,235)**	992
(Loss)/Profit before income tax		**(1,350,298)**	58,355
Income tax expense	*10*	**269,070**	(52,181)
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(1,081,240)**	6,174
Non-controlling interests		**12**	—
		(1,081,228)	6,174

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended June 30,	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange difference on translation of financial statements		**4,352**	(571)
Total comprehensive (loss)/income for the period, net of tax		**(1,076,876)**	5,603
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(1,076,888)**	5,603
Non-controlling interests		**12**	—
		(1,076,876)	5,603
Basic (loss)/earnings per share	*11*	**(2.19)**	0.01
Diluted (loss)/earnings per share	*11*	**(2.19)**	0.01
Non-IFRS Measure			
Non-IFRS adjusted operating (loss)/profit[(1)]		**(1,299,883)**	243,969
Non-IFRS adjusted net (loss)/profit[(2)]		**(1,042,048)**	192,780
Non-IFRS adjusted basic (loss)/earning per share[(3)]	*11*	**(2.11)**	0.39

Notes:

(1) Non-IFRS adjusted operating (loss)/profit is defined as operating (loss)/profit for the Period excluding share-based compensation expenses of RMB39.2 million in 2020 (2019: RMB186.6 million). For more details, please see the section headed "Management discussion and analysis — Non-IFRS Measures".

(2) Non-IFRS adjusted net (loss)/profit is defined as net (loss)/profit for the Period excluding share-based compensation expenses of RMB39.2 million in 2020 (2019: RMB186.6 million). For more details, please see the section headed "Management discussion and analysis — Non-IFRS Measures".

(3) Non-IFRS adjusted basic (loss)/earnings per share is calculated by dividing the Non-IFRS adjusted net (loss)/profit by the weighted average number of ordinary shares outstanding during the Period.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Assets			
Cash and cash equivalents	*12(a)*	**1,813,986**	2,169,522
Restricted cash	*12(b)*	**248,248**	264,584
Loans to customers at fair value through profit or loss	*13*	**5,338,308**	9,457,673
Contract assets	*14*	**221,727**	523,022
Guarantee receivables	*15*	**616,392**	621,248
Financial assets at fair value through profit or loss		**20,282**	280
Investments accounted for using the equity method		**20,462**	37,430
Deferred income tax assets		**740,352**	468,256
Right-of-use assets		**58,818**	25,824
Intangible assets		**24,625**	22,175
Property and equipment		**41,433**	51,196
Other assets		**473,795**	648,147
Total assets		**9,618,428**	14,289,357
Liabilities			
Borrowings	*16*	**5,525,792**	9,236,329
Senior notes		**695,475**	678,829
Lease liabilities		**59,504**	25,197
Guarantee liabilities	*15*	**688,393**	723,617
Tax payable		**255,550**	124,960
Deferred income tax liabilities		**20,593**	86,101
Other liabilities		**313,185**	314,046
Total liabilities		**7,558,492**	11,189,079
Equity			
Share capital		**40,857**	40,913
Share premium		**5,578,217**	5,581,016
Treasury shares		**(38,999)**	(51,774)
Reserves		**713,879**	682,913
Accumulated losses		**(4,237,030)**	(3,155,790)
Non-controlling interests		**3,012**	3,000
Total equity		**2,059,936**	3,100,278
Total liabilities and equity		**9,618,428**	14,289,357

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 current address of the Company's registered office is at 2nd Floor, The Grand Pavilion Commercial Center, 802 West Bay Road, P.O. Box 10338 Grand Cayman KY1–1003, Cayman Islands.

The Company is an investment holding company. The Group is a technology-driven consumer financial service provider in the People's Republic of China ("**China**"). 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.

The Company's shares (the "**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since June 21, 2018 by way of its initial public offering ("**IPO**"). As at June 30, 2020, the number of ordinary Shares in issue was 498,494,389, 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 18, 2020.

2 Basis of Preparation

The interim condensed consolidated financial information for the Period has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim financial reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended December 31, 2019, which has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), and any public announcements made by the Group during the Period.

3 Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2019, except for the adoption of new or amended standards and interpretations that became applicable for annual reporting periods commencing on or after January 1, 2020.

The following new standards, amendments and interpretation of IFRSs have been adopted by the Group for the first time for the financial year beginning January 1, 2020:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRSs	Revised Conceptual Framework for Financial Reporting
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The adoption of these revised IFRSs was currently irrelevant or had no significant impact on the interim condensed consolidated financial information. The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

4 Net interest type income

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest type income		
Loans to customers at fair value through profit or loss	**1,310,586**	1,152,633
Less: interest expenses		
Payable to trust plan holders	**(368,018)**	(342,007)
Senior Notes	**(45,226)**	—
Borrowings from corporations	**(32,104)**	(44,304)
Borrowings from individuals	**—**	(6,639)
Secured borrowings	**—**	(13)
Others	**(1,136)**	(2,976)
	(446,484)	(395,939)
Net interest type income	**864,102**	756,694

5 Loan facilitation service fees

	Six months ended June 30, 2020 *RMB'000* (Unaudited)	2019 *RMB'000* (Unaudited)
Upfront loan facilitation service fees	**159,983**	534,996
Post loan facilitation service fees	**78,190**	37,869
	238,173	572,865

6 Other income

	Six months ended June 30, 2020 *RMB'000* (Unaudited)	2019 *RMB'000* (Unaudited)
Membership fees and referral fees	**301,047**	500,525
Penalty and service charges	**183,419**	125,094
Government grants	**34,975**	—
Technology and professional service fees	**—**	16,212
Losses from guarantee	**(421,526)**	(116,192)
Others	**3,636**	5,021
	101,551	530,660

7 Expenses by nature

	Six months ended June 30, 2020 *RMB'000* (Unaudited)	2019 *RMB'000* (Unaudited)
Loan origination and servicing expenses	**(316,551)**	(252,972)
Employee benefit expenses	**(132,766)**	(291,579)
Professional service fees	**(33,474)**	(17,392)
Office expenses	**(20,763)**	(19,125)
Depreciation and amortization	**(17,110)**	(15,134)
Depreciation of right-of-use assets	**(16,177)**	(18,520)
Tax and surcharge	**(15,350)**	(8,881)
Branding expenses	**(2,773)**	(4,980)
Others	**(14,257)**	(7,938)
Total origination and servicing expenses, sales and marketing expenses, general and administrative expenses, and research and development expenses	**(569,221)**	(636,521)

8 Credit impairment losses

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash and cash equivalents	**(66)**	—
Restricted cash	**(102)**	(33)
Contract assets	**(53,853)**	(64,392)
Guarantee receivables	**(108,579)**	(62,364)
Other assets	**(2,408)**	2,628
	(165,008)	(124,161)

9 Other losses, net

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance cost, net (i)	**(8,555)**	(2,553)
Gain from financial assets at fair value through profit or loss	**2**	485
	(8,553)	(2,068)

(i) Finance cost, net

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**10,494**	5,554
Gain from disposal of investments accounted for using the equity method	**468**	—
Exchange losses	**(10,216)**	(88)
Bank charges	**(7,717)**	(4,011)
Interest expense on lease liabilities	**(1,584)**	(1,636)
Interest expense on Senior Notes	**—**	(2,372)
	(8,555)	(2,553)

10 Income tax expense

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**(68,534)**	(73,605)
Deferred income tax	**337,604**	21,424
	269,070	(52,181)

11 (Loss)/earnings per Share/Non-IFRS Adjusted basic (loss)/earnings per Share

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings attributable to owners of the Company	**(1,081,240)**	6,174
Non-IFRS Adjusted net (loss)/profit	**(1,042,048)**	192,780
Weighted average number of ordinary Shares for calculation of the basic earnings per Share *('000)*	**493,425**	496,977
Weighted average number of ordinary Shares for calculation of the diluted earnings per Share *('000)*	**493,425**	503,755
Basic (loss)/earnings per Share (RMB yuan)	**(2.19)**	0.01
Diluted (loss)/earnings per Share (RMB yuan)	**(2.19)**	0.01
Non-IFRS Adjusted basic (loss)/earnings per Share (RMB yuan)	**(2.11)**	0.39

11.1 Basic (loss)/earnings per Share is calculated by dividing the (loss)/profit of the Group attributable to owners of the Company by the weighted average number of ordinary Shares in issue during the Period.

11.2 For the six months ended June 30, 2019 and 2020, the potential ordinary Shares were share options and share awards granted by the Company. As the Group incurred loss for the Period, the potential ordinary Shares were not included in the calculation of diluted loss per Share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per Share for the Period was the same as basic loss per Share.

For the six months ended June 30, 2019, 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 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 (loss)/earnings per Share is calculated by dividing the Non-IFRS adjusted net (loss)/profit by the weighted average number of ordinary Shares in issue during the Period.

12 Cash and bank balances

(a) Cash and cash equivalents

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Cash at bank	**1,609,687**	1,130,115
Cash held through platform	**204,367**	1,039,409
Less: ECL allowance	**(68)**	(2)
	1,813,986	2,169,522

(b) Restricted cash

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Pledged cash in banks	**248,403**	264,637
Less: ECL allowance	**(155)**	(53)
	248,248	264,584

13 Loans to customers at fair value through profit or loss

The composition of loans is as follows:

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Unsecured	**4,922,834**	8,822,968
Pledged	**415,474**	634,705
	5,338,308	9,457,673

Contractual maturities of loans to customers at fair value through profit and loss:

	As at June 30, 2020	As at December 31, 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year (including 1 year)	**4,690,972**	8,028,905
1 to 2 years (including 2 years)	**70,245**	260,124
2 to 5 years (including 5 years)	**577,091**	1,168,644
	5,338,308	9,457,673

Remaining period at the reporting date to the contractual maturity date of loans to customers at fair value through profit and loss:

	As at June 30, 2020	As at December 31, 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Overdue	**393,005**	506,965
Within 1 year (including 1 year)	**4,777,304**	8,256,618
1 to 2 years (including 2 years)	**38,031**	363,427
2 to 5 years (including 5 years)	**129,968**	330,663
	5,338,308	9,457,673

14 Contract assets

The Group uses the expected-cost-plus-a-margin approach to determine its best estimate of selling prices of the different deliverables as the basis for allocation. The service fee allocated to loan facilitation is recognized as revenue upon execution of loan agreements between investors and borrowers. When the fee allocated to the loan facilitation service is more than the cash received, a "Contract Asset" was recognized as follows:

	As at June 30, 2020	As at December 31, 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets	**311,525**	655,815
Less: ECL allowance	**(89,798)**	(132,793)
	221,727	523,022

15 Guarantee receivables and guarantee liabilities

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Guarantee receivables	**770,386**	760,973
Less: ECL allowance	**(153,994)**	(139,725)
	616,392	621,248

A summary of the Group's guarantee receivables movement is presented below:

	Six months ended June 30,	
	2020 *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Guarantee receivables		
Opening balance	**621,248**	206,146
Addition arising from new business	**735,002**	611,209
ECL	**(108,579)**	(62,364)
Reversal due to early repayment	**(59,441)**	(32,903)
Payment received from borrowers	**(571,838)**	(269,502)
Ending balance	**616,392**	452,586

A summary of the Group's guarantee liabilities movement activities is presented below:

	Six months ended June 30,	
	2020 *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Guarantee liabilities		
Opening balance	**723,617**	204,496
Addition arising from new business	**735,002**	611,209
Release of the margin	**(41,606)**	(34,141)
ECL	**463,132**	150,333
Reversal due to early repayment	**(59,441)**	(32,903)
Payouts during the period, net	**(1,132,311)**	(288,530)
Ending balance	**688,393**	610,464

16 Borrowings

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Denominated in RMB:		
Payable to trust plan holders	**4,968,460**	8,637,946
Borrowings from corporations	**557,332**	598,383
	5,525,792	9,236,329

Effective interest rates of borrowings:

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Payable to trust plan holders	**6.80%~12.50%**	6.80%~12.50%
Borrowings from corporations	**6.25%~14.00%**	6.25%~12.00%

Contractual maturities of borrowings:

	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Within 1 year	**1,935,555**	3,721,399
Between 1 and 2 years	**3,254,087**	4,903,920
Between 2 and 5 years	**336,150**	611,010
	5,525,792	9,236,329

Borrowings by repayment schedule:

	As at June 30, 2020 *RMB'000* **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Within 1 year	**4,920,172**	8,382,699
Between 1 and 2 years	**605,620**	626,210
Between 2 and 5 years	**—**	227,420
	5,525,792	9,236,329

Gearing ratio

As at June 30, 2020, our gearing ratio, calculated as total liabilities divided by total assets, was approximately 78.6%, which is stable as compared with our gearing ratio of 78.3% as at December 31, 2019.

As at June 30, 2020, our consolidated debt to equity ratio, calculated as sum of borrowings, Senior Notes, lease liabilities and guarantee liabilities divided by total equity, was approximately 3.4, as compared with our consolidated debt to equity ratio of 3.4 as at December 31, 2019.

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 manager, is acting as agent or principal. These 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 guarantee, the Group therefore has obligation to fund the losses, if any, in accordance with the guarantee agreements although the Group does not have any investment in those products. The Group concludes that these structured entities shall be consolidated.

As at June 30, 2020, total assets under management of the trust plans consolidated by the Group amounted to RMB5.86 billion (December 31, 2019: RMB9.85 billion).

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

18 Subsequent events

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

19 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, 2020. Exchange gains and losses are recognized 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. Consolidated statement of financial position items are translated into RMB at the closing foreign exchange rates prevailing as at June 30, 2020. The resulting exchange differences are recognized 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 recognized.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended June 30, 2019: Nil).

DIRECTORS' AND EMPLOYEES' REMUNERATION AND POLICY

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

As at June 30, 2020, the Group had a total of 605 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 Hong Kong Mandatory Provident Fund Schemes Ordinance 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 Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct to regulate dealings in the securities of the Company by Directors and senior management of the Company. Each Director has confirmed, following specific enquiry by the Company, that he or she has complied with the required standards set out in the Model Code throughout the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company repurchased a total of 709,400 Shares on the Stock Exchange for an aggregate consideration of HK$2,871,832 (before expenses). The repurchases were effected pursuant to the repurchase mandate granted to the Directors by the Shareholders on June 28, 2019 and June 1, 2020, with a view to benefiting the Shareholders as a whole to enhance the net asset value per Share.

Particulars of the Shares repurchased are as follows:

Date	**Number of Shares Repurchased**	**Lowest Price Paid per Share** *(HK$)*	**Highest Price Paid per Share** *(HK$)*	**Aggregate Consideration (Before Expenses)** *(HK$)*
May 2020	232,200	3.78	4.29	933,780
June 2020	477,200	3.96	4.32	1,938,052

All of the repurchased Shares have been cancelled. The issued share capital of the Company was accordingly reduced by the par value of the repurchased Shares so cancelled.

Save as disclosed above, 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 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 18, 2020

As at the date of this announcement, the Board 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.