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# 51信用卡

## 51 CREDIT CARD INC.

### 51 信用卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2051)

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

The board (the “**Board**”) of directors (the “**Directors**”) of 51 Credit Card Inc. (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the six months ended 30 June 2022.

### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2022	2021	Change
	RMB'000	RMB'000	
	(unaudited)	(unaudited)	
	(approximate)	(approximate)	(approximate)
<b>Revenue</b>	<b>261,905</b>	210,985	24.1%
Credit facilitation and service fee	<b>76,294</b>	135,583	(43.7%)
Payment service fee	<b>133,931</b>	22,182	503.8%
Credit card technology service fee	<b>17,420</b>	19,200	(9.3%)
SaaS service fee	<b>14,384</b>	12,482	15.2%
Other revenue	<b>19,876</b>	21,538	(7.7%)
<b>Operating loss for the period</b>	<b>(10,706)</b>	(203,722)	(94.7%)
<b>Net loss for the period</b>	<b>(20,310)</b>	(194,384)	(89.6%)
<b>Non-IFRS measures</b>			
<b>Non-IFRS adjusted operating profit for the period <sup>(1)</sup></b>	<b>14,874</b>	4,714	215.5%
<b>Non-IFRS adjusted net profit for the period <sup>(2)</sup></b>	<b>4,920</b>	27,784	(82.3%)

*Notes:*

- (1) Non-IFRS adjusted operating profit for the period is defined as operating loss for the six months ended 30 June 2022 and 2021 excluding share-based compensation expenses, fair value gain/(loss) of financial assets at fair value through profit or loss (“**FVPL**”), impairment loss of intangible assets and impairment loss of investments accounted for using equity method. For more details, please refer to the section headed “FINANCIAL REVIEW – Non-IFRS measures” of this announcement.
  - (2) Non-IFRS adjusted net profit for the period is defined as net loss for the six months ended 30 June 2022 and 2021 excluding share-based compensation expenses, fair value gain/(loss) of financial assets/ (liabilities) at FVPL, impairment loss of intangible assets and impairment loss of investments accounted for using equity method. For more details, please refer to the section headed “FINANCIAL REVIEW – Non-IFRS measures” of this announcement.
- No interim dividend was declared for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group operates a widely-used credit card management platform, 51 Credit Card Manager App (“**51 Credit Card Manager**”). As at 30 June 2022, the number of registered users of 51 Credit Card Manager was approximately 88.5 million, and the number of credit cards we had managed cumulatively amounted to approximately 150.7 million. In September 2019, we launched a commercial information searching tool, Little Blue Book App (“**Little Blue Book**”), with an aim to provide users with valuable commercial information. As at 30 June 2022, Little Blue Book had approximately 6.6 million registered users.

In the first half of 2022, facing the sporadic outbreaks of COVID-19 pandemic (the “**Pandemic**”) and macroeconomic uncertainties, we continued to adjust our business strategies of the facilitation business, focusing on the user management of high-quality existing customers to provide them with more diversified credit facilitation products, while the overall delinquency rate of credit facilitation assets maintained at a low level. Meanwhile, the recovery of overdue assets generated from historical credit facilitation business has maintained a positive momentum.

Despite the slowdown in the expansion plan of To B business of Little Blue Book due to the impact of the Pandemic, we have achieved comprehensive growth in respect of the number of customers, customer unit price, sales efficiency, etc., as well as gained relatively profound understanding and accumulation of multiple industries. In addition, the member service of corporate business information inquiry provided by the To C business of Little Blue Book for individuals has improved significantly compared with the corresponding period in 2021, providing To B business with nearly 20% of the customers’ sales closing opportunities, effectively reducing the comprehensive customer acquisition cost, further verifying and consolidating the competitive advantages of C to B.

In summary, for the six months ended 30 June 2022, our revenue was approximately RMB261.9 million, representing an increase of approximately 24.1% as compared to approximately RMB211.0 million for the corresponding period in 2021; our operating loss was approximately RMB10.7 million, representing a decrease of approximately 94.7% as compared to the operating loss of approximately RMB203.7 million for the corresponding period in 2021; and our net loss was approximately RMB20.3 million, representing a decrease of approximately 89.6% as compared to approximately RMB194.4 million for the corresponding period in 2021.

As for non-IFRS measures, for the six months ended 30 June 2022, our non-IFRS adjusted operating profit was approximately RMB14.9 million, as compared with non-IFRS adjusted operating profit of approximately RMB4.7 million for the corresponding period in 2021; and our non-IFRS adjusted net profit was approximately RMB4.9 million, as compared with non-IFRS adjusted net profit of approximately RMB27.8 million for the corresponding period in 2021. Please refer to the section headed “FINANCIAL REVIEW – Non-IFRS measures” of this announcement for the definitions, explanations of usage and reconciliations of non-IFRS measures.

	For the six months ended 30 June				Period on
	2022		2021		period
	<i>RMB' 000</i>	<i>Percentage</i>	<i>RMB' 000</i>	<i>Percentage</i>	<i>change</i>
	<i>(unaudited)</i>	<i>of revenue</i>	<i>(unaudited)</i>	<i>of revenue</i>	<i>Percentage</i>
	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>
Revenue	261,905	100.0%	210,985	100.0%	24.1%
Credit facilitation and service fee	76,294	29.1%	135,583	64.3%	(43.7%)
Payment service fee	133,931	51.1%	22,182	10.5%	503.8%
Credit card technology service fee	17,420	6.7%	19,200	9.1%	(9.3%)
SaaS service fee	14,384	5.5%	12,482	5.9%	15.2%
Other revenue	19,876	7.6%	21,538	10.2%	(7.7%)
Operating loss for the period	(10,706)		(203,722)		(94.7%)
Net loss for the period	(20,310)		(194,384)		(89.6%)
Non-IFRS measures					
Non-IFRS adjusted operating profit for the period <sup>(1)</sup>	14,874		4,714		215.5%
Non-IFRS adjusted net profit for the period <sup>(2)</sup>	4,920		27,784		(82.3%)

*Notes:*

- (1) Non-IFRS adjusted operating profit for the period is defined as operating loss for the six months ended 30 June 2022 and 2021 excluding share-based compensation expenses, fair value gain/(loss) of financial assets FVPL, impairment loss of intangible assets and impairment loss of investments accounted for using equity method. For more details, please refer to the section headed “FINANCIAL REVIEW – Non-IFRS measures” of this announcement.
- (2) Non-IFRS adjusted net profit for the period is defined as net loss for the six months ended 30 June 2022 and 2021 excluding share-based compensation expenses, fair value gain/(loss) of financial assets/(liabilities) at FVPL, impairment loss of intangible assets and impairment loss of investments accounted for using equity method. For more details, please refer to the section headed “FINANCIAL REVIEW – Non-IFRS measures” of this announcement.

### 1. *Credit Facilitation Business*

In the first half of 2022, the total volume of credit facilitation business was approximately RMB1,562.3 million, all being businesses cooperated with financial institutions, representing a decrease of approximately 12.1% from approximately RMB1,777.1 million in the first half of 2021. The Day-1 delinquency rate (defined as the total amount of overdue principal as of a specified date divided by the total amount of principal due for repayment as of such date) of the credit facilitation assets facilitated in the first half of 2022 was lower than 4.0%, representing a decrease as compared with the corresponding period in 2021, which was attributable to our adoption of stringent risk control measures. Meanwhile, the 30-day collection rate of overdue assets was approximately 85.5%. The average tenure of loans increased to approximately 9.7 months in the first half of 2022 from approximately 8.7 months for the corresponding period in 2021, and the average amount of loans in the first half of 2022 was approximately RMB10,000, which remained unchanged from the corresponding period in 2021.

### 2. *SaaS Business*

The SaaS business consists of the Little Blue Book business and the smart retail business. Little Blue Book is a commercial information searching tool that generates subscription income from corporate customers and individual users. Our smart retail business serves corporate customers, and received a fixed amount of revenue from system development and hardware and software sales and agency fees based on customer usage such as transaction payment amount, cloud server usage and SMS traffic. Revenue from SaaS business increased to approximately RMB14.4 million in the first half of 2022 from approximately RMB12.5 million for the corresponding period in 2021.

### 3. *Credit Card Technology Service*

In the first half of 2022, credit card technology service mainly focuses on the issuance of co-branded cards under the cooperation with financial institutions. Due to the tightening credit card regulatory policies associated with the co-branded card business, our investment in the co-branded card has decreased. The revenue from credit card technology service decreased to approximately RMB17.4 million in the first half of 2022 from approximately RMB19.2 million for the corresponding period in 2021.

## **OUTLOOK**

Facing the impacts of the deceleration of overall macro-economic growth during the first half of 2022, the Company carried out comprehensive cost optimization arrangement in a timely manner, providing a higher level of capital buffer for the Company on the basis of steady development of the financial technology business and continuous breakthroughs in SaaS business. In the future, we will continue to comply with various regulatory requirements and explore a new business growth model while ensuring business compliance, specifically:

For financial technology, we will further develop our refined operations, constantly improving existing risk control models, search for broader customer sourcing channels, and maintain a low level of business risk while strictly controlling operation costs. We will proactively cooperate with more financial institution partners, explore collaboration models other than credit enhancement and gradually achieve the asset-light operation.

Under the influence of the newly-launched credit card regulations, we will timely adjust the collaboration model of the co-branded card business to comply with regulatory requirements. As short-term business adjustment may lead to a decrease in relevant income, we will continue to provide optimized platform referral services and competitive risk control services to financial institution partners in order to achieve a smooth transformation of such business income.

As for SaaS business, in the To B business of Little Blue Book, we will iterate and upgrade our products in a more efficient manner based on actual demands of customers, in order to better meet customers' needs and increase satisfaction for services. We will further explore data from the whole chain of sales in the last year, carry out analysis in terms of customer scenario, sales efficiency, product pricing, service upgrade, etc., to improve our services. In the meantime, we will continue to utilize technologies such as Big Data, artificial intelligence, and cloud calculation in aggregating and mining corporate business data, to improve Little Blue Book's ability in empowering middle and small enterprises on sales digitalization and intellectualization. In terms of the application of To C, we will introduce derivative services in due course on the foundation of guaranteeing existing membership service abilities, enabling Little Blue Book to mutually reinforce in the To C and To B fields so as to improve comprehensive income ability as well as commercial competitiveness.

In terms of innovative business, we established the camp brand chain named 51 Camp during the reporting period, with the aim to develop the "2H" urban camping circle centered on peri-urban campsites and complemented by remote campsites, and provide self-catering delicate camping services, injecting new energy into the Company's innovative business.

## **FINANCIAL INFORMATION**

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021 are set out as below.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE LOSS**

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Credit facilitation and service fee	3	<b>76,294</b>	135,583
Payment service fee		<b>133,931</b>	22,182
Credit card technology service fee		<b>17,420</b>	19,200
SaaS service fee		<b>14,384</b>	12,482
Other revenue	4	<b>19,876</b>	21,538
<b>Total revenue</b>		<b>261,905</b>	210,985
Origination and servicing expenses	5	<b>(197,252)</b>	(113,907)
General and administrative expenses	5	<b>(51,790)</b>	(69,411)
Research and development expenses	5	<b>(21,544)</b>	(24,397)
Sales and marketing expenses	5	<b>(19,095)</b>	(22,986)
Expected credit loss	6	<b>13,083</b>	(16,798)
Other gains/(losses), net	7	<b>3,987</b>	(167,208)
<b>Total operating expenses</b>		<b>(272,611)</b>	(414,707)
<b>Operating loss</b>		<b>(10,706)</b>	(203,722)
Share of net loss of associates accounted for using equity method		<b>(3,245)</b>	(1,212)
Fair value gain/(loss) of financial liabilities at fair value through profit or loss		<b>350</b>	(13,732)
Finance expenses, net		<b>(4,904)</b>	(4,253)
<b>Loss before income tax</b>		<b>(18,505)</b>	(222,919)
Income tax (expense)/credit	8	<b>(1,805)</b>	28,535
<b>Loss for the period</b>		<b>(20,310)</b>	(194,384)

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period attributable to:</b>			
– Owners of the Company		<b>(6,389)</b>	(177,291)
– Non-controlling interests		<b>(13,921)</b>	(17,093)
		<u><b>(20,310)</b></u>	<u>(194,384)</u>
<b>Other comprehensive loss</b>			
<i>Items that may not be reclassified to profit or loss</i>			
Change in fair value attributable to change in			
the credit risk of other financial liability			
at fair value through profit or loss		<b>(242)</b>	(1,777)
Currency translation differences		<b>1,384</b>	4,133
		<u><b>(19,168)</b></u>	<u>(192,028)</u>
<b>Total comprehensive loss for the period, net of tax</b>			
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		<b>(5,592)</b>	(178,332)
– Non-controlling interests		<b>(13,576)</b>	(13,696)
		<u><b>(19,168)</b></u>	<u>(192,028)</u>
<b>Loss per share attributable to owners of</b>			
<b>the Company – basic and diluted</b>			
<i>(expressed in RMB per share):</i>			
Loss for the period – basic	9	<u><b>(0.01)</b></u>	<u>(0.15)</u>
Loss for the period – diluted	9	<u><b>(0.01)</b></u>	<u>(0.15)</u>

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



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		As at <b>30 June 2022</b>	As at 31 December 2021
	<i>Note</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment, net		97,289	104,732
Right-of-use assets		9,468	5,392
Intangible assets		351,681	349,140
Investments accounted for using equity method		54,916	44,161
Financial assets at fair value through profit or loss		84,547	83,780
Deferred income tax assets		27,445	8,632
Prepayments and other receivables	10	292	292
		<b>625,638</b>	596,129
<b>Total non-current assets</b>			
<b>Current assets</b>			
Quality assurance fund receivable	11	24,602	28,797
Contract assets	12	50,949	86,519
Trade receivables	13	29,538	19,163
Prepayments and other receivables	10	135,336	131,573
Loans to customers, net		143,413	158,498
Financial assets at fair value through profit or loss		280	295
Restricted cash		189,466	225,092
Cash and cash equivalents		351,745	313,148
		<b>925,329</b>	963,085
<b>Total current assets</b>			
		<b>1,550,967</b>	1,559,214
<b>Total assets</b>			

		As at <b>30 June 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		90	90
Share premium		6,157,849	6,152,799
Shares held for employee incentive schemes		(10)	(10)
Reserves		(10,406)	(32,485)
Accumulated losses		(5,361,536)	(5,355,147)
Non-controlling interests		(17,677)	(6,501)
<b>Total equity</b>		<b>768,310</b>	<b>758,746</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings		16,920	20,540
Lease liabilities		6,617	1,051
Deferred income tax liabilities		77,550	77,550
<b>Total non-current liabilities</b>		<b>101,087</b>	<b>99,141</b>
<b>Current liabilities</b>			
Quality assurance fund payable	<i>11</i>	33,809	59,681
Payable to platform customers		65,386	79,467
Contract liabilities	<i>12</i>	11,353	16,481
Bank and other borrowings		166,463	171,943
Lease liabilities		1,675	3,551
Trade and other payables	<i>14</i>	330,514	318,169
Income tax payable		21,370	927
Financial liabilities at fair value through profit or loss		51,000	51,108
<b>Total current liabilities</b>		<b>681,570</b>	<b>701,327</b>
<b>Total liabilities</b>		<b>782,657</b>	<b>800,468</b>
<b>Total equity and liabilities</b>		<b>1,550,967</b>	<b>1,559,214</b>

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

## NOTES

### 1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim financial reporting” issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), and any public announcements made by the Group during the six months ended 30 June 2022.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2021, except for the adoption of new or amended standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2022.

The following new standards, amendments and interpretation of IFRSs have been adopted by the Group for the first time for the financial year beginning 1 January 2022:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conception Framework
Amendments to IFRSs	Annual Improvements to IFRS Standard 2018-2020

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

### 3 CREDIT FACILITATION AND SERVICE FEE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Upfront credit facilitation service fee	29,464	68,193
Post credit facilitation service fee	46,830	67,390
	<u>76,294</u>	<u>135,583</u>

*Note:* The unsatisfied performance obligation as at 30 June 2022 was approximately RMB31,914,000. Management expects that 100% of the transaction price allocated to the unsatisfied contracts as at 30 June 2022 will be recognized as revenue within the next twelve months.

### 4 OTHER REVENUE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Referral service fee	8,796	3,507
Overdue charges	3,469	6,188
Others	7,611	11,843
	<u>19,876</u>	<u>21,538</u>

## 5 EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Fund transfer charges	<b>116,713</b>	24,289
Employee benefit expenses	<b>97,084</b>	106,039
External technical service fees	<b>45,131</b>	43,372
Depreciation and amortization	<b>10,410</b>	16,035
Professional service fees	<b>6,058</b>	5,183
Office expenses	<b>3,408</b>	4,249
Marketing and advertising fees	<b>1,221</b>	20,232
Others	<b>9,656</b>	11,302
	<hr/>	<hr/>
Total amount of origination and servicing expenses, general and administrative expenses, research and development expenses and sales and marketing expenses	<b>289,681</b>	230,701
	<hr/>	<hr/>

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

## 6 EXPECTED CREDIT LOSS

The composition of expected credit loss (“ECL”) provided for six months ended 30 June 2022 and 2021 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Contract assets ( <i>Note 12</i> )	<b>6,609</b>	1,759
Prepayments and other receivables	<b>5,047</b>	181
Trade receivables ( <i>Note 13</i> )	<b>2,865</b>	2,989
Loans to customers, net	<b>(682)</b>	15
Quality assurance fund ( <i>Note 11</i> )	<b>(26,922)</b>	11,854
	<hr/>	<hr/>
	<b>(13,083)</b>	16,798
	<hr/>	<hr/>

## 7 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	1,627	3,984
Fair value gain/(loss) on financial assets at FVPL	752	(27,062)
Impairment on intangible assets	–	(148,903)
Gain on disposal of financial assets at FVPL	–	1,389
Others	1,608	3,384
	<u>3,987</u>	<u>(167,208)</u>

## 8 INCOME TAX EXPENSE/(CREDIT)

The income tax expense/(credit) of the Group during the periods presented are analyzed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	20,618	15,015
Deferred income tax	(18,813)	(43,550)
	<u>1,805</u>	<u>(28,535)</u>

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

### Cayman Islands

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

### British Virgin Islands ("BVI")

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

### Hong Kong ("HK")

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

### Within the People's Republic of China (the "PRC")

The subsidiaries and variable interest entities of the Group established within the PRC are generally subject to the standard enterprise income tax rate of 25%, except for entities qualified as "High and New Technology Enterprise" which are entitled to the preferential income tax rate of 15%.

## 9 LOSS PER SHARE

- (a) Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period attributable to owners of the Company (RMB'000)	<b>(6,389)</b>	(177,291)
Weighted average number of ordinary shares in issue ('000)	<b>1,219,379</b>	1,211,483
Basic loss per share ( <i>expressed in RMB</i> )	<b><u>(0.01)</u></b>	<u>(0.15)</u>

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

As the Group incurred losses for the six months ended 30 June 2022 and 2021, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2022 and 2021 is the same as basic loss per share.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period attributable to owners of the Company (RMB'000)	<b>(6,389)</b>	(177,291)
Weighted average number of ordinary shares in issue ('000)	<b>1,219,379</b>	1,211,483
Weighted average number of ordinary shares for calculation of diluted earnings per share ('000)	<b>1,219,379</b>	1,211,483
Diluted loss per share ( <i>expressed in RMB</i> )	<b><u>(0.01)</u></b>	<u>(0.15)</u>

**10 PREPAYMENTS AND OTHER RECEIVABLES**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Included in non-current assets:		
Rental deposits	<u>292</u>	<u>292</u>
	<u>292</u>	<u>292</u>
Included in current assets:		
Amount due from related parties	<b>35,008</b>	37,764
Prepaid expenses	<b>19,668</b>	7,587
Deposits	<b>19,268</b>	31,426
Receivables from disposal of bad debts	<b>14,039</b>	10,937
Loan to a Director	<b>10,290</b>	10,214
Value-added tax receivables	<b>10,282</b>	11,498
Withholding tax paid on behalf of grantees under employee incentive schemes	<b>6,291</b>	9,138
Others	<u>20,490</u>	<u>13,009</u>
	<u>135,336</u>	<u>131,573</u>
<b>Total</b>	<u><b>135,628</b></u>	<u>131,865</u>



## 11 QUALITY ASSURANCE FUND PAYABLE AND RECEIVABLE

The following table sets forth the Group's quality assurance fund payable movements for the six months ended 30 June 2022 and 2021:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Opening balance</b>	<b>59,681</b>	53,867
Fair value of newly written quality assurance obligation	<b>57,989</b>	61,651
ECL for quality assurance fund	<b>(22,699)</b>	19,397
Release of the margin	<b>(5,008)</b>	(4,306)
Payouts during the period, net	<b>(56,154)</b>	(68,829)
	<hr/>	<hr/>
<b>Ending balance</b>	<b>33,809</b>	61,780
	<hr/>	<hr/>

The following tables set forth the Group's quality assurance fund receivable movements for the six months ended 30 June 2022 and 2021:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Opening balance</b>	<b>28,797</b>	22,190
Fair value of newly written quality assurance obligation	<b>57,989</b>	61,651
ECL for quality assurance fund (a)	<b>(785)</b>	3,237
Contribution received from borrowers	<b>(61,399)</b>	(56,938)
	<hr/>	<hr/>
<b>Ending balance</b>	<b>24,602</b>	30,140
	<hr/>	<hr/>

	As at 30 June 2022			
	ECL staging			
	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)
Quality assurance fund receivable	26,272	1,530	33,199	61,001
Less: ECL allowance under IFRS 9 (a)	(2,649)	(699)	(33,051)	(36,399)
<b>Quality assurance fund receivable, net</b>	<b>23,623</b>	<b>831</b>	<b>148</b>	<b>24,602</b>

	As at 31 December 2021			
	ECL staging			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
Quality assurance fund receivable	30,493	1,508	32,478	64,479
Less: ECL allowance under IFRS 9 (a)	(2,666)	(709)	(32,307)	(35,682)
<b>Quality assurance fund receivable, net</b>	<b>27,827</b>	<b>799</b>	<b>171</b>	<b>28,797</b>

- (a) The following tables explain the changes in the ECL allowance of quality assurance fund receivable by stage for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Opening balance</b>	<b>2,666</b>	<b>709</b>	<b>32,307</b>	<b>35,682</b>
Transfer out	-	-	(68)	(68)
Net decrease for the period (i)	(13)	61	737	785
Transfer				
Transfer from Stage 1 to Stage 2	(16)	16	-	-
Transfer from Stage 1 to Stage 3	(12)	-	12	-
Transfer from Stage 2 to Stage 1	24	(24)	-	-
Transfer from Stage 2 to Stage 3	-	(63)	63	-
<b>Ending balance</b>	<b>2,649</b>	<b>699</b>	<b>33,051</b>	<b>36,399</b>

	Six months ended 30 June 2021			Total <i>RMB'000</i> (Unaudited)
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Opening balance</b>	2,662	701	787,423	790,786
Transfer out	–	–	(173,592)	(173,592)
Net decrease for the period (i)	(2,195)	(565)	(477)	(3,237)
Transfer				
Transfer from Stage 1 to Stage 2	(21)	21	–	–
Transfer from Stage 1 to Stage 3	(10)	–	10	–
Transfer from Stage 2 to Stage 1	18	(18)	–	–
Transfer from Stage 2 to Stage 3	–	(33)	33	–
<b>Ending balance</b>	<b>454</b>	<b>106</b>	<b>613,397</b>	<b>613,957</b>

- (i) This item includes changes of probability of default, exposure at default and loss given default due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

## 12 CONTRACT ASSETS/(LIABILITIES)

	<b>As at 30 June 2022 <i>RMB'000</i> (Unaudited)</b>	<b>As at 31 December 2021 <i>RMB'000</i> (Audited)</b>
Contract assets	<b>666,396</b>	695,357
Less: ECL allowance	<b>(615,447)</b>	(608,838)
<b>Contract assets, net</b>	<b>50,949</b>	86,519
<b>Contract liabilities</b>	<b>(11,353)</b>	(16,481)

The activity in the total ECL allowance for the six months ended 30 June 2022 and 2021 consisted of the following:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Opening balance</b>	<b>(608,838)</b>	(603,335)
Provision of ECL for the period	<b>(6,609)</b>	(1,759)
<b>Ending balance</b>	<b><u>(615,447)</u></b>	<u>(605,094)</u>

*Note:* The Group receives payments from borrowers over the tenures of the loans. Contract assets represent 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 30 June 2022 would be realized within the next twelve months as the weighted average term of the arrangements where the Group was not the loan originator was less than twelve months. The Group determined that there was no significant financing component for its arrangements where the Group was not the loan originator.

### 13 TRADE RECEIVABLES

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Referral and credit card technology service receivables	<b>238,319</b>	218,251
Others	<b>7,092</b>	13,920
	<b><u>245,411</u></b>	<u>232,171</u>
ECL allowance	<b><u>(215,873)</u></b>	<u>(213,008)</u>
<b>Trade receivables, net</b>	<b><u>29,538</u></b>	<u>19,163</u>

The activity in the total ECL allowance for trade receivables as at 30 June 2022 and 2021 consisted of the following:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Opening balance</b>	<b>(213,008)</b>	(182,317)
ECL allowance for the period	<b>(2,865)</b>	(2,989)
<b>Ending balance</b>	<b>(215,873)</b>	(185,306)

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

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 30 days	<b>6,295</b>	8,268
More than 30 days	<b>239,116</b>	223,903
	<b>245,411</b>	232,171

## 14 TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Payables for equity investments	214,825	214,825
Payables to settlement banks	35,765	32,566
Trade payables (a)	29,937	26,254
Interest payable	13,401	10,401
Payroll and welfare payables	12,131	12,608
Payables to related parties	4,600	565
Professional service expenses	4,511	5,476
Other tax payables	3,072	3,473
Deposit payables	1,658	700
Online promotion marketing expenses payables	670	1,065
Payables on behalf of credit card users	364	503
External technical service expenses	299	906
Others	9,281	8,827
	<u>330,514</u>	<u>318,169</u>

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

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 30 days	17,555	18,998
30 to 90 days	7,812	3,070
90 to 180 days	3,165	1,324
180 to 360 days	1,205	1,599
Over 360 days	200	1,263
	<u>29,937</u>	<u>26,254</u>

## 15 DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## FINANCIAL REVIEW

### Revenue

Total revenue increased by approximately 24.1% from approximately RMB211.0 million for the six months ended 30 June 2021 to approximately RMB261.9 million for the six months ended 30 June 2022.

Credit facilitation and service fee decreased by approximately 43.7% from approximately RMB135.6 million for the six months ended 30 June 2021 to approximately RMB76.3 million for the six months ended 30 June 2022. The decrease of credit facilitation service fee was mainly attributable to the decrease of the credit facilitation business volume in the first half of 2022.

Payment service fee increased by approximately 503.8% from approximately RMB22.2 million for the six months ended 30 June 2021 to approximately RMB133.9 million for the six months ended 30 June 2022, mainly due to the increase in business volume of payment service in the first half of 2022.

SaaS service fee increased by approximately 15.2% from approximately RMB12.5 million for the six months ended 30 June 2021 to approximately RMB14.4 million for the six months ended 30 June 2022, mainly due to the increase in the subscription income of Little Blue Book in the first half of 2022.

Credit card technology service fee decreased by approximately 9.3% from approximately RMB19.2 million for the six months ended 30 June 2021 to approximately RMB17.4 million for the six months ended 30 June 2022. In the first half of 2022, credit card technology service mainly focuses on the issuance of co-branded cards under the cooperation with financial institutions. After evaluating the market situations, we reduced the investment in the co-branded card business, which led to a decrease in credit card technology service fee.

Other revenue decreased by approximately 7.7% from approximately RMB21.5 million for the six months ended 30 June 2021 to approximately RMB19.9 million for the six months ended 30 June 2022, mainly due to the decrease in the overdue charges from approximately RMB6.2 million for the six months ended 30 June 2021 to approximately RMB3.5 million for the six months ended 30 June 2022 with a decrease in percentage of default users.

## **Operating expenses**

Total operating expenses decreased by approximately 34.3% from approximately RMB414.7 million for the six months ended 30 June 2021 to approximately RMB272.6 million for the six months ended 30 June 2022.

Origination and servicing expenses increased by approximately 73.2% from approximately RMB113.9 million for the six months ended 30 June 2021 to approximately RMB197.3 million for the six months ended 30 June 2022, mainly because the fund transfer charges for the six months ended 30 June 2022 increased by approximately 380.2% to approximately RMB116.7 million from approximately RMB24.3 million for the six months ended 30 June 2021, mainly due to the increase in the volume of repayment of business in the first half of 2022 as compared with that for the corresponding period in 2021.

Sales and marketing expenses decreased by approximately 17.0% from approximately RMB23.0 million for the six months ended 30 June 2021 to approximately RMB19.1 million for the six months ended 30 June 2022. This is mainly due to the adjustment made to the business strategy and decrease in investments in sales and marketing expenses in the first half of 2022.

General and administrative expenses decreased by approximately 25.4% from approximately RMB69.4 million for the six months ended 30 June 2021 to approximately RMB51.8 million for the six months ended 30 June 2022, mainly due to the Group has implemented an overall cost optimization strategy, thus the employee benefit expenses for the six months ended 30 June 2022 decreased by approximately 17.1% to approximately RMB39.7 million from approximately RMB47.9 million for the corresponding period in 2021.



Research and development expenses decreased by approximately 11.9% from approximately RMB24.4 million for the six months ended 30 June 2021 to approximately RMB21.5 million for the six months ended 30 June 2022, mainly due to the decrease of depreciation and amortization fees incurred from the expiration of certain leased-in fixed assets leases by approximately 56.4% from approximately RMB3.9 million for the corresponding period in 2021 to approximately RMB1.7 million for the six months ended 30 June 2022.

ECL changed from a loss of approximately RMB16.8 million for the six months ended 30 June 2021 to a loss reversal of approximately RMB13.1 million for the six months ended 30 June 2022, mainly due to ECL relating to quality assurance fund and contract assets changed from loss of approximately RMB11.9 million for the six months ended 30 June 2021 to loss reversal of approximately RMB26.9 million for the six months ended 30 June 2022, which is mainly due to the adoption of stringent risk control measures in 2022 which maintained the risk level of the credit facilitation business at a low level.

Other gains/(losses), net changed from a loss of approximately RMB167.2 million for the six months ended 30 June 2021 to a gain of approximately RMB4.0 million for the six months ended 30 June 2022, which mainly represents that (i) the impairment loss on license under intangible assets accrued with reference to the market prices in the same period decreased from RMB148.9 million in the corresponding period in 2021 to nil for the six months ended 30 June 2022; and (ii) the fair value gain/(loss) on financial assets at FVPL changed to a gain of approximately RMB0.8 million for the six months ended 30 June 2022 from a loss of approximately RMB27.1 million for the six months ended 30 June 2021, as the business performance of several investees improved in the first half of 2022, resulting in a higher market value as at 30 June 2022 as compared to that of 30 June 2021.

#### **Share of net loss of associates accounted for using equity method**

Share of net loss of associates accounted for using equity method increased by approximately 166.7% from approximately RMB1.2 million for the six months ended 30 June 2021 to approximately RMB3.2 million for the six months ended 30 June 2022, due to the increase in losses of several associates in the first half of 2022.

### **Fair value gain/(loss) of financial liabilities at FVPL**

Fair value gain/(loss) of financial liabilities at FVPL changed from a loss of approximately RMB13.7 million for the six months ended 30 June 2021 to a gain of approximately RMB0.4 million for the six months ended 30 June 2022, mainly due to the decrease in market value of such liabilities as at 30 June 2022 as compared to that of 30 June 2021.

### **Finance expenses, net**

For the six months ended 30 June 2022, finance expenses, net was approximately RMB4.9 million, remained stable as compared to the six months ended 30 June 2021 of approximately RMB4.3 million.

### **Income tax (expense)/credit**

Income tax (expense)/credit changed from credit of approximately RMB28.5 million for the six months ended 30 June 2021 to expense of approximately RMB1.8 million for the six months ended 30 June 2022, mainly due to the decrease of derecognition of deferred income tax liabilities.

### **Loss for the period**

As a result of the foregoing, our loss for the period substantially decreased from approximately RMB194.4 million for the six months ended 30 June 2021 to approximately RMB20.3 million for the six months ended 30 June 2022, mainly because (i) in the first half of 2022, we through the adoption of stringent risk control measures, the delinquency rate of credit facilitation assets maintained at a low level, which led to a significant decrease in the amount of ECL under IFRS 9 as compared to the corresponding period in 2021; and (ii) there was no impairment loss on license under intangible assets with reference to the market prices in the same period.

## **Non-IFRS measures**

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

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

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-IFRS adjusted operating profit</b>		
Operating loss	<b>(10,706)</b>	(203,722)
Adjusted for:		
Share-based compensation expenses	<b>26,332</b>	32,471
Fair value gain/(loss) of financial assets at FVPL	<b>(752)</b>	27,062
Impairment loss of intangible assets	<b>–</b>	148,903
	<u>          </u>	<u>          </u>
<b>Non-IFRS adjusted operating profit</b>	<b><u>14,874</u></b>	<u>4,714</u>
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-IFRS adjusted net profit</b>		
Net loss	<b>(20,310)</b>	(194,384)
Adjusted for:		
Share-based compensation expenses	<b>26,332</b>	32,471
Fair value gain/(loss) of financial liabilities at FVPL	<b>(350)</b>	13,732
Fair value gain/(loss) of financial assets at FVPL	<b>(752)</b>	27,062
Impairment loss of intangible assets	<b>–</b>	148,903
	<u>          </u>	<u>          </u>
<b>Non-IFRS adjusted net profit</b>	<b><u>4,920</u></b>	<u>27,784</u>

## Liquidity, Financial Resources and Gearing

The Group maintained a net cash position throughout the period under review. Our net cash positions as at 30 June 2022 and 31 December 2021 are as follows:

	<b>As at 30 June 2022 <i>RMB' million</i></b>	<b>As at 31 December 2021 <i>RMB' million</i></b>
Cash and cash equivalents	<b>352</b>	313
Borrowings	<u>(183)</u>	<u>(192)</u>
<b>Net cash</b>	<b><u>169</u></b>	<b><u>121</u></b>

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

For the six months ended 30 June 2022, the Group recorded net cash inflow of approximately RMB39 million, primarily representing net cash inflow in operating activities of approximately RMB66 million; net cash outflow in investing activities of approximately RMB13 million; and net cash outflow in financing activities of approximately RMB15 million.

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

The gearing ratio, calculated as total borrowings divided by total assets, was approximately 11.8% as at 30 June 2022 (31 December 2021: approximately 12.3%).

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

	<b>As at 30 June 2022 RMB'000</b>	As at 31 December 2021 RMB'000
Within 1 year	<b>166,463</b>	171,942
1 year to 2 years	<b>7,554</b>	7,344
2 years to 5 years	<b>9,366</b>	13,197
5 years above	—	—
<b>Total borrowings</b>	<b><u>183,383</u></b>	<b><u>192,483</u></b>

The bank and other borrowings as at 30 June 2022 were denominated in RMB (31 December 2021: RMB). For the six months ended 30 June 2022, the annual interest rates of borrowings ranged between 5.64% to 8.04% (six months ended 30 June 2021: 5.64% to 8.04%).

### **Exposure to Fluctuations in Exchange Rates**

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

For the Group's PRC subsidiaries whose functional currency is RMB, if US dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the six months ended 30 June 2022 would have been approximately RMB2,013,000 higher/lower, and the loss before income tax for the six months ended 30 June 2021 would have been approximately RMB1,915,000 higher/lower, as a result of net foreign exchange gains/(losses) on translation of net monetary liabilities denominated in US dollars.

For the Group's PRC subsidiaries whose functional currency is RMB, if HK dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the six months ended 30 June 2022 would have been approximately RMB310 lower/higher, and the loss before income tax for the six months ended 30 June 2021 would have been approximately RMB300 lower/higher, as a result of net foreign exchange gains/(losses) on translation of net monetary assets denominated in HK dollars.

The Group would enter into foreign exchange forward contracts depending on the circumstance(s) to cover specific foreign currency payments and receipts within the exposure generated from time to time.

### **Charge on Assets**

For the six months ended 30 June 2022, the Group had charged its properties located at Building B3, No. 588 Wenyi West Road, Hangzhou, PRC in favour of Wenchuang Branch of Bank of Hangzhou and Hangzhou Branch of Bank of Wenzhou for obtaining mortgage loans of RMB53.0 million and RMB84.3 million, respectively.

### **Future Plans for Material Investments or Acquisition of Capital Assets**

The Group had no other specific plans for material investments or acquisition of capital assets as at 30 June 2022.

### **Significant Investments, Material Acquisition and Disposal of Subsidiaries**

For the six months ended 30 June 2022, the Group did not have any significant investments, material acquisition or disposal of subsidiaries, associates and joint ventures (six months ended 30 June 2021: nil).

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 30 June 2022 (31 December 2021: nil).

## **INTERIM DIVIDEND**

The Board does not recommend the declaration of the interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE PRACTICES**

For the six months ended 30 June 2022, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), save and except the deviation set out below:

### **Code Provision C.2.1 (Separation of the Roles of Chairman and Chief Executive Officer)**

Currently, Mr. Sun Haitao (“**Mr. Sun**”) takes up the roles of both chairman of the Board and the chief executive officer of the Company (the “**CEO**”), which is deviated from code provision C.2.1 of the CG Code that the roles of chairman and CEO are performed by the same individual. The Board considers that Mr. Sun possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, together with effective control of the Company’s internal check and balance mechanism, the same individual performing the roles of chairman and CEO can achieve the goal of improving the Company’s efficiency in decision-making, execution and effectively capturing business opportunities. The Board will review the effectiveness of this arrangement from time to time.

## **REVIEW OF THE INTERIM RESULTS**

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



The Audit Committee has reviewed the unaudited interim results and interim report of the Group and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2022. The Audit Committee has also reviewed and confirmed the accounting policies and practices adopted by the Company.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material event affecting the Company or the Group since 30 June 2022 and up to the date of this announcement.

## **PUBLICATION OF INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.u51.com](http://www.u51.com)). The interim report will be despatched to the Shareholders and published on the aforementioned websites in due course.

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

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

31 August 2022

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