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$85 Million 11.0% Senior Notes Due 2022
(Stock Code: 40498)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

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, 2022 (the "**Period**").

FINANCIAL HIGHLIGHTS

	Six months ended				
	June 30, 2022	June 30, 2021	Change	December 31, 2021	Change
	RMB million	*RMB million*		*RMB million*	
Total Income	**1,582.5**	1,880.0	–15.8%	1,578.2	0.3%
Interest type income	**1,124.7**	825.0	36.3%	1,146.8	–1.9%
Less: interest expenses	**(310.2)**	(264.8)	17.2%	(327.0)	–5.1%
Loan facilitation service fees	**692.4**	973.3	–28.9%	566.7	22.2%
Other income	**75.6**	346.5	–78.2%	191.7	–60.6%
Operating Profit	**430.4**	1,008.8	–57.3%	504.8	–14.8%
Net Profit	**328.0**	777.6	–57.8%	401.7	–18.3%
Non-IFRS Adjusted Operating Profit (1)	**433.8**	1,036.2	–58.1%	510.7	–15.1%
Non-IFRS Adjusted Net Profit (2)	**331.5**	805.0	–58.8%	407.6	–18.7%

Notes:

(1) Non-IFRS Adjusted Operating Profit is defined as operating profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed "Management Discussion and Analysis — Non-IFRS Measures".

(2) Non-IFRS Adjusted Net Profit is defined as net profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed "Management Discussion and Analysis — Non-IFRS Measures".

INTERIM DIVIDEND

The Board has recommended the distribution of an interim dividend of HK10 cents per ordinary share of the Company (the "**Shares**") for the Period (for the six months ended June 30, 2021: an interim dividend of HK10 cents per Share and a special dividend of HK10 cents per Share) to shareholders of the Company (the "**Shareholders**"), out of the share premium account of the Company, subject to the approval of the Shareholders at an extraordinary general meeting expected to be held on or around Tuesday, October 11, 2022 (the "**EGM**").

BUSINESS REVIEW AND OUTLOOK

The Company has proactively optimised its business strategy and model during the Period. We continued to strategically migrate towards better-quality borrowers and our performance demonstrates the resilience and flexibility of our business strategy, model and operations.

Business Review

We achieved a solid performance from our operations during the Period in line with our expectations, notwithstanding adjustments to our business strategy and model to align our products and regulatory limits on consumer finance interest rates and to mitigate risks within the Chinese macro-economy from intermittent COVID-19 outbreaks, lockdowns in Shanghai and other cities in China, and deteriorating conditions in the Chinese real estate sector from 2021 which persisted throughout the Period.

We continued to make evolutionary adjustments to our risk management model to reflect market developments and behavioural changes that affect demand for our products, as we maintained our strategy of targeting higher quality prime and near-prime borrowers. As a data intelligence-embraced organisation, we constantly refine our operational efficiency and enhance our target customer identification and market penetration using dynamic data analytics and by connecting with high-quality customer acquisition channels. As well as enriching our service to customers during each stage of their life-time cycle, we seek to engage their participation in diversified channels we actively collaborate with. We consistently refine our online APPs and optimise the application process to improve products, service, brand awareness and loyalty to retain high-quality customers. These efforts are paying dividends as 89.2% of our loan volume for the Period was contributed by repeat borrowers. The number of our registered users increased to 118.1 million by the end of the Period.

To reach and stay connected with more of our target customers, we have expanded our network of customer acquisition channels and use of industry platforms with priority given to channels that capture high-quality customers. Our collaborations with newly-partnered channels, such as OPPO, Xiaomi and China Telecom, are proving mutually beneficial. To ensure optimum return and gain market efficiency, we have reinforced feedback exchanges and analytics with our channel partners so we are able to better formulate more precise depictions of, and effective marketing to capture, prime customers. In order to improve customer experience on our digital platform, we continue to refine our online APPs along with various loan facilitation and post-loan management services. Under our precise operation, targeted customers will bring improved long-term value and profit to the Company.

Promising outcomes of asset quality are driven by the continuous optimisations of our credit risk model. Prime and near-prime customers are the targeted clusters. We implemented a new generation multi-dimensional scorecard in January 2022, with significant risk identification power which allows us to more effectively and intelligently differentiate customers and measure their creditworthiness. At the same time, sophisticated testing was conducted throughout the Period based on the ever-changing macro environment. In higher risk regions affected by COVID-19 outbreaks, we quickly optimised our risk policy to lower the impact on portfolio asset quality. With these agile reactions, we have been improving our delinquency ratios and asset quality metrics which are currently at levels that are considerably better than the second half of 2021.

The Group's financial institutional partners form the solid base to our business's sustainable growth. By the end of the Period, we had long-term collaborative relationships with 80 external funding partners, including commercial banks, consumer finance companies and trusts. Through these long-standing cooperations, funding costs continued presenting a declining trend. Furthermore, third-party guarantee companies and asset management companies secure the ecosystem in terms of funding flexibility and protection for our funding partners. Moreover, to strengthen the relationships with our funding partners, we have been exploring potential technology cooperation opportunities to empower their digital capabilities.

Operating Review

Products and Services

We primarily offer two credit products through our pure online loan origination processes: (1) credit cards balance transfer products, and (2) consumption credit products, both of which are installment-based. For the Period, the total number of transactions was 2.1 million, the average term of our credit products was approximately 10.2 months and the average loan size was approximately RMB11,581.

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

	Six months ended					
	June 30, 2022		December 31, 2021		June 30, 2021	
Loan Origination Volume	***RMB million***	*%*	*RMB million*	%	*RMB million*	%
Direct lending	**664.7**	**2.7%**	658.0	3.6%	448.9	2.0%
Trust lending	**6,753.7**	**27.4%**	8,682.1	47.8%	7,673.7	34.1%
Credit-enhanced loan facilitation	**14,352.4**	**58.2%**	7,438.9	40.9%	14,403.1	63.9%
Pure loan facilitation	**2,870.9**	**11.7%**	1,406.8	7.7%	—	—
Total	**24,641.7**	**100.0%**	18,185.8	100.0%	22,525.7	100.0%

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

	As at June 30, 2022		As at December 31, 2021	
Outstanding Balance of Loans to Customers	***RMB million***	*%*	*RMB million*	%
Online consumption products	**20,485.6**	**100.0%**	15,619.8	99.9%
Online-to-offline credit products	**8.6**	**0.0%**	17.2	0.1%
Total	**20,494.2**	**100.0%**	15,637.0	100.0%

Asset Quality

Throughout the Period, our business has encountered added risks from China's macro environment after outbreaks of COVID-19 and lockdown of Shanghai and other cities in China and the deterioration in the real estate sector in 2021 which persisted throughout the first half of 2022. We leveraged our leading finance technology and robust risk control capabilities to mitigate the inherent risks to our business and continued to optimise our credit risk policy in order to ensure we captured and served higher-quality customers in the sterner operating environment. As a result, our credit control capabilities proved effective as evidenced by the outstanding performance of our asset quality metrics. Our first payment delinquency ratio[1] achieved a new record low of around 0.25% for the Period, whilst our M1-M3 ratio[2] and M3+ ratio[3] declined to 2.07% and 2.06%, respectively, in the second quarter of 2022 from 4.01% and 2.39%, respectively, in the fourth quarter of 2021.

	2020Q3	**2020Q4**	**2021Q1**	**2021Q2**	**2021Q3**	**2021Q4**	**2022Q1**	**2022Q2**
First payment delinquency ratio [1]	0.55%	0.44%	0.40%	0.43%	0.42%	0.43%	0.27%	0.23%
M1-M3 ratio [2]	3.59%	2.50%	2.07%	2.06%	2.91%	4.01%	2.83%	2.07%
M3+ ratio [3]	5.56%	2.86%	1.81%	1.40%	1.53%	2.39%	2.28%	2.06%

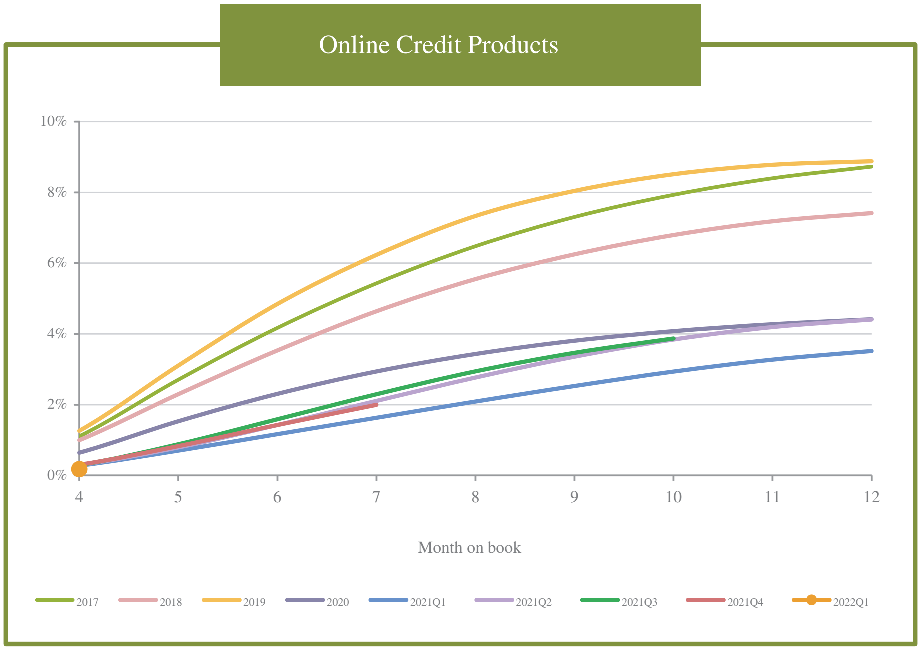
Notes:

(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 online loans which have been delinquent up to 3 months, by (ii) the total outstanding balance of loans to customers (excluding offline credit products, which had a negligible balance of RMB8.6 million as at June 30, 2022).

(3) M3+ ratio is calculated by dividing (i) the outstanding balance of online loans which have been delinquent for more than 3 months and have not been written off by (ii) the total outstanding balance of loans to customers (excluding offline credit products, which had a negligible balance of RMB8.6 million as at June 30, 2022).

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



Note:

(4) Cohort-Based M3+ Delinquency Ratio is defined as (i) the total amount of principal for the online loans in a vintage that have become delinquent for more than 3 months, less (ii) the total amount of recovered past due principal, and then divided by (iii) the total amount of initial principal for loans in such vintage (excluding offline credit products, which had a negligible balance of RMB8.6 million as at June 30, 2022).

Outlook and Strategies

We operate in a rapidly-evolving market. As an innovation-oriented and technology-driven finance company, we will strive to maintain our agile, efficient and regulated business approach. Fulfilling our prime and near-prime customers' under-served credit demands is our driving force to systemise marketing strategies, upgrade credit risk algorithms and models, and optimise product operation. Therefore, moving forward, we intend to continue to execute the following strategies to maintain our growth in the industry:

- Streamline and extend our credit solutions to better serve our customers to improve brand recognition and customer loyalty and creditworthiness
- Enhance risk-centered technology capability through constant research and development
- Consolidate regulated and long-term collaborations with licensed financial institutional partners and business partners
- Compliance with the laws and regulations as the first priority to maintain the sustainability of our business
- Cultivate a dynamic enterprise value and culture and grow our in-house talents

MANAGEMENT DISCUSSION AND ANALYSIS

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

Total Income

We derived our total income through (i) net interest type income, (ii) loan facilitation service fees, and (iii) other income. Our total income decreased by 15.8% to RMB1,582.5 million for the Period, compared to RMB1,880.0 million for the six months ended June 30, 2021, and slightly increased by 0.3% compared to RMB1,578.2 million for the six months ended December 31, 2021, primarily due to a decrease in interest rates reflecting our ongoing commitment to financial inclusion and aligning with regulatory directives with partial offset due to an increase in loan volume through our credit-enhanced and pure loan facilitation structures.

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, 2022	December 31, 2021	June 30, 2021
Net Interest Type Income	***RMB'000***	*RMB'000*	*RMB'000*
Interest type income	**1,124,663**	1,146,786	824,966
Less: interest expenses	**(310,181)**	(327,008)	(264,765)
Total	**814,482**	819,778	560,201

For the Period, we recorded interest type income of RMB1,124.7 million, which was generated from loans to customers originated under direct lending and trust lending structures. The increase in interest type income of 36.3% for the Period compared to RMB825.0 million for the six months ended June 30, 2021, was primarily due to an increase in the average outstanding loan balance of our trust lending structure. However, interest type income decreased by 1.9% for the Period compared to RMB1,146.8 million for the six months ended December 31, 2021, primarily due to a decrease in the average outstanding loan balance of our trust lending structure and a decrease in average interest rates.

Interest expenses increased by 17.2% to RMB310.2 million for the Period, compared to RMB264.8 million for the six months ended June 30, 2021, primarily due to an increase in the average borrowing balance. However, interest expenses decreased by 5.1% for the Period compared to RMB327.0 million for the six months ended December 31, 2021, primarily due to a decrease in the average borrowing balance and weighted average interest rates during the Period.

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, 2022		December 31, 2021		June 30, 2021	
Interest Type Income	***RMB'000***	**%**	*RMB'000*	%	*RMB'000*	%
Online consumption products	**1,124,297**	**100.0%**	1,146,314	99.9%	821,009	99.5%
Online-to-offline credit products	**366**	**0.0%**	472	0.1%	3,957	0.5%
Total	**1,124,663**	**100.0%**	1,146,786	100.0%	824,966	100.0%

Loan Facilitation Service Fees

Loan facilitation service fees decreased by 28.9% to RMB692.4 million for the Period, compared to RMB973.3 million for the six months ended June 30, 2021, primarily due to a decrease in facilitation fee rates and partially offset by an increase in loan origination volume. Loan facilitation service fees increased by 22.2% for the Period, compared to RMB566.7 million for the six months ended December 31, 2021, primarily due to an increase in loan origination volume.

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, 2022	December 31, 2021	June 30, 2021
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*	*RMB'000*
Credit-enhanced loan facilitation	**620,280**	525,831	973,339
Pure loan facilitation	**72,106**	40,782	—
Total	**692,386**	566,613	973,339

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

	Six months ended		
	June 30, 2022	December 31, 2021	June 30, 2021
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*	*RMB'000*
Upfront loan facilitation service fees	**473,976**	289,398	764,223
Post loan facilitation service fees	**218,410**	277,215	209,116
Total	**692,386**	566,613	973,339

Other Income

Other income decreased by 78.2% to RMB75.6 million for the Period, compared to RMB346.5 million for the six months ended June 30, 2021 and decreased by 60.6% compared to RMB191.7 million for the six months ended December 31, 2021. The decrease in other income was primarily due to the change in asset quality and a decrease in penalty and other charges and partially offset by the increase in one-off government grants.

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

	Six months ended		
	June 30, 2022	December 31, 2021	June 30, 2021
Other Income	***RMB'000***	*RMB'000*	*RMB'000*
Government grants	**36,010**	1,000	—
Membership fees, referral fees and other service fees	**27,950**	16,217	6,650
Penalty and other charges	**7,331**	12,924	45,173
Gains from guarantee	**3,708**	161,710	293,894
Others	**624**	–	719
Total	**75,623**	191,851	346,436

Expenses

Origination and Servicing Expenses

Our origination and servicing expenses increased by 10.6% to RMB563.1 million for the Period, compared to RMB509.0 million for the six months ended June 30, 2021, due to an increase in loan origination volume and the strategy of targeting and retaining better-quality customers.

Sales and Marketing Expenses

Overall, our sales and marketing expenses increased by 25.3% to RMB16.5 million for the Period, compared to RMB13.2 million for the six months ended June 30, 2021, due to an increase in employee benefit expenses, partially offset by a decrease in professional service fees.

General and Administrative Expenses

Our general and administrative expenses decreased by 5.8% to RMB155.7 million for the Period, compared to RMB165.3 million for the six months ended June 30, 2021, mainly due to optimisation in our efficiency.

Research and Development Expenses

Our research and development expenses increased by 20.7% to RMB46.8 million for the Period, compared to RMB38.8 million for the six months ended June 30, 2021, mainly due to an increase in employee benefit expenses to enhance technological capabilities.

Operating Profit

We recorded an operating profit of RMB430.4 million for the Period, a decrease of 57.3% compared to RMB1,008.8 million for the six months ended June 30, 2021, and a decrease of 14.8% compared to RMB504.8 million for the six months ended December 31, 2021, primarily due to a decline in customer fee rates as we strategically migrated our loan portfolio towards loans with interest rates of 24% per annum in line with regulatory pricing caps and an increase in our credit impairment losses and fair value change of loans to customers as a result of change in loan origination scale, partially offset by improving asset quality.

Net Profit

We recorded a net profit of RMB328.0 million for the Period, a decrease of 57.8% compared to RMB777.6 million for the six months ended June 30, 2021, and a decrease of 18.3% compared to RMB401.7 million for the six months ended December 31, 2021, which is consistent with our operating profit for the same period.

Non-IFRS Adjusted Operating Profit

Our Non-IFRS adjusted operating profit was RMB433.8 million for the Period, a decrease of 58.1% compared to RMB1,036.2 million for the six months ended June 30, 2021 and a decrease of 15.1% compared to RMB510.7 million for the six months ended December 31, 2021.

Non-IFRS Adjusted Net Profit

Our Non-IFRS adjusted net profit was RMB331.5 million for the Period, a decrease of 58.8% compared to RMB805.0 million for the six months ended June 30, 2021, and a decrease of 18.7% compared to RMB407.6 million for the six months ended December 31, 2021.

Non-IFRS Measures

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

Non-IFRS adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of these Non-IFRS measures has limitations as analytical tools, and should not be considered in isolation from, or as substitutes for analysis of, our results of operations or financial position as reported under IFRS.

	Six months ended		
	June 30, 2022	December 31, 2021	June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Operating Profit	**430,352**	504,831	1,008,756
Add:			
Share-based compensation expenses	**3,485**	5,883	27,409
Non-IFRS Adjusted Operating Profit	**433,837**	510,714	1,036,165
Non-IFRS Adjusted Operating Profit Margin (1)	**27.4%**	32.4%	55.1%

	Six months ended		
	June 30, 2022	December 31, 2021	June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Net Profit	**327,998**	401,672	777,624
Add:			
Share-based compensation expenses	**3,485**	5,883	27,409
Non-IFRS Adjusted Net Profit	**331,483**	407,555	805,033
Non-IFRS Adjusted Net Profit Margin (2)	**20.9%**	25.8%	42.8%

Notes:

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

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

Loans to Customers at Fair Value through Profit or Loss

Our loans to customers at fair value through profit or loss primarily represent the fair value of total balance of loans originated by us through our trust lending and direct lending structures. Our loans to customers at fair value through profit or loss decreased by 11.9% to RMB6,451.4 million as at June 30, 2022, compared to RMB7,322.0 million as at December 31, 2021, primarily due to a decrease in our trust lending loan origination volume.

	As at June 30, 2022		As at December 31, 2021	
	RMB'000	***%***	*RMB'000*	*%*
Online consumption products	**6,442,746**	**99.9%**	7,302,402	99.7%
Online-to-offline credit products	**8,700**	**0.1%**	19,632	0.3%
Total	**6,451,446**	**100.0%**	7,322,034	100.0%

Contract Assets

Our contract assets increased by 18.0% to RMB352.0 million as at June 30, 2022, compared to RMB298.4 million as at December 31, 2021, due to an increase in our credit-enhanced and pure loan origination volume by 94.7% to RMB17,223.3 million for the Period, compared to RMB8,845.7 million for the six months ended December 31, 2021, partially offset by the decrease in facilitation fee rates.

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
Contract assets	**400,670**	351,584
Less: expected credit losses ("**ECL**") allowance	**(48,673)**	(53,228)
	351,997	298,356

Guarantee Receivables and Guarantee Liabilities

Our guarantee receivables increased by 72.8% to RMB562.2 million as at June 30, 2022, compared to RMB325.3 million as at December 31, 2021. Our guarantee liabilities increased by 55.1% to RMB733.0 million as at June 30, 2022, compared to RMB472.5 million as at December 31, 2021. The changes in guarantee receivables and guarantee liabilities are primarily due to an increase in our credit-enhanced loan origination volume by 92.9% to RMB14,352.4 million for the Period, compared to RMB7,438.9 million for the six months ended December 31, 2021.

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Guarantee Receivables		
Opening balance	**325,331**	708,703
Addition arising from new business	**747,239**	689,381
ECL	**(39,933)**	472
Reversal due to early repayment	**(17,067)**	(39,754)
Payment received from borrowers	**(453,364)**	(746,723)
Ending Balance	**562,206**	612,079

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Guarantee Liabilities		
Opening balance	**472,454**	807,421
Addition arising from new business	**747,239**	689,381
Release of the margin	**(49,780)**	(47,509)
ECL	**46,072**	(246,385)
Reversal due to early repayment	**(17,067)**	(39,754)
Payouts during the period, net	**(465,953)**	(384,372)
Ending Balance	**732,965**	778,782

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 and (ii) senior notes. Our total borrowings and senior notes decreased by 16.1% to RMB5,864.8 million as at June 30, 2022, compared to RMB6,987.3 million as at December 31, 2021, primarily due to a decrease in loans originated by us through our trust lending structure.

The senior notes are comprised of the HK$200,000,000 9.5% senior notes due 2025 issued on June 16, 2022 and the remaining principal amount of US$54,440,000 of the US$85,000,000 11.0% senior notes due 2022 issued on December 3, 2020 (the "**2022 Senior Notes**").

During the Period, we repurchased the principal amounts of US$11,390,000, US$4,260,000 and US$14,910,000 of the 2022 Senior Notes on April 8, 2022, April 22, 2022 and April 26, 2022, respectively. All of the repurchased 2022 Senior Notes were subsequently cancelled.

	As at June 30, 2022		As at December 31, 2021	
	RMB'000	*%*	*RMB'000*	*%*
Payable to trust plan holders	**5,335,749**	**91.0%**	6,463,774	92.5%
Senior notes	**529,078**	**9.0%**	523,542	7.5%
Total	**5,864,827**	**100.0%**	6,987,316	100.0%

Weighted Average Interest Rates of Borrowings and Senior Notes	**As at June 30, 2022**	As at December 31, 2021
Payable to trust plan holders	**8.9%**	9.2%
Borrowings from corporations	**—**	11.9%
Senior notes	**10.5%**	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.

Cash Flows

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

	Six months ended		
	June 30, 2022	December 31, 2021	June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Net cash inflow/(outflow) from operating activities	**1,618,670**	648,870	(1,666,819)
Net cash outflow from investing activities	**(219,524)**	(89,883)	(32,853)
Net cash (outflow)/inflow from financing activities	**(1,469,378)**	(303,525)	1,849,090
Net (decrease)/increase in cash and cash equivalents	**(70,232)**	255,462	149,418
Cash and cash equivalents at the beginning of the periods	**1,908,110**	1,650,716	1,501,835
Effects of exchange rate changes on cash and cash equivalents	**5,251**	1,932	(537)
Cash and cash equivalents at the end of the periods	**1,843,129**	1,908,110	1,650,716

Our cash inflow generated from operating activities primarily consists of principal and interest, loan facilitation service fees and other service fees received from the consumer finance products we offered. Our cash outflow used in operating activities primarily consists of loan volume originated from direct and trust lending structures, cash payment of guarantee indemnification, employee salaries and benefits, taxes and surcharges, and other operating expenses. We had net cash inflow generated from operating activities of RMB1,618.7 million for the Period, compared to net cash outflow used in operating activities of RMB1,666.8 million for the six months ended June 30, 2021, primarily due to a decrease of RMB920.0 million in loan volume originated by trust lending structure for the Period.

We had net cash outflow from investing activities of RMB219.5 million for the Period, compared to net cash outflow of RMB32.9 million for the six months ended June 30, 2021. Net cash outflow increased primarily due to an increase of RMB300.0 million in structured deposits partially offset by a decrease of RMB97.5 million in money market funds.

We had net cash outflow from financing activities of RMB1,469.4 million for the Period, compared to net cash inflow of RMB1,849.1 million for the six months ended June 30, 2021. For the Period, we had net cash outflow from borrowings and trust plans of RMB1,133.9 million and payment of interest expenses of RMB286.8 million, compared to net cash inflow from borrowings and trust plans of RMB2,191.4 million and payment of interest expenses of RMB212.1 million for the six months ended June 30, 2021. Additionally, we had a net cash inflow of RMB162.2 million from issuance of senior notes, and a net cash outflow of RMB196.4 million from repayment of senior notes, compared to a net cash outflow of RMB114.9 million for the six months ended June 30, 2021.

Capital Commitments

The Group did not have any significant capital commitments contracted for but not recognised as liabilities as at June 30, 2022.

Charges on Assets

The Group did not have any charges on assets as at June 30, 2022.

Contingencies

Save as disclosed in this unaudited interim results announcement, the Group did not have any significant contingent liabilities as at June 30, 2022.

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

		Six months ended June 30,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Interest type income	*4*	**1,124,663**	824,966
Less: interest expenses	*4*	**(310,181)**	(264,765)
Net interest type income	*4*	**814,482**	560,201
Loan facilitation service fees	*5*	**692,386**	973,339
Other income	*6*	**75,623**	346,436
Total income		**1,582,491**	1,879,976
Origination and servicing expenses	*7*	**(563,118)**	(508,989)
Sales and marketing expenses	*7*	**(16,520)**	(13,182)
General and administrative expenses	*7*	**(155,659)**	(165,280)
Research and development expenses	*7*	**(46,806)**	(38,788)
Credit impairment losses	*8*	**(68,185)**	(32,555)
Fair value change of loans to customers		**(303,649)**	(129,155)
Other gains, net	*9*	**1,798**	16,729
Operating profit		**430,352**	1,008,756
Share of net profit of associates accounted for using the equity method		**–**	328
Profit before income tax		**430,352**	1,009,084
Income tax expense	*10*	**(102,354)**	(231,460)
Profit for the period attributable to:			
Owners of the Company		**328,001**	777,633
Non-controlling interests		**(3)**	(9)
		327,998	777,624

	Notes	Six months ended June 30, **2022** *RMB'000* **(Unaudited)**	2021 *RMB'000* (Unaudited)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange difference on translation of financial statements		**(4,866)**	(1,750)
Total comprehensive income for the period, net of tax		**323,132**	775,874
Total comprehensive income attributable to:			
Owners of the Company		**323,135**	775,883
Non-controlling interests		**(3)**	(9)
		323,132	775,874
Basic earnings per Share (RMB yuan)	*11*	**0.67**	1.59
Diluted earnings per Share (RMB yuan)	*11*	**0.67**	1.58
Non-IFRS Measures			
Non-IFRS adjusted operating profit (1)		**433,837**	1,036,165
Non-IFRS adjusted net profit (2)		**331,483**	805,033
Non-IFRS adjusted basic earnings per Share (RMB yuan) (3)		**0.68**	1.65

Notes:

(1) Non-IFRS adjusted operating profit is defined as operating profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed "Management Discussion and Analysis — Non-IFRS Measures".

(2) Non-IFRS adjusted net profit is defined as net profit for the applicable period excluding share-based compensation expenses. For more details, please see the section headed "Management Discussion and Analysis — Non-IFRS Measures".

(3) Non-IFRS adjusted basic earnings per Share is calculated by dividing the Non-IFRS adjusted net profit by the weighted average number of Shares outstanding during the applicable period.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Assets			
Cash and cash equivalents	*12(a)*	**1,843,006**	1,907,940
Restricted cash	*12(b)*	**172,489**	55,110
Loans to customers at fair value through profit or loss	*13*	**6,451,446**	7,322,034
Contract assets	*14*	**351,997**	298,356
Guarantee receivables	*15*	**562,206**	325,331
Financial investments at fair value through profit or loss		**345,752**	133,798
Deferred income tax assets		**338,707**	381,035
Right-of-use assets		**31,245**	24,598
Intangible assets		**38,801**	40,590
Property and equipment		**32,897**	35,056
Other assets		**637,749**	753,097
Total assets		**10,806,295**	11,276,945
Liabilities			
Tax payable		**116,817**	59,691
Guarantee liabilities	*15*	**732,965**	472,454
Lease liabilities		**31,450**	25,286
Borrowings	*16*	**5,335,749**	6,463,774
Senior notes		**529,078**	523,542
Deferred income tax liabilities		**–**	92,979
Other liabilities		**402,569**	245,494
Total liabilities		**7,148,628**	7,883,220
Equity			
Share capital		**40,141**	40,145
Share premium		**5,399,033**	5,461,908
Treasury shares		**(17,723)**	(29,084)
Reserves		**751,276**	763,814
Accumulated losses		**(2,518,095)**	(2,846,096)
Non-controlling interests		**3,035**	3,038
Total equity		**3,657,667**	3,393,725
Total liabilities and equity		**10,806,295**	11,276,945

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 Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1–1002, Cayman Islands.

The Company is an investment holding company. The Group is 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 or lending to borrowers.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since June 21, 2018 by way of its initial public offering (the "**IPO**"). Upon the completion of the IPO, all of the Company's outstanding convertible redeemable preferred shares were converted into Shares on a one-to-one basis. As at June 30, 2022, the number of Shares in issue is 490,310,589, 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 24, 2022.

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 financial statements of the Group for the year ended December 31, 2021, which has been prepared in accordance with IFRS, and any public announcements made by the Group during the Period.

3 Significant Accounting Policies

3.1 New standards and amendments – applicable January 1, 2022

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, 2021, except for the adoption of new or amended standards and interpretations that became applicable for annual reporting periods commencing on or after January 1, 2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The following new standards and interpretations apply for the first time to the financial reporting periods commencing on or after January 1, 2022:

		Notes
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	*(a)*
Amendments to IFRS 3	Reference to the Conceptual Framework	*(b)*
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	*(c)*
Annual Improvements to IFRS Standards 2018–2020		*(d)*

(a) Amendments to IAS 16: Property, Plant and Equipment: Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

(b) Amendments to IFRS 3: References to the Conceptual Framework

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(c) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

3.1 New standards and amendments – applicable January 1, 2022 *(continued)*

(d) Annual Improvements to IFRS Standards 2018 – 2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The adoption of these revised IFRSs was currently irrelevant or had no significant impact on the interim condensed consolidated financial information.

3.2 New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for June 30, 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

4 Net interest type income

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest type income		
Loans to customers at fair value through profit or loss	**1,124,663**	824,966
Less: interest expenses		
Payable to trust plan holders	**(273,282)**	(201,209)
Senior notes	**(36,898)**	(47,563)
Borrowings from corporations	**—**	(15,757)
Others	**(1)**	(236)
	(310,181)	(264,765)
Net interest type income	**814,482**	560,201

5 Loan facilitation service fees

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Upfront loan facilitation service fees	**473,976**	764,223
Post loan facilitation service fees	**218,410**	209,116
	692,386	973,339

6 Other income

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**36,010**	—
Membership fees, referral fees and other service fees	**27,950**	6,650
Penalty and other charges	**7,331**	45,173
Gains from guarantee	**3,708**	293,894
Others	**624**	719
	75,623	346,436

7 Expenses by nature

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loan origination and servicing expenses	**(496,552)**	(443,613)
Employee benefit expenses	**(176,542)**	(157,663)
Professional service fees	**(42,329)**	(58,936)
Office expenses	**(16,320)**	(12,489)
Depreciation of right-of-use assets	**(12,873)**	(12,372)
Depreciation and amortisation	**(12,574)**	(12,558)
Tax and surcharge	**(7,877)**	(8,134)
Branding expenses	**(4,072)**	(3,649)
Others	**(12,964)**	(16,825)
Total origination and servicing expenses, sales and marketing expenses, general and administrative expenses, and research and development expenses	**(782,103)**	(726,239)

8 Credit impairment losses

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash and cash equivalents	**47**	4
Restricted cash	**(51)**	32
Contract assets	**(29,915)**	(31,171)
Guarantee receivables	**(39,933)**	472
Other assets	**1,667**	(1,892)
	(68,185)	(32,555)

9 Other gains, net

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**9,142**	6,356
Gain from repurchase of senior notes	**4,123**	–
Bank charges	**(508)**	(643)
(Losses)/gains from financial investments at fair value through profit or loss	**(615)**	748
Interest expense on lease liabilities	**(1,088)**	(1,210)
Exchange (losses)/gains	**(9,256)**	11,478
	1,798	16,729

10 Income tax expense

	Six months ended June 30, 2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**(153,005)**	(77,485)
Deferred income tax	**50,651**	(153,975)
	(102,354)	(231,460)

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

	Six months ended June 30, 2022	2021
	(Unaudited)	(Unaudited)
Earnings attributable to owners of the Company *(RMB'000)*	**328,001**	777,633
Non-IFRS Adjusted net profit *(RMB'000)*	**331,483**	805,033
Weighted average number of Shares for calculation of the basic earnings per Share *('000)*	**487,038**	489,135
Weighted average number of Shares for calculation of the diluted earnings per Share *('000)*	**490,290**	492,492
Basic earnings per Share *(RMB yuan)*	**0.67**	1.59
Diluted earnings per Share *(RMB yuan)*	**0.67**	1.58
Non-IFRS Adjusted basic earnings per Share *(RMB yuan)*	**0.68**	1.65

11.1 Basic earnings per Share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of Shares in issue during the Period and the six months ended June 30, 2021(the "**Corresponding Period**"), respectively.

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

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

12 Cash and bank balances

(a) Cash and cash equivalents

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash on hand	**10**	13
Cash at bank	**1,832,656**	1,867,231
Cash held through platform	**10,463**	40,866
Less: ECL allowance	**(123)**	(170)
	1,843,006	1,907,940

(b) Restricted cash

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Deposits	**172,569**	55,139
Less: ECL allowance	**(80)**	(29)
	172,489	55,110

13 Loans to customers at fair value through profit or loss

The composition of loans is as follows:

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unsecured	**6,442,746**	7,302,406
Pledged	**8,700**	19,628
	6,451,446	7,322,034

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

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year (including 1 year)	**6,441,946**	7,300,942
1 to 2 years (including 2 years)	**1,690**	2,718
2 to 5 years (including 5 years)	**7,810**	18,374
	6,451,446	7,322,034

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

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Overdue	**71,227**	56,465
Within 1 year (including 1 year)	**6,379,097**	7,246,670
1 to 2 years (including 2 years)	**1,122**	18,899
	6,451,446	7,322,034

14 Contract assets

The Group uses the expected-cost-plus-a-margin approach to determine its best estimate of selling prices of its different services as the basis for allocation. The service fee allocated to loan facilitation is recognised 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 recognised as follows:

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets	**400,670**	351,584
Less: ECL allowance	**(48,673)**	(53,228)
	351,997	298,356

15 Guarantee receivables and guarantee liabilities

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guarantee receivables	**628,229**	376,971
Less: ECL allowance	**(66,023)**	(51,640)
	562,206	325,331

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

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Guarantee receivables		
Opening balance	**325,331**	708,703
Addition arising from new business	**747,239**	689,381
ECL	**(39,933)**	472
Reversal due to early repayment	**(17,067)**	(39,754)
Payment received from borrowers	**(453,364)**	(746,723)
Ending balance	**562,206**	612,079

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

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Guarantee liabilities		
Opening balance	**472,454**	807,421
Addition arising from new business	**747,239**	689,381
Release of the margin	**(49,780)**	(47,509)
ECL	**46,072**	(246,385)
Reversal due to early repayment	**(17,067)**	(39,754)
Payouts during the period, net	**(465,953)**	(384,372)
Ending balance	**732,965**	778,782

16 Borrowings

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

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Payable to trust plan holders	**5,335,749**	6,463,774
	5,335,749	6,463,774

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

	As at June 30, 2022	As at December 31, 2021
	(Unaudited)	(Audited)
Payable to trust plan holders	**6.60%~10.50%**	6.60%~11.80%

The following table sets forth the contractual maturities of borrowings:

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year (including 1 year)	**1,673,409**	2,741,556
1 to 2 years (including 2 years)	**3,662,340**	3,602,868
2 to 5 years (including 5 years)	**—**	119,350
	5,335,749	6,463,774

The following table sets forth the repayment schedule of borrowings:

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year (including 1 year)	**5,048,499**	6,108,724
1 to 2 years (including 2 years)	**287,250**	355,050
	5,335,749	6,463,774

Gearing ratio

As at June 30, 2022, our gearing ratio, calculated as total liabilities divided by total assets, was approximately 66.2%, representing a decrease of 3.7% as compared with 69.9% as at December 31, 2021.

As at June 30, 2022, our consolidated debt to equity ratio, calculated as the sum of borrowings, senior notes, lease liabilities and guarantee liabilities divided by total equity, was approximately 1.8x, as compared with 2.2x as at December 31, 2021.

17 Consolidated structured entities

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

As at June 30, 2022, remaining injected funds of the trust plans consolidated by the Group amounted to RMB5.95 billion (December 31, 2021: RMB7.28 billion).

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

18 Dividends

On August 24, 2022, the Board has recommended the distribution of an interim dividend of HK10 cents per Share for the Period (for the six months ended June 30, 2021: an interim dividend of HK10 cents per Share and a special dividend of HK10 cents per Share) to Shareholders on the register of members of the Company (the "**Register of Members**") on Friday, October 21, 2022, amounting to approximately HK$49.0 million out of the share premium account of the Company, subject to the approval of the Shareholders at the EGM expected to be held on or around Tuesday, October 11, 2022. If approved by Shareholders at the EGM, the interim dividend will be payable on or around Friday, November 11, 2022. The recommended interim dividend has not been recognised as a liability as at June 30, 2022.

19 Subsequent events

Since the end of the reporting period, the Board has proposed an interim dividend. Further details are disclosed in note 18.

20 Foreign exchange exposure

Foreign currency transactions during the Period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates prevailing as at June 30, 2022. Exchange gains and losses are recognised in profit or loss.

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

The results of operations with functional currency other than RMB are translated into RMB at the exchange rates approximating to the foreign exchange rates prevailing at the dates of translation. Interim condensed consolidated statement of financial position items are translated into RMB at the closing foreign exchange rates prevailing as at June 30, 2022. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

21 Opinion

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

INTERIM DIVIDEND

The Board has recommended the distribution of an interim dividend of HK10 cents per Share for the Period (for the six months ended June 30, 2021: an interim dividend of HK10 cents per Share and a special dividend of HK10 cents per Share) to Shareholders on the Register of Members on Friday, October 21, 2022, amounting to approximately HK$49.0 million out of the share premium account of the Company, subject to the approval of the Shareholders at the EGM. If approved by Shareholders at the EGM, the interim dividend will be payable on or around Friday, November 11, 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will not be closed for the purpose of ascertaining the right of Shareholders to attend and vote at the EGM. To be eligible and attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, October 5, 2022.

To determine the entitlement to the proposed interim dividend, the Register of Members will be closed from Wednesday, October 19, 2022 to Friday, October 21, 2022, both days inclusive, during which period no transfers of Shares shall be effected. The record date will be Friday, October 21, 2022. To be eligible to receive the interim dividend and special dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, October 18, 2022.

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, 2022, the Group had a total of 728 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 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

Shares

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any Shares during the Period.

Senior Notes

During the Period, the Company repurchased an aggregate principal amount of US$30,560,000 (the "**Repurchased Notes**") of the 2022 Senior Notes by way of private treaty from independent third parties for a total consideration of US$29,032,000, plus accrued interest, if applicable. The Repurchased Notes have been cancelled.

Following cancellation of the Repurchased Notes, a principal amount of US$54,440,000, representing 64.0% of the original principal amount, of the 2022 Senior Notes remains outstanding as at June 30, 2022.

Further details of the repurchase of the Repurchased Notes are contained in the announcements of the Company dated April 8, 2022, April 22, 2022 and April 26, 2022.

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 FINANCIAL RESULTS

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

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

Hong Kong, August 24, 2022

As at the date of this announcement, the Board comprises Mr. Ma Ting Hung as the chairman and an executive Director; Mr. Liu Sai Wang Stephen and Mr. Liu Sai Keung Thomas as executive Directors; Mr. Yip Ka Kay as a non-executive Director; and Mr. Chen Derek, Mr. Chen Penghui and Mr. Fang Yuan as independent non-executive Directors.