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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)**

### **INSIDE INFORMATION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

On November 18, 2020, the Company commenced the Exchange Offer with respect to the Old Notes held by non-U.S. persons (as defined in Regulation S) outside the United States and is conducting the Concurrent New Money Issuance.

In connection with the Exchange Offer and the Concurrent New Money Issuance, the Company will disclose financial information regarding the Group for the nine months ended September 30, 2020 in the Preliminary Offering Memorandum (as appended to the Exchange Offer Memorandum), which information has not necessarily been made public previously. For purposes of equal, effective and timely dissemination of information to Shareholders and potential investors in the securities of the Company, such financial information regarding the Group for the nine months ended September 30, 2020 is disclosed in the Appendix to this announcement.

This announcement is made by VCREDIT Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

## **Introduction**

Reference is made to the announcement of the Company dated November 18, 2020 relating to the Exchange Offer and the Concurrent New Money Issuance (the “**Announcement**”). Unless otherwise defined in this announcement, capitalized terms and expressions used in the Announcement shall have the same meaning when used in this announcement.

On November 18, 2020, the Company commenced the Exchange Offer with respect to the Old Notes held by non-U.S. persons (as defined in Regulation S) outside the United States and is conducting the Concurrent New Money Issuance.

## **Unaudited Financial Information for the nine months ended September 30, 2020**

In connection with the Exchange Offer and the Concurrent New Money Issuance, the Company will disclose financial information regarding the Group for the nine months ended September 30, 2020 in the Preliminary Offering Memorandum, which information has not been made public previously. For purposes of equal, effective and timely dissemination of information to Shareholders and potential investors in the securities of the Company, such financial information regarding the Group for the nine months ended September 30, 2020 is disclosed in the Appendix to this announcement.

By order of the Board  
**VCREDIT Holdings Limited**  
**Ma Ting Hung**  
*Chairman*

Hong Kong, November 18, 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, Mr. Fang Yuan and Mr. Wu Chak Man as independent non-executive directors.*

**APPENDIX**

**EXCERPTS FROM THE PRELIMINARY OFFERING MEMORANDUM  
AND  
FINANCIAL INFORMATION REGARDING THE GROUP  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

## **PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS**

### **Three months Ended September 30, 2020 Compared to Three months Ended September 30, 2019**

#### ***Total income***

Our total income decreased by 29.4% to RMB0.7 billion for the three months ended September 30, 2020, compared to RMB1.0 billion for the three months ended September 30, 2019. This decrease was primarily due to a decrease in loan origination volume.

We recognized a decrease of 39.0% in interest type income to RMB406.0 million for the three months ended September 30, 2020, compared to RMB665.5 million for the three months ended September 30, 2019. The decrease in interest type income was primarily due to a decrease in the average outstanding loan balance. Interest expenses decreased by 30.8% to RMB152.1 million for the three months ended September 30, 2020, compared to RMB219.8 million for the three months ended September 30, 2019. The decrease in interest expenses primarily resulted from the decrease in the average borrowing balance and weighted interest rate.

Our loan facilitation service fees decreased by 53.9% to RMB249.3 million for the three months ended September 30, 2020, compared to RMB540.7 million for the three months ended September 30, 2019. This decrease was driven by a decrease in facilitation fee rates and loan origination volume as a result of a more conservative strategy that we adopted since the first quarter of 2020 in response to the COVID-19 pandemic.

Other income increased by 415.9% to RMB223.4 million for the three months ended September 30, 2020, compared to RMB43.3 million for the three months ended September 30, 2019. The increase in other income was primarily due to a decrease in losses from guarantees.

#### ***Origination and servicing expenses***

Our origination and servicing expenses increased by 0.5% to RMB233.0 million for the three months ended September 30, 2020, compared to RMB231.9 million for the three months ended September 30, 2019. This increase was due to our increased efforts on loan collection after the outbreak of the COVID-19 pandemic as 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 40.6% to RMB4.5 million for the three months ended September 30, 2020, compared to RMB7.6 million for the three months ended September 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 47.4% to RMB64.7 million for the three months ended September 30, 2020, compared to RMB123.0 million for the three months ended September 30, 2019, primarily due to a decrease in personnel related expenses, which included reduced share-based compensation of RMB19.2 million for the three months ended September 30, 2020, compared to RMB58.6 million for the three months ended September 30, 2019, as share options of resigned employees lapsed during the three months ended September 30, 2020.

### ***Research and development expenses***

Our research and development expenses decreased by 34.6% to RMB16.1 million for the three months ended September 30, 2020, compared to RMB24.6 million for the three months ended September 30, 2019, primarily due to overall cost savings in respect of non-essential research and development expenses.

### ***Credit impairment losses***

Our credit impairment losses decreased by 58.3% to RMB53.9 million for the three months ended September 30, 2020, compared to RMB129.0 million for the three months ended September 30, 2019, primarily due to a decrease in delinquent guarantee receivables.

### ***Fair value change of loans to customers***

Our fair value change of loans to customers decreased by 39.6% to RMB251.6 million for the three months ended September 30, 2020, compared to RMB416.9 million for the three months ended September 30, 2019, primarily due to a decrease in delinquency rates for loan repayment.

### ***Other gains/(losses), net***

We recorded net other gains of RMB24.8 million for the three months ended September 30, 2020, compared to net other losses of RMB16.3 million for the three months ended September 30, 2019, primarily due to an increase in exchange gains.

### ***Operating profit***

Our operating profit increased by 58.8% to RMB127.6 million for the three months ended September 30, 2020, compared to RMB80.4 million for the three months ended September 30, 2019, mainly due to the improvement of our asset quality.

### ***Share of net profit of associates accounted for using the equity method***

Our share of net profit of associates accounted for using the equity method decreased by 76.6% to RMB0.1 million for the three months ended September 30, 2020, compared to RMB0.4 million for the three months ended September 30, 2019, which was due to the disposal of our interest in APass Holdings Company Limited.

### ***Profit before income tax***

As a result of the foregoing, our profit before income tax increased by 58.0% to RMB127.7 million for the three months ended September 30, 2020, compared to RMB80.8 million for the three months ended September 30, 2019.

### ***Income tax expenses***

Our income tax expenses increased by 7.1% to RMB37.3 million for the three months ended September 30, 2020, compared to RMB34.8 million for the three months ended September 30, 2019, primarily due to the higher taxable income of our PRC subsidiaries subject to income tax in 2020.

### ***Profit for the period***

As a result of the foregoing, our profit for the period increased by 96.6% to RMB90.4 million for the three months ended September 30, 2020, compared to RMB46.0 million for the three months ended September 30, 2019.

### ***Adjusted net profit***

Our adjusted net profit increased by 4.8% to RMB109.7 million for the three months ended September 30, 2020, compared to RMB104.6 million for the three months ended September 30, 2019, which is in line with our Non-IFRS adjusted operating profit. Our adjusted net profit margin was 10.2% and 15.1% for the three months ended September 30, 2019 and 2020, respectively. See “— Non-IFRS Measures.”

## Non-IFRS Measures

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

	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating Profit</b>	<b>127,633</b>	80,387
Add :		
Share-based compensation expenses	<u>19,212</u>	<u>58,574</u>
<b>Non-IFRS Adjusted Operating Profit</b>	<u><b>146,845</b></u>	<u>138,961</u>
<b>Non-IFRS Adjusted Operating Profit Margin<sup>(1)</sup></b>	<u><b>20.2%</b></u>	<u>13.5%</u>
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net Profit</b>	<b>90,439</b>	46,010
Add :		
Share-based compensation expenses	<u>19,212</u>	<u>58,574</u>
<b>Non-IFRS Adjusted Net Profit</b>	<u><b>109,651</b></u>	<u>104,584</u>
<b>Non-IFRS Adjusted Net Profit Margin<sup>(2)</sup></b>	<u><b>15.1%</b></u>	<u>10.2%</u>

### Notes:

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended		Nine months ended	
	Notes	September 30,		September 30,	
		2020	2019	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>					
Interest type income	6	406,007	665,493	1,716,593	1,818,126
Less: interest expenses	6	(152,099)	(219,777)	(598,583)	(615,716)
Net interest type income	6	253,908	445,716	1,118,010	1,202,410
Loan facilitation service fees	7	249,336	540,694	487,509	1,113,559
Other income	8	223,358	43,292	324,909	573,952
<b>Total income</b>		<b>726,602</b>	1,029,702	<b>1,930,428</b>	2,889,921
Origination and servicing expenses	9	(232,991)	(231,909)	(603,331)	(533,793)
Sales and marketing expenses	9	(4,522)	(7,607)	(13,303)	(22,306)
General and administrative expenses	9	(64,651)	(122,984)	(217,851)	(404,000)
Research and development expenses	9	(16,089)	(24,606)	(52,989)	(63,528)
Credit impairment losses	10	(53,871)	(129,037)	(218,879)	(253,198)
Fair value change of loans to customers	5.2.1	(251,607)	(416,864)	(2,051,714)	(1,456,970)
Other gains/(losses), net	11	24,762	(16,308)	16,209	(18,376)
<b>Operating (loss)/profit</b>		<b>127,633</b>	80,387	<b>(1,211,430)</b>	137,750
Share of net (loss)/profit of associates accounted for using the equity method		104	445	(11,131)	1,437
<b>(Loss)/Profit before income tax</b>		<b>127,737</b>	80,832	<b>(1,222,561)</b>	139,187
Income tax credit/(expense)	12	(37,298)	(34,822)	231,772	(87,003)
<b>(Loss)/Profit for the period attributable to:</b>					
Owners of the Company		90,433	46,010	(990,807)	52,184
Non-controlling interests		6	—	18	—
		<b>90,439</b>	46,010	<b>(990,789)</b>	52,184



		Three months ended		Nine months ended	
		September 30,		September 30,	
	Notes	2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange difference on translation of financial statements		<u>(3,904)</u>	<u>2,624</u>	<u>448</u>	<u>2,053</u>
<b>Total comprehensive (loss)/income for the period, net of tax</b>		<b><u>86,535</u></b>	<b><u>48,634</u></b>	<b><u>(990,341)</u></b>	<b><u>54,237</u></b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		<u>86,529</u>	<u>48,634</u>	<u>(990,359)</u>	<u>54,237</u>
Non-controlling interests		<u>6</u>	<u>—</u>	<u>18</u>	<u>—</u>
Basic (loss)/earnings per share (RMB Yuan)	13	<u>0.18</u>	<u>0.09</u>	<u>(1.98)</u>	<u>0.11</u>
Diluted (loss)/earnings per share (RMB Yuan)	13	<b><u>0.18</u></b>	<b><u>0.09</u></b>	<b><u>(1.98)</u></b>	<b><u>0.10</u></b>

*The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at <b>September 30,</b> <b>2020</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at December 31, 2019 <i>RMB'000</i> (Audited)
<b>Assets</b>			
Cash and cash equivalents	14(a)	1,352,627	2,169,522
Restricted cash	14(b)	238,313	264,584
Loans to customers at fair value through profit or loss	15	4,168,741	9,457,673
Contract assets	16	296,242	523,022
Guarantee receivables	17	702,020	621,248
Financial assets at fair value through profit or loss	18	20,284	280
Investments accounted for using the equity method	19	20,566	37,430
Deferred income tax assets	20	783,424	468,256
Right-of-use assets		52,183	25,824
Intangible assets		30,990	22,175
Property and equipment		37,045	51,196
Other assets	21	524,185	648,147
		<b>8,226,620</b>	14,289,357
<b>Total assets</b>		<b>8,226,620</b>	14,289,357
<b>Liabilities</b>			
Borrowings	22	4,167,961	9,236,329
Senior notes	23	691,269	678,829
Lease liabilities		53,074	25,197
Guarantee liabilities	17	678,917	723,617
Tax payable		96,676	124,960
Deferred income tax liabilities	20	69,218	86,101
Other liabilities	24	320,220	314,046
		<b>6,077,335</b>	11,189,079
<b>Total liabilities</b>		<b>6,077,335</b>	11,189,079

	<i>Notes</i>	<b>As at September 30, 2020 RMB'000 (Unaudited)</b>	<b>As at December 31, 2019 RMB'000 (Audited)</b>
<b>Equity</b>			
Share capital	25	40,594	40,913
Share premium	25	5,566,587	5,581,016
Treasury shares	26	(43,742)	(51,774)
Reserves		729,425	682,913
Accumulated losses		(4,146,597)	(3,155,790)
Non-controlling interests		3,018	3,000
		<hr/>	<hr/>
<b>Total equity</b>		<b>2,149,285</b>	<b>3,100,278</b>
		<hr/>	<hr/>
<b>Total liabilities and equity</b>		<b>8,226,620</b>	<b>14,289,357</b>
		<hr/> <hr/>	<hr/> <hr/>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital <i>RMB'000</i> <i>Note 25</i>	Share premium <i>RMB'000</i> <i>Note 25</i>	Treasury shares <i>RMB'000</i> <i>Note 26</i>	Reserves			Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
				Share option reserves <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>		
<b>(Unaudited)</b>								
<b>Balance at January 1, 2020</b>	<b>40,913</b>	<b>5,581,016</b>	<b>(51,774)</b>	<b>607,888</b>	<b>75,025</b>	<b>(3,155,790)</b>	<b>3,000</b>	<b>3,100,278</b>
Loss for the period	—	—	—	—	—	(990,807)	18	(990,789)
Exchange difference on translation of financial statements	—	—	—	—	448	—	—	448
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>448</b>	<b>(990,807)</b>	<b>18</b>	<b>(990,341)</b>
<b>Transactions with owners in their capacity as owners</b>								
Shares repurchased and cancelled	(319)	(14,019)	—	—	—	—	—	(14,338)
Share-based payment	—	—	—	58,392	—	—	—	58,392
Vesting of share awards	—	(410)	12,738	(12,328)	—	—	—	—
Shares repurchased for share award scheme	—	—	(4,706)	—	—	—	—	(4,706)
<b>Total transactions with owners in their capacity as owners</b>	<b>(319)</b>	<b>(14,429)</b>	<b>8,032</b>	<b>46,064</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>39,348</b>
<b>Balance at September 30, 2020</b>	<b>40,594</b>	<b>5,566,587</b>	<b>(43,742)</b>	<b>653,952</b>	<b>75,473</b>	<b>(4,146,597)</b>	<b>3,018</b>	<b>2,149,285</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Share premium	Treasury shares	Reserves			Total
				Share option reserves	Translation reserve	Accumulated losses	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
<i>(Unaudited)</i>							
Balance at December 31, 2018	40,938	5,581,926	—	304,945	75,510	(3,218,592)	2,784,727
Change on initial application of IFRS 16	—	—	—	—	—	(1,988)	(1,988)
Restated balance at January 1, 2019	40,938	5,581,926	—	304,945	75,510	(3,220,580)	2,782,739
Profit for the period	—	—	—	—	—	52,184	52,184
Exchange difference on translation of financial statements	—	—	—	—	2,053	—	2,053
Total comprehensive income for the period	—	—	—	—	2,053	52,184	54,237
<b>Transactions with owners in their capacity as owners</b>							
Shares repurchased for share award scheme	—	—	(51,774)	—	—	—	(51,774)
Issuance of ordinary shares to employees	19	1,275	—	(360)	—	—	934
Share-based payment	—	—	—	245,180	—	—	245,180
Total transactions with owners in their capacity as owners	19	1,275	(51,774)	244,820	—	—	194,340
Balance at September 30, 2019	40,957	5,583,201	(51,774)	549,765	77,563	(3,168,396)	3,031,316

*The above interim condensed consolidated statement of change in equity should be read in conjunction with the accompanying notes.*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	<b>Nine months ended September 30,</b>	
		<b>2020</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>2019</b> <i>RMB'000</i> <b>(Unaudited)</b>
<b>Operating activities</b>			
Cash generated from operating activities		5,041,563	1,569,789
Income tax paid		(164,131)	(120,311)
<b>Net cash inflow from operating activities</b>		<b>4,877,432</b>	1,449,478
<b>Investing activities</b>			
Proceeds from disposal of investments accounted for using the equity method		6,575	—
Payments for property and equipment		(7,943)	(16,491)
Payments for intangible assets		(11,450)	(4,503)
Payments for financial assets at fair value through profit or loss		—	(637,080)
Proceeds from financial assets at fair value through profit or loss		—	480,480
<b>Net cash outflow from investing activities</b>		<b>(12,818)</b>	(177,594)
<b>Financing activities</b>			
(Repayment to)/Proceeds from trust plan holders, net		(4,698,930)	273,541
Repayment of borrowings, net		(52,453)	(622,010)
Proceeds from issuance of ordinary shares to employees		—	934
Proceeds from issuance of senior notes		—	660,602
Interest expenses paid		(616,662)	(605,816)
Payments for shares repurchased		(19,044)	(51,774)
Payments for lease liabilities		(24,519)	(27,448)
<b>Net cash outflow from financing activities</b>		<b>(5,681,608)</b>	(371,971)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(816,994)</b>	899,913
Cash and cash equivalents at the beginning of the period	<i>14(a)</i>	<b>2,169,524</b>	1,050,112
Effects of exchange rate changes on cash and cash equivalents		237	(141)
<b>Cash and cash equivalents at the end of the period</b>	<i>14(a)</i>	<b>1,352,767</b>	1,949,884

*The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 General information

VCREDIT Holdings Limited (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 Company together with its subsidiaries (the “**Group**”) is a technology-driven consumer financial service provider in the People’s Republic of China (“**China**”, or the “**PRC**”). 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 have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since June 21, 2018 (the “**Listing**”) by way of its initial public offering. As at September 30, 2020, the number of ordinary shares of the Company in issue was 495,524,389, 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 of directors of the Company on November 18, 2020.

## 2 Basis of preparation

The interim condensed consolidated financial information for the nine months ended September 30, 2020 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 nine months ended September 30, 2020.

## 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 Critical accounting estimates and judgements**

The preparation of the interim financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

#### **5 Financial risk management and financial instruments**

##### **5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

China Banking and Insurance Regulatory Commission, jointly with other regulatory authorities, issued the Circular on Issuing Supplementary Provisions on Supervision of Financing Guarantee Companies (the "Circular") on October 24, 2019 to further regulate certain financial guarantee activities. The Circular stated that institutions engaging in the provision of services, such as borrower referrals and credit assessments, to lending institutions shall not provide any financing guarantee services, directly or indirectly (in a disguised manner), without prior approval. The Group has acknowledged the requirements set forth in the Circular and noted the potential non-compliance risk to the current business model for its trust scheme operations going forward. However, taking into consideration of current practice, related regulatory requirements and the environment underlying the trust scheme operations, the Circular may only have a limited impact on the related existing credit enhancement arrangements.

The Group is working on alternative business plans to cope with the implications of the Circular including the restructuring of future credit enhancement arrangements. Based on the Group's stress testing of the potential impact of possible changes to the future business plan, the Group does not consider the Circular will have any significant implications for the consolidated financial statements and the Group operating as a going concern. The Group will pay close attention to developments related to the new regulatory requirements related to the Circular and will continue to monitor the impact to its operations and financial position.



There have been no changes in the risk management policies since December 31, 2019. However, the coronavirus (COVID-19) pandemic has developed rapidly in 2020, with a significant number of cases globally. Measures taken to contain the COVID-19 pandemic have significantly affected economic activity, which in turn has implications for financial reporting.

There have been no significant changes in estimation techniques made during the current reporting period. While the uncertainties arising from the COVID-19 pandemic are substantial and circumstances are certain to change, the COVID-19 pandemic does have some negative impacts when determining the severity of downside economic scenarios that will be used to estimate under IFRS 9 in 2020, especially on the measurement of the Group's expected credit losses ("ECL") and the fair value of loans to customers.

### *Measurement of ECL*

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is consistent with the models applied in the consolidated financial statements for the year ended December 31, 2019.

During the reporting period, the most significant assumptions used are Gross Domestic Product ("GDP") and Consumer Price Index ("CPI"), which are proved to be the most relevant variables by back testing. Due to the COVID-19 pandemic's influence, both variables incorporated were decreased markedly.

Key economic variable	Scenario	Nine months ended September 30, 2020	Year ended December 31, 2019
CPI	Base	1.77%-3.25%	3.09%-3.44%
	Upside	2.51%-3.98%	3.62%-4.07%
	Downside	1.04%-2.51%	2.11%-2.57%
GDP	Base	1.58%-3.04%	5.77%-6.14%
	Upside	2.31%-3.76%	5.94%-6.44%
	Downside	0.85%-2.31%	5.55%-6.04%

The Group uses economic variable assumptions when determining expected CPI and GDP. The weightings assigned to each economic scenario at September 30, 2020 were as follows, which were the same as at December 31, 2019:

	Base	Upside	Downside
CPI	80%	10%	10%
GDP	80%	10%	10%

## Sensitivity analysis

Set out below are the changes to the ECL as at September 30, 2020 that would result by varying CPI and GDP by 0.5 standard deviation (“ $\sigma$ ”), respectively, in each of the base, upside and downside scenarios:

		<b>GDP</b>		
		<b>-0.5 <math>\sigma</math></b>	<b>No change</b>	<b>+0.5 <math>\sigma</math></b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CPI	-0.5 $\sigma$	131,577	61,622	—
	No change	61,622	—	(43,231)
	+0.5 $\sigma$	—	(43,231)	(70,620)

The ECL allowance is sensitive to the weightings assigned to each economic scenario.

For CPI and GDP, assuming a 10% increase in the weight of the upside scenario and a 10% reduction in the weight of the base scenario, the Group’s ECL as at September 30, 2020 is reduced by RMB4.39 million; assuming a 10% increase in the weight of the downside scenario and a 10% reduction in the weight of the base scenario, the Group’s ECL is increased by RMB10.80 million.

## 5.2 Fair value measurement of financial instruments

### 5.2.1 Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group’s financial assets and financial liabilities measured and recognised at fair value as at September 30, 2020 and December 31, 2019, respectively, on a recurring basis:

		<b>As at September 30, 2020</b>			
<b>Valuation techniques and key input</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>(Unaudited)</b>					
<b>Assets</b>					
Loans to customers at fair value through profit or loss	Discounted cash flow method (i)	—	—	4,168,741	4,168,741
Financial assets at fair value through profit or loss					
- Unlisted equity investment	The latest round of financing	—	—	20,000	20,000
- Money market funds	Quoted market price	284	—	—	284
		—————	—————	—————	—————
		<b>284</b>	<b>—</b>	<b>4,188,741</b>	<b>4,189,025</b>

As at December 31, 2019

	Valuation techniques and key input	Level 1	Level 2	Level 3	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Audited)					
Assets					
Loans to customers at fair value through profit or loss	Discounted cash flow method (i)	—	—	9,457,673	9,457,673
Financial assets at fair value through profit or loss					
- Money market funds	Quoted market price	280	—	—	280
		<u>280</u>	<u>—</u>	<u>9,457,673</u>	<u>9,457,953</u>

- (i) Future cash flows are estimated based on key assumptions including growth rate, weighted average cost of capital.

The following table presents the changes in level 3 asset instruments for the nine months ended September 30, 2019 and 2020, respectively:

	Nine months ended September 30,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Opening balance	9,457,673	8,863,246
Additions	9,533,863	11,744,439
Disposals	(12,751,081)	(11,226,109)
Gains or losses recognized in profit or loss	(2,051,714)	(1,456,970)
<b>Ending balance</b>	<b><u>4,188,741</u></b>	<b><u>7,924,606</u></b>

There were no transfers between the levels of the fair value hierarchy in the nine months ended September 30, 2020. There were no changes made to any of the valuation techniques applied as at December 31, 2019.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at September 30, 2020.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 5.2.2 *Fair value measurements using significant unobservable inputs*

The Group has a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The team manages the valuation exercise of the investments on a case by case basis. The team would use valuation techniques to determine the fair value of the Group's level 3 instruments once every month. External valuation experts will be involved when necessary.

As at September 30, 2020, the level 3 instruments were mainly loans to customers at fair value through profit or loss. As the loans to customers are not traded in an active market, its fair value has been determined using discounted cash flows. Major assumptions used in the valuation include historical performance of loan to customers and estimate of discount rate. The discount rate used to determine the present value was a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the assets as at each reporting date. The management estimated the risk-free interest rate based on the yield of China Government Bonds with a maturity life equal to the period from the respective reporting date to expected cash flow date.

The table below illustrates the impact on loss before income tax for the nine months ended September 30, 2020, if the discount rate used had increased/decreased by 100 basis points with all other variables held constant.

Expected changes in (loss)/profit before income tax	Nine months ended September 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
+ 100 basis points	(9,941)	(25,093)
- 100 basis points	10,072	26,829

### 5.2.3 *Fair values of other financial instruments (unrecognised)*

The Group also has a number of financial instruments which are not measured at fair value in the interim condensed consolidated statement of financial position such as guarantee receivables, other receivables, senior notes, borrowings and other payables. For these instruments, the fair values are not materially different to their carrying amounts, since the interest rate is close to current market rates, or the instruments are short-term in nature.

## 6 Net interest type income

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Interest type income</b>				
Loans to customers at fair value through profit or loss	<u>406,007</u>	<u>665,493</u>	<u>1,716,593</u>	<u>1,818,126</u>
<b>Less: interest expenses</b>				
Payable to trust plan holders	(111,181)	(179,489)	(479,199)	(521,496)
Senior notes	(22,595)	(21,828)	(67,821)	(21,828)
Borrowings from corporations	(17,341)	(16,899)	(49,445)	(61,203)
Borrowings from individuals	—	(1,110)	—	(7,749)
Secured borrowings	—	—	—	(13)
Others	(982)	(451)	(2,118)	(3,427)
	<u>(152,099)</u>	<u>(219,777)</u>	<u>(598,583)</u>	<u>(615,716)</u>
<b>Net interest type income</b>	<u><u>253,908</u></u>	<u><u>445,716</u></u>	<u><u>1,118,010</u></u>	<u><u>1,202,410</u></u>

## 7 Loan facilitation service fees

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Upfront loan facilitation service fees	225,599	494,227	385,582	1,029,223
Post loan facilitation service fees	23,737	46,467	101,927	84,336
	<u>249,336</u>	<u>540,694</u>	<u>487,509</u>	<u>1,113,559</u>

*Note:* The unsatisfied performance obligations as at September 30, 2020 is RMB39.24 million. Management expects that 98.87% of the transaction price allocated to the unsatisfied contracts as at September 30, 2020 will be recognized as revenue within the next 12 months (As at September 30, 2019: the unsatisfied performance obligations is RMB120.62 million, and management expects that 97.44% of the transaction price allocated to the unsatisfied contracts will be recognized as revenue within the next 12 months).

## 8 Other income

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Membership fees and referral fees (i)	381	171,625	301,428	672,150
Penalty and service charges	58,776	99,197	242,195	224,291
Government grants	—	—	34,975	—
Technology and professional service fees	—	8,037	—	24,249
Gains/(losses) from guarantee	162,985	(235,220)	(258,541)	(351,412)
Others	1,216	(347)	4,852	4,674
	<u>223,358</u>	<u>43,292</u>	<u>324,909</u>	<u>573,952</u>

(i) Membership fees for the nine months ended September 30, 2020 are RMB0.84 million (for the nine months ended September 30, 2019: RMB62.45 million). Referral fees for the nine months ended September 30, 2020 are RMB300.59 million (for the nine months ended September 30, 2019: RMB609.70 million).

## 9 Expenses by nature

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loan origination and servicing expenses	(202,486)	(197,588)	(519,037)	(450,560)
Employee benefit expenses	(53,870)	(116,664)	(186,636)	(408,243)
Professional service fees	(26,088)	(35,535)	(59,562)	(52,927)
Depreciation and amortization	(14,448)	(15,279)	(47,735)	(48,933)
Office expenses	(7,853)	(14,860)	(28,616)	(33,985)
Tax and surcharge	(5,278)	(6,333)	(20,628)	(15,214)
Branding expenses	(1,562)	(29)	(4,335)	(5,009)
Others	(6,668)	(818)	(20,925)	(8,756)
	<u>(318,253)</u>	<u>(387,106)</u>	<u>(887,474)</u>	<u>(1,023,627)</u>

## 10 Credit impairment losses

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash and cash equivalents	(72)	(13)	(138)	(13)
Restricted cash	7	(7)	(95)	(40)
Contract assets	(16,282)	(71,046)	(70,135)	(135,438)
Guarantee receivables	(36,976)	(58,566)	(145,555)	(120,930)
Other assets	(548)	595	(2,956)	3,223
	<u>(53,871)</u>	<u>(129,037)</u>	<u>(218,879)</u>	<u>(253,198)</u>

## 11 Other gains/(losses), net

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	3,756	3,188	14,250	8,742
Exchange gains/(losses)	23,062	(18,426)	12,846	(18,514)
Gain from disposal of investments accounted for using the equity method	—	—	468	—
Gain from financial assets at fair value through profit or loss	2	1,016	4	1,501
Interest expense on senior notes	—	89	—	(2,283)
Interest expense on lease liabilities	(871)	(2,082)	(2,455)	(3,718)
Bank charges	(1,187)	(93)	(8,904)	(4,104)
	<u>24,762</u>	<u>(16,308)</u>	<u>16,209</u>	<u>(18,376)</u>

## 12 Income tax credit/(expense)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	(31,745)	(101,467)	(100,279)	(175,072)
Deferred income tax	(5,553)	66,645	332,051	88,069
	<u>(37,298)</u>	<u>(34,822)</u>	<u>231,772</u>	<u>(87,003)</u>

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Profit before income tax:	127,737	80,832	(1,222,561)	139,187
Tax calculated at PRC statutory income tax rate of 25%	(31,935)	(20,208)	305,640	(34,797)
Tax effects of:				
— Differential income tax rates applicable to subsidiaries (i)	1,391	(3,051)	(57,212)	9,501
— Expenses not deductible for income tax purpose	(6,760)	(13,732)	(16,656)	(61,707)
Share-based compensation	(4,803)	(14,733)	(14,598)	(61,385)
Others	(1,957)	1,001	(2,058)	(322)
— Others	6	2,169	—	—
Income tax credit/(expense)	<u>(37,298)</u>	<u>(34,822)</u>	<u>231,772</u>	<u>(87,003)</u>



(i) **The Group’s main applicable taxes and tax rates are as follows:**

***British Virgin Islands***

Enterprise incorporated in the British Virgin Islands (BVI) is not subject to tax on income or capital gains.

***Cayman Islands***

The Company re-domiciled from the BVI and continue into the Cayman Islands prior to Listing. The Company is governed by the laws of the Cayman Islands after completion of the continuation. Accordingly the Company is not subject to income tax under Cayman Companies Law.

***China***

The PRC Enterprise Income Tax Law (the “**EIT Law**”) applies an income tax rate of 25% to all enterprises but grants preferential tax treatments to High and New Technology Enterprises (“**HNTES**”). Under these preferential tax treatments, HNTES can enjoy a preferential income tax rate of 15% for three years, but need to re-apply after the end of the three-year period. Vision Credit Financial Technology Company, an indirect wholly-owned subsidiary of the Company, qualified as an HNTES under the EIT Law on October 23, 2014. In November 2017, Vision Credit Financial Technology Company was further approved as an HNTES and can continue to enjoy the preferential income tax rate of 15% from 2018 to 2020. Therefore, Vision Credit Financial Technology Company was entitled to a preferential income tax rate of 15% for the nine months ended September 30, 2020.

***Hong Kong***

Under the current Hong Kong Inland Revenue Ordinance, the Company’s subsidiaries incorporated in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax. Commencing from the year of assessment of 2018 and 2019, the first HKD2 million of profits earned by the Company’s subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e. 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate.

***Withholding Tax on Undistributed Profits***

Under the EIT Law, dividends, interests, rent, royalties and gains on transfers of property payable by a foreign-invested enterprise in the PRC to its parent company who is a non-resident enterprise will be subject to withholding tax of 10%, unless such non-resident enterprise’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a reduced rate of withholding taxes. The withholding tax rate is 5% for the parent company incorporated in certain qualified jurisdictions if the parent company is the beneficial owner of the dividend and approved by the PRC tax authority to enjoy the preferential tax benefit.

The Group does not have any current plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on withholding tax was accrued as at the end of each reporting period.

**13 (Loss)/earnings per share**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/earnings attributable to owners of the Company	<b>90,433</b>	46,010	<b>(990,807)</b>	52,184
Weighted average number of ordinary shares for calculation of the basic (loss)/earnings per share ('000)	<b>497,218</b>	493,072	<b>499,539</b>	495,661
Weighted average number of ordinary shares for calculation of the diluted (loss)/earnings per share ('000)	<b>502,487</b>	503,967	<b>499,539</b>	503,850
Basic (loss)/earnings per share (RMB yuan)	<b>0.18</b>	0.09	<b>(1.98)</b>	0.11
Diluted (loss)/earnings per share (RMB yuan)	<b>0.18</b>	0.09	<b>(1.98)</b>	0.10

- (a) 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 of the Company outstanding during the period.
- (b) For the nine months ended September 30, 2019 and 2020 and three months ended September 30, 2019 and 2020, respectively, the potential ordinary shares of the Company were share options and share awards granted by the Company. As the Group incurred loss for the nine months ended September 30, 2020, the potential ordinary shares of the Company 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 nine months ended September 30, 2020 was the same as basic loss per share.

For the nine months ended September 30, 2019 and three months ended September 30, 2019 and 2020, 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).

## 14 Cash and bank balances

### (a) Cash and cash equivalents

	As at September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Cash at bank	1,139,363	1,130,115
Cash held through platform (i)	<u>213,404</u>	<u>1,039,409</u>
Total cash and cash equivalents	1,352,767	2,169,524
Less: ECL allowance	<u>(140)</u>	<u>(2)</u>
	<u><u>1,352,627</u></u>	<u><u>2,169,522</u></u>

(i) Cash held through platform is the cash balance held by the Group in third party payment companies.

### (b) Restricted cash

	As at September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Deposits	238,461	264,637
Less: ECL allowance	<u>(148)</u>	<u>(53)</u>
	<u><u>238,313</u></u>	<u><u>264,584</u></u>

Restricted cash is deposited in designated bank accounts that are constrained by the loan facilitation service contracts between the banks and the Group. According to these contracts, the Group cannot withdraw restricted cash without permission of the banks.

## 15 Loans to customers at fair value through profit or loss

The composition of loans is as follows:

	As at September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Unsecured	3,844,197	8,822,968
Secured	<u>324,544</u>	<u>634,705</u>
	<u><b>4,168,741</b></u>	<u><b>9,457,673</b></u>

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

	As at September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Within 1 year (including 1 year)	3,780,783	8,028,905
1 to 2 years (including 2 years)	31,792	260,124
2 to 5 years (including 5 years)	<u>356,166</u>	<u>1,168,644</u>
	<u><b>4,168,741</b></u>	<u><b>9,457,673</b></u>

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

	As at September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Overdue	277,366	506,965
Within 1 year (including 1 year)	3,782,192	8,256,618
1 to 2 years (including 2 years)	7,375	363,427
2 to 5 years (including 5 years)	<u>101,808</u>	<u>330,663</u>
	<u><b>4,168,741</b></u>	<u><b>9,457,673</b></u>

16 Contract assets

	As at September 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Contract assets	348,066	655,815
Less: ECL allowance	<u>(51,824)</u>	<u>(132,793)</u>
	<b><u>296,242</u></b>	<b><u>523,022</u></b>

Movement of gross carrying amount

Contract assets	Nine months ended September 30, 2020			
	Stage 1 RMB'000 (Unaudited)	Stage 2 RMB'000 (Unaudited)	Stage 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance at January 1, 2020	571,352	43,084	41,379	655,815
New financial assets originated	273,551	—	—	273,551
Transfer for the period:				
<i>From stage 1 to stage 2</i>	(5,592)	5,592	—	—
<i>From stage 1 to stage 3</i>	(88,493)	—	88,493	—
<i>From stage 2 to stage 1</i>	70	(70)	—	—
<i>From stage 2 to stage 3</i>	—	(41,765)	41,765	—
<i>From stage 3 to stage 2</i>	—	1	(1)	—
<i>From stage 3 to stage 1</i>	15	—	(15)	—
Asset derecognised (including final repayment)	(430,218)	(1,246)	(1,207)	(432,671)
Asset written off	<u>—</u>	<u>—</u>	<u>(148,629)</u>	<u>(148,629)</u>
Ending balance at September 30, 2020	<b><u>320,685</u></b>	<b><u>5,596</u></b>	<b><u>21,785</u></b>	<b><u>348,066</u></b>

Contract assets	Nine months ended September 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2019	162,776	5,528	5,735	174,039
New financial assets originated	821,861	—	—	821,861
Transfer for the period:				
<i>From stage 1 to stage 2</i>	(26,664)	26,664	—	—
<i>From stage 1 to stage 3</i>	(29,033)	—	29,033	—
<i>From stage 2 to stage 1</i>	8	(8)	—	—
<i>From stage 2 to stage 3</i>	—	(4,864)	4,864	—
<i>From stage 3 to stage 1</i>	4	—	(4)	—
Asset derecognised (including final repayment)	(108,786)	(517)	(434)	(109,737)
Asset written off	—	—	(15,258)	(15,258)
Ending balance at September 30, 2019	<u>820,166</u>	<u>26,803</u>	<u>23,936</u>	<u>870,905</u>

#### Movement of ECL allowance

ECL allowance	Nine months ended September 30, 2020			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2020	(53,842)	(39,330)	(39,621)	(132,793)
New financial assets originated	(23,461)	—	—	(23,461)
Transfer for the period:				
<i>From stage 1 to stage 2</i>	480	(5,129)	—	(4,649)
<i>From stage 1 to stage 3</i>	7,589	—	(85,041)	(77,452)
<i>From stage 2 to stage 1</i>	(6)	64	—	58
<i>From stage 2 to stage 3</i>	—	38,308	(40,136)	(1,828)
<i>From stage 3 to stage 2</i>	—	(1)	1	—
<i>From stage 3 to stage 1</i>	(1)	—	14	13
Asset derecognised (including final repayment)	36,897	1,143	1,160	39,200
Changes to risk parameters (model inputs)	6,688	(212)	(6,017)	459
Asset written off	—	—	148,629	148,629
Ending balance at September 30, 2020	<u>(25,656)</u>	<u>(5,157)</u>	<u>(21,011)</u>	<u>(51,824)</u>

ECL allowance	Nine months ended September 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2019	(9,364)	(5,013)	(5,519)	(19,896)
New financial assets originated	(67,242)	—	—	(67,242)
Transfer for the period:				
<i>From stage 1 to stage 2</i>	2,182	(24,205)	—	(22,023)
<i>From stage 1 to stage 3</i>	2,375	—	(28,368)	(25,993)
<i>From stage 2 to stage 1</i>	(1)	7	—	6
<i>From stage 2 to stage 3</i>	—	4,415	(4,753)	(338)
<i>From stage 3 to stage 1</i>	—	—	4	4
Asset derecognised (including final repayment)	8,901	469	424	9,794
Changes to risk parameters (model inputs)	(28,198)	(33)	(787)	(29,018)
Asset written off	—	—	15,258	15,258
Ending balance at September 30, 2019	<u>(91,347)</u>	<u>(24,360)</u>	<u>(23,741)</u>	<u>(139,448)</u>

*Note:* Contract assets originated and derecognised or written off in the same period are not included in the above movements.

ECL allowance	Nine months ended September 30, 2020			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ECL charged for the period	<u>28,186</u>	<u>34,173</u>	<u>(132,494)</u>	<u>(70,135)</u>

ECL allowance	Nine months ended September 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ECL charged for the period	<u>(81,983)</u>	<u>(19,347)</u>	<u>(34,108)</u>	<u>(135,438)</u>

*Note:* The Group receives upfront payments from borrowers at loan inception and subsequent payments over the term of the loan. Contract asset represents the Group's right to consideration in exchange for services that the Group has provided. A substantial majority of the Group's contract assets as at September 30, 2020 would be realized within the next 12 months as the weighted average term of the arrangements where the Group is not the loan originator was less than 12 months. The Group determined there is no significant financing component for its arrangements where the Group is not the loan originator.

17 **Guarantee receivables and guarantee liabilities**

	As at September 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Guarantee receivables	830,211	760,973
Less: ECL allowance	<u>(128,191)</u>	<u>(139,725)</u>
	<b><u>702,020</u></b>	<b><u>621,248</u></b>

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

	Nine months ended September 30, 2020 RMB'000 (Unaudited)		2019 RMB'000 (Unaudited)
Guarantee receivables			
Opening balance	621,248		206,146
Addition arising from new business	1,236,900		1,024,675
ECL	(145,555)		(120,930)
Reversal due to early repayment	(101,775)		(52,013)
Payment received from borrowers	<u>(908,798)</u>		<u>(483,160)</u>
Ending balance	<b><u>702,020</u></b>		<b><u>574,718</u></b>

**Movement of gross carrying amount**

Guarantee receivables	Nine months ended September 30, 2020			
	Stage 1 RMB'000 (Unaudited)	Stage 2 RMB'000 (Unaudited)	Stage 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance at January 1, 2020	682,268	40,223	38,482	760,973
New financial assets originated	758,789	—	—	758,789
Transfer for the period:				
<i>From stage 1 to stage 2</i>	(17,097)	17,097	—	—
<i>From stage 1 to stage 3</i>	(117,599)	—	117,599	—
<i>From stage 2 to stage 1</i>	11	(11)	—	—
<i>From stage 2 to stage 3</i>	—	(38,642)	38,642	—
Asset derecognised (including final repayment)	(533,827)	(1,593)	(2,406)	(537,826)
Asset written off	<u>—</u>	<u>—</u>	<u>(151,725)</u>	<u>(151,725)</u>
Ending balance at September 30, 2020	<b><u>772,545</u></b>	<b><u>17,074</u></b>	<b><u>40,592</u></b>	<b><u>830,211</u></b>



Guarantee receivables	Nine months ended September 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2019	216,453	9,077	10,404	235,934
New financial assets originated	674,922	—	—	674,922
Transfer for the period:				
<i>From stage 1 to stage 2</i>	(23,044)	23,044	—	—
<i>From stage 1 to stage 3</i>	(37,369)	—	37,369	—
<i>From stage 2 to stage 1</i>	3	(3)	—	—
<i>From stage 2 to stage 3</i>	—	(8,394)	8,394	—
Asset derecognised (including final repayment)	(185,804)	(426)	(252)	(186,482)
Asset written off	—	—	(26,086)	(26,086)
Ending balance at September 30, 2019	<u>645,161</u>	<u>23,298</u>	<u>29,829</u>	<u>698,288</u>

#### Movement of ECL allowance

ECL allowance	Nine months ended September 30, 2020			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2020	(66,215)	(36,665)	(36,845)	(139,725)
New financial assets originated	(71,518)	—	—	(71,518)
Transfer for the period:				
<i>From stage 1 to stage 2</i>	1,611	(15,652)	—	(14,041)
<i>From stage 1 to stage 3</i>	11,084	—	(112,642)	(101,558)
<i>From stage 2 to stage 1</i>	(1)	10	—	9
<i>From stage 2 to stage 3</i>	—	35,377	(37,013)	(1,636)
Asset derecognised (including final repayment)	50,314	1,458	2,305	54,077
Changes to risk parameters (model inputs)	1,130	(227)	(6,427)	(5,524)
Asset written off	—	—	151,725	151,725
Ending balance at September 30, 2020	<u>(73,595)</u>	<u>(15,699)</u>	<u>(38,897)</u>	<u>(128,191)</u>

ECL allowance	Nine months ended September 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2019	(11,419)	(8,302)	(10,067)	(29,788)
New financial assets originated	(55,713)	—	—	(55,713)
Transfer for the period:				
<i>From stage 1 to stage 2</i>	1,902	(21,027)	—	(19,125)
<i>From stage 1 to stage 3</i>	3,085	—	(35,959)	(32,874)
<i>From stage 2 to stage 1</i>	—	3	—	3
<i>From stage 2 to stage 3</i>	—	7,659	(8,077)	(418)
Asset derecognised (including final repayment)	15,338	389	242	15,969
Changes to risk parameters (model inputs)	(27,012)	70	(768)	(27,710)
Asset written off	—	—	26,086	26,086
Ending balance at September 30, 2019	<u>(73,819)</u>	<u>(21,208)</u>	<u>(28,543)</u>	<u>(123,570)</u>

*Note:* Guarantee receivables originated and derecognised or written off in the same period are not included in the above movements.

ECL allowance	Nine months ended September 30, 2020			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ECL charged for the period	<u>(7,380)</u>	<u>20,966</u>	<u>(159,141)</u>	<u>(145,555)</u>

ECL allowance	Nine months ended September 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ECL charged for the period	<u>(62,400)</u>	<u>(12,906)</u>	<u>(45,624)</u>	<u>(120,930)</u>

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

	<b>Nine months ended September 30,</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Guarantee liabilities		
Opening balance	723,617	204,496
Addition arising from new business	1,236,900	1,024,675
Release of the margin	(69,946)	(67,041)
ECL	328,487	418,453
Reversal due to early repayment	(101,775)	(52,013)
Payouts during the period, net (i)	<u>(1,438,366)</u>	<u>(660,828)</u>
Ending balance	<u><b>678,917</b></u>	<u>867,742</u>

- (i) The increase in payouts during the nine months ended September 30, 2020 is mainly due to an adverse impact on delinquency rates as a result of the outbreak of the COVID-19 pandemic.

## 18 Financial assets at fair value through profit or loss

	<b>As at</b>	As at
	<b>September 30,</b>	December 31,
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Unlisted equity investment (i)	20,000	—
Money market fund	<u>284</u>	<u>280</u>
	<u><b>20,284</b></u>	<u>280</u>

- (i) The Group invested RMB20 million to acquire 10.92 million shares of Guoren Property and Casualty Insurance Co. Ltd. (“**Guoren P&C**”) to become one of its shareholders with a 0.27% interest in Guoren P&C. Guoren P&C is a national property and casualty insurance company, established with the approval of the China Banking and Insurance Regulatory Commission (“**CBIRC**”). The increase of the registered capital of Guoren P&C was approved by CBIRC on April 9, 2020.

## 19 Investments accounted for using the equity method

The following table sets forth the movement of the Group's investments accounted for using the equity method:

	Nine months ended September 30,	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Opening balance	37,430	27,684
Share of net (loss)/profit	(11,131)	1,437
Disposal	(6,107)	—
Translation difference	374	165
	<u>37,430</u>	<u>27,684</u>
Ending balance	<u><u>20,566</u></u>	<u><u>29,286</u></u>

## 20 Deferred income tax

	As at September 30, 2020		As at December 31, 2019	
	Deductible/ (taxable) temporary differences <i>RMB'000</i> (Unaudited)	Deferred income tax assets/ (liabilities) <i>RMB'000</i> (Unaudited)	Deductible/ (taxable) temporary differences <i>RMB'000</i> (Audited)	Deferred income tax assets/ (liabilities) <i>RMB'000</i> (Audited)
<b>Deferred income tax liabilities</b>				
Unrealized gains	(200,653)	(6,493)	(1,439,867)	(299,103)
Others	(2,756)	(689)	(2,756)	(689)
	<u>(203,409)</u>	<u>(7,182)</u>	<u>(1,442,623)</u>	<u>(299,792)</u>
<b>Deferred income tax assets</b>				
ECL allowance	684,908	171,227	475,308	118,827
Fair value change of loan to customers	2,913,378	550,161	2,285,951	563,120
	<u>3,598,286</u>	<u>721,388</u>	<u>2,761,259</u>	<u>681,947</u>
Net deferred income tax assets	<u><u>3,394,877</u></u>	<u><u>714,206</u></u>	<u><u>1,318,636</u></u>	<u><u>382,155</u></u>

The above net deferred income tax assets are disclosed separately on the statements of financial position based on different taxation authorities as follows:

	<b>As at September 30, 2020 RMB'000 (Unaudited)</b>	As at December 31, 2019 RMB'000 (Audited)
Deferred income tax assets	<b>783,424</b>	468,256
Deferred income tax liabilities	<b>(69,218)</b>	(86,101)
Net deferred income tax assets	<b><u>714,206</u></b>	<b><u>382,155</u></b>

The movements of the deferred income tax account are as following:

	<b>ECL allowance RMB'000 (Unaudited)</b>	<b>Fair value change RMB'000 (Unaudited)</b>	<b>Unrealized gains RMB'000 (Unaudited)</b>	<b>Others RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<b>As at January 1, 2020</b>	118,827	563,120	(299,103)	(689)	382,155
Recognized in the profit or loss	<u>52,400</u>	<u>(12,959)</u>	<u>292,610</u>	<u>—</u>	<u>332,051</u>
<b>As at September 30, 2020</b>	<b><u>171,227</u></b>	<b><u>550,161</u></b>	<b><u>(6,493)</u></b>	<b><u>(689)</u></b>	<b><u>714,206</u></b>
<b>As at January 1, 2019</b>	41,459	578,094	(289,600)	5,430	335,383
Adjustment on adoption of IFRS 16	<u>—</u>	<u>—</u>	<u>—</u>	<u>476</u>	<u>476</u>
<b>Restated balance as at January 1, 2019</b>	41,459	578,094	(289,600)	5,906	335,859
Recognized in the profit or loss	<u>64,430</u>	<u>(85,594)</u>	<u>115,352</u>	<u>(6,595)</u>	<u>87,593</u>
<b>As at September 30, 2019</b>	<b><u>105,889</u></b>	<b><u>492,500</u></b>	<b><u>(174,248)</u></b>	<b><u>(689)</u></b>	<b><u>423,452</u></b>

Deferred income tax assets are recognized for tax losses carried forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable.

## 21 Other assets

	As at September 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Security deposits in financial institutions	400,593	333,523
Prepaid expense	43,409	48,737
Due from business partners	38,335	184,177
Receivable from third party payment companies	34,810	54,208
Rental deposits	6,541	8,061
Other receivables	5,038	21,026
	<u>528,726</u>	<u>649,732</u>
Less: ECL allowance	<u>(4,541)</u>	<u>(1,585)</u>
	<u><b>524,185</b></u>	<u><b>648,147</b></u>

## 22 Borrowings

	As at September 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Denominated in RMB:		
Payable to trust plan holders (i)	3,621,900	8,637,946
Borrowings from corporations	546,061	598,383
	<u>4,167,961</u>	<u>9,236,329</u>

- (i) The trust plan holders have priority to repayments from the loans to customers originated by those trust plans. The fair value of those loans to customers was RMB4,022.82 million as at September 30, 2020 (December 31, 2019: RMB9,141.07 million).

### *Effective interest rates of borrowings*

	As at September 30, 2020 (Unaudited)	As at December 31, 2019 (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 September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Within 1 year	1,230,169	3,721,399
Between 1 and 2 years	2,601,492	4,903,920
Between 2 and 5 years	336,300	611,010
	<u>4,167,961</u>	<u>9,236,329</u>

*Borrowings by repayment schedule*

	As at September 30, 2020 <i>RMB'000</i> (Unaudited)	As at December 31, 2019 <i>RMB'000</i> (Audited)
Within 1 year	3,686,341	8,382,699
Between 1 and 2 years	481,620	626,210
Between 2 and 5 years	—	227,420
	<u>4,167,961</u>	<u>9,236,329</u>

**23 Senior notes****VCREDIT N2106 (Code: 5064)**

	Nine months ended September 30,	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Opening balance	678,829	—
Issuance	—	660,602
Accrued interest	57,577	21,012
Discount amortization	10,244	3,450
Interest expense paid	(38,915)	—
Exchange difference	(16,466)	19,282
	<u>691,269</u>	<u>704,346</u>
<b>Ending balance</b>	<u>691,269</u>	<u>704,346</u>

**24 Other liabilities**

	<b>As at September 30, 2020 RMB'000 (Unaudited)</b>	<b>As at December 31, 2019 RMB'000 (Audited)</b>
Accrued service fees	136,736	157,851
Due to financial institutions	114,294	102,800
Deposits collected from borrowers	43,216	32,849
Employee benefit liability	19,479	13,932
Contract liabilities	—	849
Others	6,495	5,765
	<b><u>320,220</u></b>	<b><u>314,046</u></b>

**25 Share capital and share premium**

	<b>Number of ordinary shares Shares'000</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>
<b>(Unaudited)</b>			
<b>At January 1, 2019</b>	499,487	40,938	5,581,926
Issuance of ordinary shares to employees	210	19	1,275
	<b><u>499,697</u></b>	<b><u>40,957</u></b>	<b><u>5,583,201</u></b>
<b>At January 1, 2020</b>	499,203	40,913	5,581,016
Shares repurchased and cancelled	(3,679)	(319)	(14,019)
Vesting of share awards	—	—	(410)
	<b><u>495,524</u></b>	<b><u>40,594</u></b>	<b><u>5,566,587</u></b>

**26 Treasury shares**

	<b>As at September 30, 2020</b>		<b>As at December 31, 2019</b>	
	<b>Shares'000</b>	<b>RMB'000</b>	<b>Shares'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
Treasury shares held under share award scheme	<b><u>(6,222)</u></b>	<b><u>(43,742)</u></b>	<b><u>(6,530)</u></b>	<b><u>(51,774)</u></b>

These shares are held by the VCREDIT No. 1 Share Award Scheme Trusts for the purpose of the share award scheme mentioned in note 27.



Movements in treasury shares during the period are as follows:

	Nine months ended September 30,			
	2020		2019	
	Shares'000 (Unaudited)	RMB'000 (Unaudited)	Shares'000 (Unaudited)	RMB'000 (Unaudited)
<b>Opening balance</b>	<b>(6,530)</b>	<b>(51,774)</b>	—	—
Vesting of share awards	<b>1,606</b>	<b>12,738</b>	—	—
Acquisition of shares by the VCREDIT No. 1 Share Award Scheme Trusts	<b>(1,298)</b>	<b>(4,706)</b>	(6,530)	(51,774)
<b>Ending balance</b>	<b>(6,222)</b>	<b>(43,742)</b>	<b>(6,530)</b>	<b>(51,774)</b>

## 27 Share-based payments

### Share options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Exercise Price in US\$ per Share Option			Number of Share Options ('000)		
	2016 ESOP	2017 ESOP I	2017 ESOP II	2016 ESOP	2017 ESOP I	2017 ESOP II
(Unaudited)						
<b>Outstanding balance as at January 1, 2020</b>	0.8735	1.6123	1.6123	16,865	46,517	26,115
Lapsed	0.8735	1.6123	—	(1,752)	(5,310)	—
<b>Outstanding balance as at September 30, 2020</b>	<b>0.8735</b>	<b>1.6123</b>	<b>1.6123</b>	<b>15,113</b>	<b>41,207</b>	<b>26,115</b>

	Exercise Price in US\$ per Share Option			Number of Share Options ('000)		
	2016 ESOP	2017 ESOP I	2017 ESOP II	2016 ESOP	2017 ESOP I	2017 ESOP II
(Unaudited)						
<b>Outstanding balance as at January 1, 2019</b>	0.8735	1.6123	1.6123	20,800	46,517	26,115
Exercised	0.8735	—	—	(210)	—	—
<b>Outstanding balance as at September 30, 2019</b>	<b>0.8735</b>	<b>1.6123</b>	<b>1.6123</b>	<b>20,590</b>	<b>46,517</b>	<b>26,115</b>

## Share award schemes

Movement in the number of share awards for the nine months ended September 30, 2019 and 2020 is as follows:

	<b>Number of share awards ( '000)</b>
<b>(Unaudited)</b>	
<b>Outstanding balance as at January 1, 2020</b>	6,530
Granted	850
Vested	(1,606)
Forfeited	(444)
	<hr/>
<b>Outstanding balance as at September 30, 2020</b>	<b>5,330</b>
	<hr/> <hr/>
<b>(Unaudited)</b>	
<b>Outstanding balance as at January 1, 2019</b>	—
Granted	6,530
	<hr/>
<b>Outstanding balance as at September 30, 2019</b>	<b>6,530</b>
	<hr/> <hr/>

The fair value of each share award at its grant date, determined by reference to the market price of the ordinary shares of the Company, is recognised over the vesting period as employee benefit expense.

## 28 Contingencies

Other than as disclosed in previous notes, the Group did not have any significant contingent liabilities as at September 30, 2020.

## 29 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. The factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those trust plans where the Group provides financial guarantees, the Group has obligations 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 has concluded that these structured entities shall be consolidated.

As at September 30, 2020, total assets under management of the trust plans consolidated by the Group amounted to RMB4.41 billion (December 31, 2019: RMB9.85 billion).

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

**30 Dividends**

No dividends have been paid or declared by the Company during the nine months ended September 30, 2020 (for the nine months ended September 30, 2019: nil).

**31 Subsequent events**

Up to the date of this report, the Group had no material events for disclosure after the end of the period.

**32 Comparative figures**

Certain comparative figures have been reclassified or restated to conform to the interim condensed consolidated financial information's presentation.