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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the "**Board**") of directors (the "**Directors**") of VCREDIT Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2023 (the "**Year**").

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2023	2022	Change
	RMB million	*RMB million*	
Total Income	**3,569.5**	3,119.3	14.4%
Interest type income	**1,477.3**	1,922.1	–23.1%
Less: interest expenses	**(327.6)**	(529.1)	–38.1%
Loan facilitation service fees	**2,241.0**	1,564.4	43.3%
Other income	**178.8**	161.9	10.5%
Operating Profit	**604.8**	695.1	–13.0%
Net Profit	**453.9**	532.5	–14.8%
Non-IFRS Adjusted Operating Profit(1)	**606.5**	700.1	–13.4%
Non-IFRS Adjusted Net Profit(2)	**455.6**	537.4	–15.2%

Notes:

(1) Non-IFRS Adjusted Operating Profit is defined as operating profit for the Year and for the year ended December 31, 2022, respectively, 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 Year and for the year ended December 31, 2022, respectively, excluding share-based compensation expenses. For more details, please see the section headed "Management Discussion and Analysis – *Non-IFRS Measures*".

FINAL DIVIDEND

The Board has recommended, subject to approval by shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company expected to be held on Friday, June 14, 2024 (the "**AGM**"), the payment of a final dividend of HK10 cents (the "**Final Dividend**") per share of the Company ("**Share(s)**") (2022: HK10 cents).

BUSINESS REVIEW AND OUTLOOK

In 2023, following an initial rebound at the start, the Chinese macro-economy and consumption rate slowed with demand weakening for consumer credit and overall recovery still clearly requiring time. Our industry continues to face strengthening fintech governance and requires growing investment in intelligent upgrades as technologies like artificial intelligence and big data application in the financial sector deepen. Meanwhile, our business framework is being further improved to sustain and support a secure compliant digital financial ecosystem.

During the Year, we continued to optimize our business model, innovate development strategy and improve technological standards, and maintain focus on higher quality borrowers. We are committed to ensuring that financial technology innovation and risk control go hand in hand, emphasizing consumer rights and safeguarding personal information security. At the same time, we are strengthening talent development and compliance construction to promote the sustained and healthy development of our business. The results during the Year demonstrate the resilience and flexibility of our development strategy, business model and operations.

Business Review

In 2023, the year-on-year GDP growth rate in China experienced a gradual slowdown after a brief rebound, and the Consumer Price Index for the entire year showed a downward trend. After experiencing a rebound in consumer market demand in 2022, the overall demand in 2023 was weaker than expected. Nevertheless, we still achieved remarkable growth and profitability through refined operations. In 2023, our loan origination volume reached a historical high of RMB75.2 billion, representing a 44.2% increase as compared to 2022.

In terms of addressing macroeconomic conditions and changes in user behavior, we continued optimizing our risk management framework by improving multi-source scoring cards, adjusting risk control policies, and undertaking significant model upgrades and complex testing. Furthermore, we introduced more comprehensive dimensions of customer features, enhancing our ability to accurately construct target customer risk profiles. These updates contributed to our ongoing shift towards higher-quality borrowers on the business asset side and achieving a balance between short-term risk and long-term returns.

With the rapid development of artificial intelligence technology, we actively embraced the trends and undertook deep iterative upgrades to our core business systems. In the first half of 2023, we formally launched VOS (VCREDIT operating system), a new generation platform that streamlines our business modules, enhances our system architecture and significantly boosts our research and development efficiency.

We continue to expand our network of high-quality customer acquisition channels. We have formed cooperative agreements with well-known content platforms, photo editing applications, internet-based logistics platforms, lifestyle service information platforms and other premium channels. This allows us to enhance our precision marketing and higher-quality customer acquisition. In the second half of 2023, we established a partnership with a leading data company. By jointly building a precise customer acquisition model, we significantly enhanced our ability to acquire customers more accurately in diverse scenarios. In 2023, our cumulative registered users reached 144 million, an increase of 13.6% as compared to 2022. For our existing customers, we have continued to improve their user experience by introducing a user willingness model to help raise our brand recognition and improve customer loyalty. In 2023, repeat loan customers accounted for 85.1% of our total loan volume.

While solidifying our performance and optimizing risk levels, we also prioritised compliance and enhancing consumer experiences. To align with our industry's evolving regulatory framework, we proactively adjusted our post-loan strategies, achieving forward-looking compliance transformations. Simultaneously, we actively responded to data security requirements, and implemented a "Duanzhilian (斷直連)" approach for credit data by the end of 2023.

In terms of consumer protection, we established a Consumer Rights Protection Committee, gradually building a comprehensive consumer protection framework to fulfill our responsibilities. Leveraging artificial intelligence large language models, we introduced an AI-powered online customer service bot that serves both customer service and marketing scenarios, therefore continuously optimizing user interaction experiences.

Our collaboration with financial institution funding partners has significantly increased, particularly deepening partnerships with systemically important banks. As of the end of 2023, we had established collaborations with 104 external funding partners, including 24 nationwide joint-stock commercial banks, consumer finance companies, and trust funds. These partnerships contribute to the formation of a diverse financing pool, supporting our progress towards our goals. While expanding the number of funding partners, we have gradually implemented a standardized scoring system, continually improved operational efficiency and steadily reduced funding costs. Building on this strong foundation, coupled with flexible financing and capital protection provided by third-party guarantee and asset management companies, we placed an emphasis on providing consumer finance through our pure loan facilitation model, consistently moving towards asset-light operations. Additionally, we increased opportunities for more technological collaborations with funding partners to deepen digital alliances, and have established in-depth cooperation in loan monitoring and consumer rights protection through joint modeling efforts.

Apart from strengthening and developing our existing consumer finance business in Mainland China, we undertook a member of initiatives to expand our presence and operations to different regions and countries to establish a diversified operating model in line with our business strategy. As a Hong Kong-based enterprise, we leveraged our understanding of the Hong Kong consumer credit market and existing technological advantages, and successfully launched a new consumer finance brand 'CreFIT' in Hong Kong in 2023. Additionally, we agreed to acquire Banco Português de Gestão, S.A. ("**BPG**"), a credit institution registered with the Bank of Portugal, allowing us to enter the Portuguese and broader European markets. Through these new initiatives, we aim to achieve significant breakthroughs in our business and deliver optimal returns for Shareholders.

Operating Review

Products and Services

We primarily offer two credit products through our pure online loan origination processes: (1) credit card balance transfer products, and (2) consumption credit products, both of which are installment-based. Interest rates (inclusive, where applicable, of our funding partners' interest share and guarantee charges of credit enhancement organisations) payable in respect of loans to customers ranged from 8.0% per annum to 36.0% per annum according to the type of consumer loan product and depending on factors such as results of the credit assessment and allocated score, loan size and loan tenor. As the Group is primarily engaged in lending to consumers, the Group did not have any concentration of loans in any single borrower during the Year. As at December 31, 2023, the aggregate principal amount outstanding from the five largest borrowers of the Group was RMB1,031,518 (representing 0.003% of the total loan balance of the Group as at December 31, 2023) and the principal amount outstanding from the largest borrower of the Group was RMB209,072 (representing approximately 0.001% of the total loan balance of the Group as at December 31, 2023). For the Year, the total number of transactions was 6.4 million. The average term of our credit products was approximately 10.0 months and the average loan size was approximately RMB11,748.

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

	For the year ended December 31,			
	2023		2022	
Loan Origination Volume	***RMB million***	*%*	*RMB million*	*%*
Direct Lending	**1,296.5**	**1.7%**	1,258.3	2.4%
Trust Lending	**10,802.6**	**14.4%**	11,661.9	22.3%
Credit-enhanced loan facilitation	**50,676.4**	**67.3%**	31,671.1	60.7%
Pure loan facilitation	**12,472.7**	**16.6%**	7,597.8	14.6%
Total	**75,248.2**	**100.0%**	52,189.1	100.0%

From all the loans originated by us, the outstanding loan principal is calculated using an amortisation schedule and is defined as the online consumption products outstanding balance of loans to customers. As at December 31, 2023, the online consumption products outstanding balance of loans to customers was RMB34,465.6 million, which represents a 37.5% increase from the balance of RMB25,066.3 million reported on December 31, 2022.

Asset Quality

Despite a moderate recovery in the consumption market at the start of the Year, China's macroeconomic conditions softened, which posed challenges to our business.

To tackle these challenges, we enhanced our capacity to recognize different customer types through several rounds of impactful model upgrades and complex testing, and by segmenting customers using a wider range of data sources. Additionally, we promptly adjusted credit limits to reinforce risk control and have continued to make compliance adjustments ahead of the implementation of new industry requirements to help us stay on the 'high ground' in the increasingly stringent regulatory environment expected in 2024 and beyond. In terms of relevant indicators of asset quality, we have maintained the first payment delinquency ratio at 0.71% in 2023Q4. The M1-M3 ratio and M3+ ratio for 2023Q4 are 5.07% and 2.98% respectively.

	2022Q1	**2022Q2**	**2022Q3**	**2022Q4**	**2023Q1**	**2023Q2**	**2023Q3**	**2023Q4**
First payment delinquency ratio[(1)]	0.27%	0.23%	0.35%	0.43%	0.53%	0.64%	0.61%	0.71%
M1-M3 ratio[(2)]	2.83%	2.07%	2.33%	3.53%	3.20%	4.09%	4.45%	5.07%
M3+ ratio[(3)]	2.28%	2.06%	1.44%	1.77%	2.49%	2.26%	2.83%	2.98%

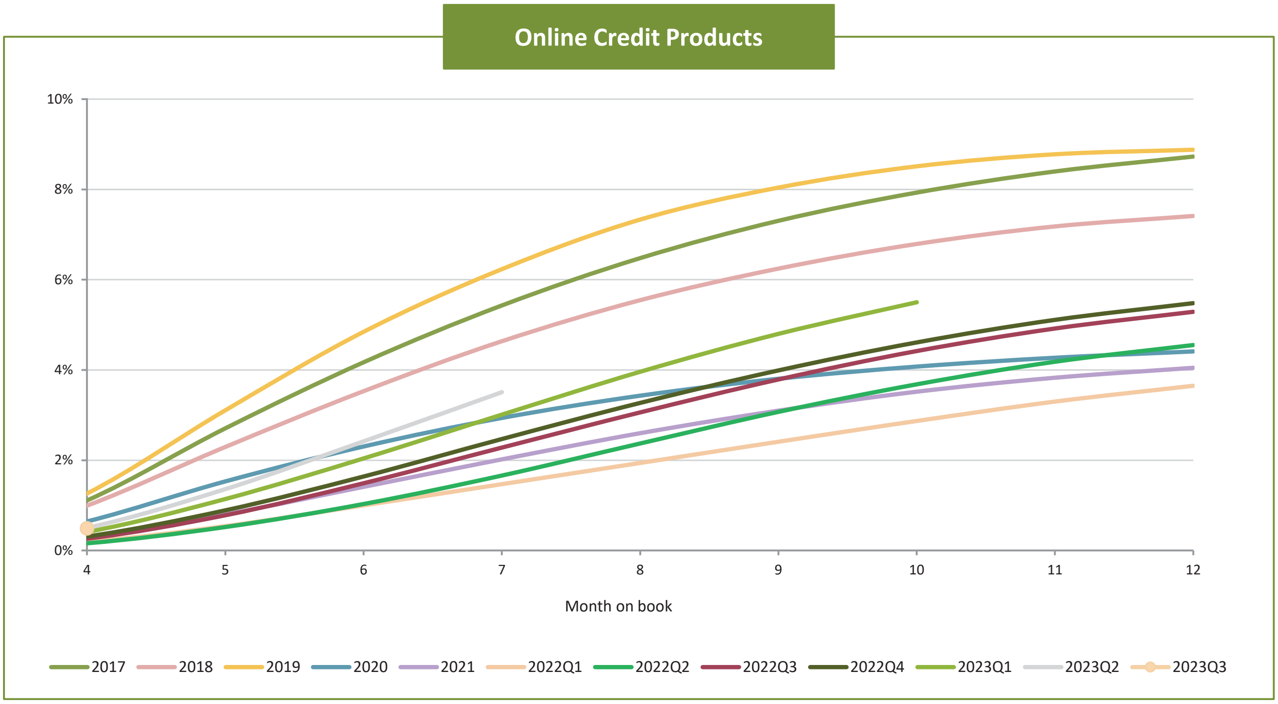
Notes:

(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 RMB2.1 million as at December 31, 2023.

(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 RMB2.1 million as at December 31, 2023.

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 RMB2.1 million as at December 31, 2023

Outlook and Strategies

The macro environment is constantly changing and evolving, which requires us to respond in a prompt and effective way to remain competitive. In order to contribute to further growth in our consumer finance business and fulfill the financial needs of high-quality customers, we will strive to hone our business strategies and upscale our technology. In addition to growing our existing consumer finance operation in China, we shall also look to expand our business strategies by investing or collaborating in or acquiring similar, related or complementary businesses and industries in other jurisdictions including Hong Kong, South-East Asia and Europe. We are reviewing and shall continue to review potential investment opportunities and business prospects on a constant basis and make suitable investments and acquisitions as opportunities occur.

The Group will continue to focus on leveraging our advanced expertise and knowledge and actively embrace trends and innovation that are shaping our industry and society more broadly.

Therefore, moving forward, we intend to execute the following strategies:

- Streamline and extend our credit solutions to better serve our customers to improve brand recognition and the loyalty and creditworthiness profile of our customer base

- Enhance risk management capability through deployment of evolving technology and artificial intelligence

- Strengthen long-term collaborations with licensed financial institutional partners and other business partners

- Ensure our business is conducted within applicable regulatory parameters to achieve regulation-centric sustainability

- Review and assess potential business prospects and invest or collaborate in or acquire similar, related or complementary businesses and industries in China and other jurisdictions

- Cultivate dynamic enterprise value and culture, grow our in-house talents

MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information has been derived from our audited consolidated annual financial information and related notes included elsewhere in this 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 increased by 14.4% to RMB3,569.5 million for the year, compared to RMB3,119.3 million for the year ended December 31, 2022, primarily due to an increase in loan volume through our credit-enhanced and pure loan facilitation structures with partial offset due to a decrease in the average outstanding loan balance of our trust lending structure.

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 years indicated.

	For the year ended December 31,	
	2023	2022
Net Interest Type income	***RMB'000***	*RMB'000*
Interest type income	**1,477,300**	1,922,140
Less: interest expenses	**(327,646)**	(529,160)
Total	**1,149,654**	1,392,980

We recorded interest type income generated from loans to customers originated under direct lending and trust lending structures of RMB1,477.3 million for the Year, a decrease of 23.1% compared to RMB1,922.1 million for the year ended December 31, 2022, primarily due to a decrease in the average outstanding loan balance of our trust lending structure.

Interest expenses decreased by 38.1% to RMB327.6 million for the Year, compared to RMB529.1 million for the year ended December 31, 2022, primarily due to a decrease in the average borrowing balance and the weighted average interest rate during the Year.

Loan Facilitation Service Fees

Loan facilitation service fees increased by 43.3% to RMB2,241.0 million for the Year, compared to RMB1,564.4 million for the year ended December 31, 2022, primarily due to an increase in loan origination volume through our credit-enhanced and pure loan facilitation structures.

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 years indicated.

	For the year ended December 31,	
	2023	2022
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*
Credit-enhanced loan facilitation	**1,894,538**	1,355,086
Pure loan facilitation	**346,420**	209,273
Total	**2,240,958**	1,564,359

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

	For the year ended December 31,	
	2023	2022
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*
Upfront loan facilitation service fees	**1,489,865**	1,092,829
Post loan facilitation service fees	**751,093**	471,530
Total	**2,240,958**	1,564,359

Other Income

Other income increased by 10.5% to RMB178.8 million for the Year, compared to RMB161.9 million for the year ended December 31, 2022, primarily due to the increase in referral fees from growing third-party platforms and increase in penalty and other charges and gains from guarantee caused by an increase in loan origination volume, although partially offset by a decrease in government grants.

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

	For the year ended December 31,	
	2023	2022
Other Income	***RMB'000***	*RMB'000*
Membership fees, referral fees and other service fees	**107,289**	85,851
Penalty and other charges	**24,193**	16,413
Gains from guarantee	**20,922**	12,277
Government grants	**12,790**	36,010
Others	**13,682**	11,391
Total	**178,876**	161,942

Expenses

Origination and Servicing Expenses

Our origination and servicing expenses increased by 21.9% to RMB1,543.9 million for the Year, compared to RMB1,266.7 million for the year ended December 31, 2022, due to an increase in customer acquisition cost as we continue to expand high-quality customer acquisition channels, and increase in our facilitation costs and loan collection fees as a result of increase in loan origination volume.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 49.9% to RMB53.4 million for the Year, compared to RMB35.6 million for the year ended December 31, 2022, due to the increase in branding expenses and employee benefit expenses as a result of our efforts to expand our operations to different regions to establish a diversified operating model in line with our business strategy.

General and Administrative Expenses

Our general and administrative expenses increased by 18.4% to RMB336.8 million for the Year, compared to RMB284.4 million for the year ended December 31, 2022, due to the increase in office expenses, employee benefit expenses and professional service fees to support our growing business scale and scope.

Research and Development Expenses

Our research and development expenses increased by 28.8% to RMB125.9 million for the Year, compared to RMB97.7 million for the year ended December 31, 2022, primarily due to an increase in employee benefit expenses required for our investments in technological research and development.

Operating Profit

We recorded an operating profit of RMB604.8 million for the Year, a decrease of 13.0% compared to RMB695.1 million for the year ended December 31, 2022, primarily due to an increase in our operating expenses and credit impairment losses as a result of an increase in loan origination and business scale through the uneven macro environment.

Net Profit

We recorded a net profit of RMB453.9 million for the Year, a decrease of 14.8% compared to RMB532.5 million for the year ended December 31, 2022, which is consistent with our operating profit for the Year.

Non-IFRS Adjusted Operating Profit

Our Non-IFRS adjusted operating profit was RMB606.5 million for the Year, a decrease of 13.4% compared to RMB700.1 million for the year ended December 31, 2022.

Non-IFRS Adjusted Net Profit

Our Non-IFRS adjusted net profit was RMB455.6 million for the Year, a decrease of 15.2% compared to RMB537.4 million for the year ended December 31, 2022.

Non-IFRS Measures

To supplement our historical financial information, which is presented in accordance with IFRS Accounting Standards, 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.

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Operating Profit	**604,845**	695,120
Add:		
Share-based compensation expenses	**1,640**	4,965
Non-IFRS Adjusted Operating Profit	**606,485**	700,085
Non-IFRS Adjusted Operating Profit Margin(1)	**17.0%**	22.4%

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net Profit	**453,911**	532,471
Add:		
Share-based compensation expenses	**1,640**	4,965
Non-IFRS Adjusted Net Profit	**455,551**	537,436
Non-IFRS Adjusted Net Profit Margin(2)	**12.8%**	17.2%

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 increased by 24.4% to RMB6,504.4 million as at December 31, 2023, compared to RMB5,230.5 million as at December 31, 2022, primarily due to an increase in our trust lending loan origination volume for the six months ended December 31, 2023.

	As at December 31,			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Online consumption products	**6,504,421**	**100.0%**	5,226,433	99.9%
Online-to-offline credit products	**–**	**–**	4,038	0.1%
Total	**6,504,421**	**100.0%**	5,230,471	100.0%

Contract Assets

Our contract assets increased by 5.0% to RMB465.4 million as at December 31, 2023, compared to RMB443.1 million as at December 31, 2022, primarily due to a sustained increase in our credit-enhanced and pure loan origination volume by 60.8% to RMB63,149.1 million for the Year, compared to RMB39,268.9 million for the year ended December 31, 2022.

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Contract assets	**552,808**	496,681
Less: expected credit losses ("**ECL**") allowance	**(87,400)**	(53,535)
	465,408	443,146

Guarantee Receivables and Guarantee Liabilities

Our guarantee receivables increased by 67.3% to RMB1,317.0 million as at December 31, 2023, compared to RMB787.4 million as at December 31, 2022. Our guarantee liabilities increased by 34.5% to RMB1,533.9 million as at December 31, 2023, compared to RMB1,140.8 million as at December 31, 2022. The growth in guarantee receivables and guarantee liabilities are primarily due to an increase in our credit-enhanced loan origination volume by 60.0% to RMB50,676.4 million for the Year, compared to RMB31,671.1 million for the year ended December 31, 2022.

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Guarantee Receivables		
Opening balance	**787,396**	325,331
Addition arising from new business	**3,359,307**	1,676,179
ECL	**(226,801)**	(80,580)
Reversal due to early repayment	**(164,675)**	(52,759)
Payment received from borrowers	**(2,438,203)**	(1,080,775)
Ending Balance	**1,317,024**	787,396

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Guarantee Liabilities		
Opening balance	**1,140,754**	472,454
Addition arising from new business	**3,359,307**	1,676,179
Release of the margin	**(233,509)**	(116,538)
ECL	**212,587**	104,261
Reversal due to early repayment	**(164,675)**	(52,759)
Payouts during the year, net	**(2,780,581)**	(942,843)
Ending Balance	**1,533,883**	1,140,754

Borrowings and Senior Notes

Our total borrowings and senior notes, as recorded in our consolidated statement of financial position, comprise (i) payable to trust plan holders, (ii) bank borrowings and (iii) senior notes. Our payable to trust plan holders increased by 20.8% to RMB4,999.1 million as at December 31, 2023, compared to RMB4,137.6 million as at December 31, 2022, primarily due to an increase in loans originated by us through our trust lending structure for the six months ended December 31, 2023.

As at December 31, 2023, the Group had a secured bank borrowing with a principal amount of RMB313.8 million guaranteed by deposits of RMB321.3 million.

The senior notes comprised the remaining principal amount of HK$100,000,000 of the HK$200,000,000 9.5% senior notes due 2025 ("**2025 Senior Notes**") issued on June 16, 2022.

During the Year, we repurchased the principal amount of HK$100,000,000 of the 2025 Senior Notes on June 16, 2023. All of the repurchased 2025 Senior Notes were subsequently cancelled.

	As at December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Payable to trust plan holders	**4,999,099**	**89.9%**	4,137,616	91.8%
Secured bank borrowings	**314,901**	**5.7%**	186,990	4.1%
Unsecured bank borrowings	**157,888**	**2.8%**	6,720	0.2%
	5,471,888	**98.4%**	4,331,326	96.1%
Senior notes	**89,989**	**1.6%**	176,236	3.9%
Total	**5,561,877**	**100.0%**	4,507,562	100.0%

Weighted Average Interest Rates of Borrowings and Senior Notes	**As at December 31,**	
	2023	2022
Payable to trust plan holders	**8.3%**	8.8%
Bank borrowings	**5.1%**	5.6%
Senior notes	**9.5%**	10.5%

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 years indicated.

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net cash (outflow)/inflow from operating activities	**(1,344,871)**	3,042,945
Net cash inflow/(outflow) from investing activities	**70,356**	(176,109)
Net cash inflow/(outflow) from financing activities	**580,516**	(3,177,292)
Net decrease in cash and cash equivalents	**(693,999)**	(310,456)
Cash and cash equivalents at the beginning of the years	**1,592,514**	1,908,110
Effects of exchange rate changes on cash and cash equivalents	**(1,815)**	(5,140)
Cash and cash equivalents at the end of the years	**896,700**	1,592,514

Our cash inflow generated from operating activities during the Year 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 during the Year primarily consists of loan volume origination by direct and trust lending structures, cash payment of guarantee indemnification, security deposits in financial institutions funding partners, employee salaries and benefits, taxes and surcharges, and other operating expenses. We had net cash outflow used in operating activities of RMB1,344.9 million for the Year, as compared to net cash inflow generated from operating activities of RMB3,042.9 million for the year ended December 31, 2022, primarily due to a cash outflow used in expanded loan volume originated by our trust lending structure for the six months ended December 31, 2023, and our loans to customers at fair value through profit or loss had an increase of RMB1,274.0 million as at December 31, 2023. Additionally, we had an increase in cash outflow used for payment of security deposits to financial institution funding partners as a result of an increase in loan origination volume through our credit-enhanced loan facilitation structure.

We had net cash inflow from investing activities of RMB70.4 million for the Year, as compared to net cash outflow of RMB176.1 million for the year ended December 31, 2022. For the Year, we had net cash inflow of RMB94.6 million compared to a net cash outflow of RMB122.6 million for the year ended December 31, 2022 as a result of the change of our financial investments at fair value through profit or loss.

We had net cash inflow from financing activities of RMB580.5 million for the Year, as compared to net cash outflow for financing activities of RMB3,177.3 million for the year ended December 31, 2022, mainly because we had a net cash inflow from borrowings and trust plans of RMB1,133.3 million, as compared to a net cash outflow of RMB2,123.5 million for the year ended December 31, 2022. We also had net outflow from payment of interest expenses of RMB319.9 million, as compared to a net outflow of RMB514.6 million for the year ended December 31, 2022. Additionally, we had a net cash outflow of RMB88.4 million used in repayment of senior notes, as compared to a net cash outflow of RMB402.6 million for the year ended December 31, 2022.

Capital Commitments

The Group did not have any significant capital commitments contracted for at the end of the Year but not recognized as liabilities as at December 31, 2023.

Charges on Assets

As at December 31, 2023, the Group had cash deposits of RMB321.3 million pledged to banks as securities for banking facilities.

Contingencies

Save as disclosed in this announcement, the Group did not have any significant contingent liabilities as at December 31, 2023.

ACQUISITIONS AND DISPOSALS

Material Investments and Acquisitions

On May 5, 2023, the Company entered into an agreement to purchase, amongst other things, 98.87% of BPG. Further details of the transaction are set out in the announcement of the Company dated May 5, 2023.

Save as disclosed in this announcement, the Group did not hold any material investments or make any material acquisitions during the Year.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this results announcement, the Group does not have any present plans for other material investments and capital assets.

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Continuing operations			
Interest type income	*4*	**1,477,300**	1,922,140
Less: interest expenses	*4*	**(327,646)**	(529,160)
Net interest type income	*4*	**1,149,654**	1,392,980
Loan facilitation service fees	*5*	**2,240,958**	1,564,359
Other income	*6*	**178,876**	161,942
Total income		**3,569,488**	3,119,281
Origination and servicing expenses	*7*	**(1,543,932)**	(1,266,673)
Sales and marketing expenses	*7*	**(53,374)**	(35,611)
General and administrative expenses	*7*	**(336,830)**	(284,380)
Research and development expenses	*7*	**(125,853)**	(97,710)
Credit impairment losses	*8*	**(344,558)**	(129,548)
Fair value change of loans to customers		**(574,077)**	(571,879)
Other gains/(losses), net	*9*	**13,981**	(38,360)
Operating profit		**604,845**	695,120
Share of net profit of associates accounted for using the equity method		**(7,851)**	–
Profit before income tax		**596,994**	695,120
Income tax expense	*10*	**(143,083)**	(162,649)
Profit for the year attributable to:			
Owners of the Company		**453,906**	532,466
Non-controlling interests		**5**	5
		453,911	532,471

	Notes	Year ended December 31, **2023** *RMB'000*	2022 *RMB'000*
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of financial statements		**2,206**	621
Total comprehensive income for the year, net of tax		**456,117**	533,092
Total comprehensive income attributable to:			
Owners of the Company		**456,112**	533,087
Non-controlling interests		**5**	5
		456,117	533,092
Basic earnings per Share (RMB yuan)	*11*	**0.93**	1.09
Diluted earnings per Share (RMB yuan)	*11*	**0.93**	1.09
Non-IFRS Measure			
Non-IFRS Adjusted Operating Profit(1)		**606,485**	700,085
Non-IFRS Adjusted Net Profit(2)		**455,551**	537,436
Non-IFRS Adjusted basic earnings per Share (RMB yuan)(3)		**0.93**	1.10

Notes:

(1) Non-IFRS Adjusted Operating Profit is defined as operating profit for the Year and for the year ended December 31, 2022, respectively, 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 Year and for the year ended December 31, 2022, respectively, 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 Year and the year ended December 31, 2022, respectively.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Assets			
Cash and cash equivalents	*12(a)*	**896,534**	1,592,365
Restricted cash	*12(b)*	**652,241**	514,941
Loans to customers at fair value through profit or loss	*13*	**6,504,421**	5,230,471
Contract assets	*14*	**465,408**	443,146
Guarantee receivables	*15*	**1,317,024**	787,396
Financial investments at fair value through profit or loss		**148,695**	243,526
Investments accounted for using the equity method		**13,384**	20,889
Deferred income tax assets		**522,217**	342,458
Right-of-use assets		**58,187**	28,247
Intangible assets		**36,292**	38,441
Property and equipment		**45,369**	42,406
Other assets		**1,274,691**	819,150
Total assets		**11,934,463**	10,103,436
Liabilities			
Tax payable		**285,651**	199,748
Guarantee liabilities	*15*	**1,533,883**	1,140,754
Lease liabilities		**59,256**	27,789
Borrowings	*16*	**5,471,888**	4,331,326
Senior notes		**89,989**	176,236
Deferred income tax liabilities		**7,500**	–
Other liabilities		**317,706**	401,842
Total liabilities		**7,765,873**	6,277,695
Equity			
Share capital		**40,067**	40,067
Share premium		**5,243,415**	5,355,195
Treasury shares		**(5,399)**	(16,182)
Reserves		**749,536**	757,248
Accumulated losses		**(1,859,724)**	(2,313,630)
Non-controlling interests		**695**	3,043
Total equity		**4,168,590**	3,825,741
Total liabilities and equity		**11,934,463**	10,103,436

NOTES

1 General Information

The Company was incorporated in the British Virgin Islands ("**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**") and the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Group offers tailored consumer finance products to prime and near-prime borrowers, who are underserved by traditional financial institutions, by facilitating transactions between borrowers and financial institutions or lending to borrowers.

The Shares have 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 December 31, 2023, the number of Shares in issue is 489,459,789, with a par value of HK$0.10 per Share.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

These consolidated financial statements have been approved and authorised for issue by the Board on March 26, 2024.

2 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in the consolidated financial statements.

The Group continued to adopt the going concern basis in preparing its consolidated financial statements.

3 Material Accounting Policies

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2023:

		Notes
IFRS 17	Insurance Contracts	*(i)*
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	*(ii)*
Amendments to IAS 8	Definition of Accounting Estimates	*(iii)*
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	*(iv)*
Amendments to IAS 12	International Tax Reform– Pillar Two Model Rules	*(v)*

Key requirements of those standards and amendments are set out below.

(i) IFRS 17: Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("**CSM**") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

3 Material Accounting Policies *(continued)*

(a) New and amended standards adopted by the Group *(continued)*

(i) IFRS 17: Insurance Contracts *(continued)*

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to January 1, 2023.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

(ii) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The International Accounting Standard Board ("**IASB**") amended IAS 1 to require entities to disclose their material accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

(iii) Amendments to IAS 8: Definition of Accounting Estimates

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

(iv) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

3 Material Accounting Policies *(continued)*

(a) New and amended standards adopted by the Group *(continued)*

(iv) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

(v) Amendments to IAS 12: International Tax Reform– Pillar Two Model Rules

The IASB amended IAS 12 to require entities to disclose the exceptions that they applied to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes. They further clarify that current tax expense (income) relating to Pillar Two income taxes should be disclosed separately.

The amendment also provides guidance on how entities should disclose known or reasonably estimable information to meet the disclosure objective in periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect and at the end of the reporting period.

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and current period and are not expected to significantly affect the future periods.

(b) New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity 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, and Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Lease Liability in Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Interest type income		
Loans to customers at fair value through profit or loss	**1,477,300**	1,922,140
Less: interest expenses		
Payable to trust plan holders	**(299,955)**	(459,865)
Bank borrowings	**(14,374)**	(961)
Senior notes	**(13,314)**	(68,333)
Others	**(3)**	(1)
	(327,646)	(529,160)
Net interest type income	**1,149,654**	1,392,980

5 Loan facilitation service fees

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Upfront loan facilitation service fees	**1,489,865**	1,092,829
Post loan facilitation service fees	**751,093**	471,530
	2,240,958	1,564,359

6 Other income

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Membership fees, referral fees and other service fees	**107,289**	85,851
Penalty and other charges	**24,193**	16,413
Gains from guarantee	**20,922**	12,277
Government grants	**12,790**	36,010
Others	**13,682**	11,391
	178,876	161,942

7 Expenses by nature

	Year ended December 31, 2023	2022
	RMB'000	*RMB'000*
Loan origination and servicing expenses	**(1,403,513)**	(1,123,097)
Employee benefit expenses	**(404,777)**	(337,782)
Office expenses	**(79,325)**	(55,374)
Professional service fees	**(65,512)**	(83,730)
Depreciation of right-of-use assets	**(30,585)**	(25,752)
Depreciation and amortization	**(25,665)**	(28,024)
Tax and surcharge	**(24,222)**	(14,640)
Branding expenses	**(16,551)**	(7,773)
Audit remuneration		
– Audit service fees	**(5,764)**	(5,500)
– Non-audit service fees	**(204)**	(407)
Others	**(3,871)**	(2,295)
Total origination and servicing expenses, sales and marketing expenses, general and administrative expenses, and research and development expenses	**(2,059,989)**	(1,684,374)

8 Credit impairment losses

	Year ended December 31, 2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents	**(17)**	21
Restricted cash	**(982)**	(132)
Contract assets	**(112,625)**	(51,555)
Guarantee receivables	**(226,801)**	(80,580)
Other assets	**(4,133)**	2,698
	(344,558)	(129,548)

9 Other gains/(losses), net

	Year ended December 31, 2023	2022
	RMB'000	*RMB'000*
Bank interest income	**21,712**	22,155
Interest expense on lease liabilities	**(3,697)**	(1,870)
Bank charges	**(1,348)**	(2,298)
(Losses)/gains from repurchase of senior notes	**(1,283)**	3,778
Losses from financial investments at fair value through profit or loss	**(827)**	(14,824)
Exchange losses	**(576)**	(45,301)
	13,981	(38,360)

10 Income tax expense

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Current income tax	**(315,342)**	(217,051)
Deferred income tax	**172,259**	54,402
	(143,083)	(162,649)

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

	Year ended December 31,	
	2023	2022
Earnings attributable to owners of the Company *(RMB'000)*	**453,906**	532,466
Non-IFRS Adjusted Net Profit *(RMB'000)*	**455,551**	537,436
Weighted average number of Shares for calculation of the basic earnings per Share *('000)*	**488,051**	487,274
Weighted average number of Shares for calculation of the diluted earnings per Share *('000)*	**489,960**	490,176
Basic earnings per Share *(RMB yuan)*	**0.93**	1.09
Diluted earnings per Share *(RMB yuan)*	**0.93**	1.09
Non-IFRS Adjusted basic earnings per Share *(RMB yuan)*	**0.93**	1.10

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 Year and the year ended December 31, 2022, respectively.

11.2 For the Year, 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 Year and the year ended December 31, 2022, respectively.

12 Cash and bank balances

(a) Cash and cash equivalents

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Cash on hand	**33**	28
Cash at bank	**887,551**	1,585,539
Cash held through platform	**9,116**	6,947
Less: ECL allowance	**(166)**	(149)
	896,534	1,592,365

(b) Restricted cash

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Deposits to funding partners	**332,121**	309,912
Deposits for borrowings	**321,263**	205,190
Less: ECL allowance	**(1,143)**	(161)
	652,241	514,941

13 Loans to customers at fair value through profit or loss

The composition of loans is as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Unsecured	**6,504,421**	5,226,433
Pledged	**–**	4,038
	6,504,421	5,230,471

13 Loans to customers at fair value through profit or loss *(continued)*

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year (including 1 year)	**6,297,615**	5,227,719
1 to 2 years (including 2 years)	**206,806**	885
2 to 5 years (including 5 years)	**–**	1,867
	6,504,421	5,230,471

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Overdue	**72,495**	76,646
Within 1 year (including 1 year)	**6,226,665**	5,153,636
1 to 2 years (including 2 years)	**205,261**	189
	6,504,421	5,230,471

14 Contract assets

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Contract assets	**552,808**	496,681
Less: ECL allowance	**(87,400)**	(53,535)
	465,408	443,146

15 Guarantee receivables and guarantee liabilities

	As at December 31, 2023	2022
	RMB'000	*RMB'000*
Guarantee receivables	**1,508,416**	874,014
Less: ECL allowance	**(191,392)**	(86,618)
	1,317,024	787,396

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

	Year ended December 31, 2023	2022
	RMB'000	*RMB'000*
Guarantee receivables		
Opening balance	**787,396**	325,331
Addition arising from new business	**3,359,307**	1,676,179
ECL	**(226,801)**	(80,580)
Reversal due to early repayment	**(164,675)**	(52,759)
Payment received from borrowers	**(2,438,203)**	(1,080,775)
Ending balance	**1,317,024**	787,396

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

	Year ended December 31, 2023	2022
	RMB'000	*RMB'000*
Guarantee liabilities		
Opening balance	**1,140,754**	472,454
Addition arising from new business	**3,359,307**	1,676,179
Release of the margin	**(233,509)**	(116,538)
ECL	**212,587**	104,261
Reversal due to early repayment	**(164,675)**	(52,759)
Payouts during the year, net	**(2,780,581)**	(942,843)
Ending balance	**1,533,883**	1,140,754

16 Borrowings

Our total borrowings, as recorded in our consolidated statement of financial position, comprise (i) payable to trust plan holders, and (ii) bank borrowings. The following table sets forth a breakdown of our borrowings by nature as at the dates indicated.

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Secured		
Bank borrowings	**314,901**	186,990
Unsecured		
Payable to trust plan holders	**4,999,099**	4,137,616
Bank borrowings	**157,888**	6,720
	5,471,888	4,331,326

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

	As at December 31,	
	2023	2022
Payable to trust plan holders	**5.00%~10.50%**	6.60%~10.50%
Bank borrowings	**3.68%~7.45%**	5.50%~7.14%

The following table sets forth the contractual maturities of borrowings:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year (including 1 year)	**2,339,608**	2,035,366
1 to 2 years (including 2 years)	**3,132,280**	2,295,960
	5,471,888	4,331,326

The following table sets forth the repayment schedule of borrowings:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year (including 1 year)	**5,008,938**	4,231,926
1 to 2 years (including 2 years)	**462,950**	99,400
	5,471,888	4,331,326

16 Borrowings *(continued)*

Gearing ratio

As at December 31, 2023, our gearing ratio, calculated as total liabilities divided by total assets, was approximately 65.1%, representing an increase of 3.0% as compared with 62.1% as at December 31, 2022.

As at December 31, 2023, 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 1.7x, as compared with 1.5x as at December 31, 2022.

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 guarantee, the Group has an obligation to fund the losses, if any, in accordance with the guarantee agreements although the Group does not have any investment in those products. The Group concludes that these structured entities shall be consolidated.

As at December 31, 2023, the trust plans consolidated by the Group amounted to RMB5.49 billion (December 31, 2022: RMB4.60 billion).

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

18 Dividends

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Interim dividend for the year ended December 31, 2023 of HK15 cents per Share	**(67,368)**	–
Final dividend for the year ended December 31, 2022 of HK10 cents per Share	**(44,626)**	–
Interim dividend for the year ended December 31, 2022 of HK10 cents per Share	**–**	(42,037)
Final dividend for the year ended December 31, 2021 of HK15 cents per Share	**–**	(61,212)
	(111,994)	(103,249)

The final dividend and interim dividend were paid out of the share premium account of the Company pursuant to Articles 13(h) and 154 of the Articles of Association of the Company and in accordance with the Companies Act (2021 Revision) of the Cayman Islands.

The Board has recommended, subject to approval by Shareholders at the AGM, the payment of the Final Dividend (being HK10 cents per Share) for the Year (for the year ended December 31, 2022: HK10 cents per Share).

19 Subsequent events

Since the end of the reporting period, the Board has recommended the payment of the Final Dividend.

20 Foreign exchange exposure

Foreign currency transactions during the Year 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 December 31, 2023. Exchange gains and losses are recognized in profit or loss.

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

The results of operations with functional currency other than RMB are translated into RMB at the exchange rates approximating to the foreign exchange rates prevailing at the dates of translation. Consolidated statement of financial position items are translated into RMB at the closing foreign exchange rates prevailing as at December 31, 2023. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

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.

DIVIDEND

The Board has recommended, subject to approval by Shareholders at the AGM, the payment of the Final Dividend (being HK10 cents per Share) for the Year (2022: HK10 cents), amounting to approximately HK$48.9 million, to be paid out of the share premium account of the Company. If approved by Shareholders at the AGM, the Final Dividend will be payable on or around Wednesday, July 10, 2024.

An interim dividend for the six months ended June 30, 2023 of HK15 cents per Share (for the six months ended June 30, 2022: an interim dividend of HK10 cents per Share) was paid to Shareholders on Friday, November 10, 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company (the "**Register of Members**") will not be closed for the purpose of ascertaining the right of Shareholders to attend and vote at the AGM.

To determine the entitlement of the proposed Final Dividend, the Register of Members will be closed from, Friday, June 21, 2024 to Monday, June 24, 2024, both days inclusive, and during which period no transfers of Shares shall be effected. The record date will be Monday, June 24, 2024. To be eligible to receive the Final Dividend, 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 Thursday, June 20, 2024.

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 December 31, 2023, the Group had a total of 856 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 Board is of the view that the Company has, during the Year, applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has an audit committee established in compliance with rule 3.21 of the Listing Rules with responsibility for reviewing and providing supervision over the Group's financial reporting process. The audit committee comprises three independent non-executive Directors, Mr. Fang Yuan, Mr. Chen Derek and Mr. Chen Penghui, and a non-executive Director, Mr. Yip Ka Kay.

The audit committee has reviewed the financial statements for the Year with senior management and the external auditor of the Company.

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

Hong Kong, March 26, 2024

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.