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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The board of directors (the "**Board**") of VCREDIT Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2018.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2018	2017	**Change**
(Unaudited)	***RMB million***	*RMB million*	
Total income	**1,270.6**	1,100.4	15.5%
Net interest type income	**1,055.8**	995.6	6.1%
Loan facilitation service fees	**57.2**	27.4	108.8%
Operating profit	**76.4**	111.3	-31.4%
Adjusted Operating Profit[1]	**185.1**	116.3	59.1%
Adjusted Net Profit[1]	**95.6**	89.7	6.6%
Margins			
Adjusted operating profit margin	**14.6%**	10.6%	4.0
Adjusted net profit margin	**7.5%**	8.1%	(0.6)
Adjusted return on assets	**0.7%**	1.0%	(0.2)
Adjusted return on equity	**5.0%**	11.2%	(6.2)

Note:

(1) Adjusted Operating Profit is defined as operating profit with share-based compensation expenses and listing expenses added back. Adjusted Net Profit is defined as loss for the period with fair value change of convertible redeemable preferred shares and share-based compensation expenses added back. For more details, please see the section headed "Management discussion and analysis — Non-IFRS Measures".

BUSINESS REVIEW AND OUTLOOK

We are a leading independent online consumer finance provider in China. We build and expand our online consumer finance business upon our belief that finance is the core of financial technology and that risk management is the core of finance. We use a "credit-plus-alternative" data approach to establish and develop our granular risk-based pricing capabilities. At the center of the online consumer finance value chain, we provide efficient solutions to address the credit needs of under-served prime and near-prime borrowers, enable our funding partners to alter the risk and return profiles of these borrowers, and optimize the effectiveness of scorecards by collaborating with our business partners.

We primarily offer three lines of credit products, all of which are installment-based: (1) credit card balance transfer products, (2) consumption credit products, and (3) online-to-offline credit products. We have developed these products based on our knowledge of China's evolving online consumer finance market and they can be tailored according to our multi-dimensional scorecards to the individual needs and different credit profiles of borrowers. We match the funding needs for these products primarily by engaging our funding partners through sustainable and scalable funding structures.

Business Highlights

On June 21, 2018 (the "**Listing Date**"), we successfully listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), setting a significant milestone for the Company (the "**Listing**").

In March 2018, we entered into a strategic cooperation agreement with China Telecom BestPay Co., Ltd ("天翼電子商務有限公司" or "**Tianyi**"). Tianyi is a wholly-owned subsidiary of China Telecom Corporation Limited ("中國電信股份有限公司" or "**China Telecom**"), a leading telecommunications services provider in China. Under the cooperation, we have gradually rolled out our installment loan products across China, currently in over 40 cities, to help borrowers finance their purchase of mobile phones with China Telecom when signing up for service contracts. Our tailor-made scorecards dedicated to this collaboration leverage the colossal amount of multi-dimensional data attributes from China Telecom to allow instantaneous online credit approval for potential clients.

In July 2018, we established strategic cooperation with Sunshine Surety Insurance Company Limited ("陽光信用保證保險股份有限公司" or "**Sunshine Surety Insurance**"), the first professional surety insurance Company in China. We plan to collaborate with Sunshine Surety Insurance on a range of strategic initiatives, leveraging our technology as well as Sunshine Surety Insurance's strength in credit risk management and credit guarantee.

We have also deepened our cooperation with existing business partners. In July 2018, we entered into a three-party cooperation agreement with our strategic business partner Baidu Financial Services Group ("度小滿金融" or "**Baidu FSG**") and funding partner China Foreign Economy and Trade Trust Co., Ltd. ("中國對外經濟貿易信託有限公司"or "**FOTIC**"). Under such collaboration, we will jointly develop credit assessment models with Baidu FSG and recommend borrowers to FOTIC. FOTIC will perform further credit assessments, and directly lend to the approved borrowers through its actively managed trust plans. The business model will materially shorten the borrowing process, improve user experience, and achieve rigorous governance with a closed funding loop.

Operating Highlights

Products and Services

We primarily offer three lines of credit products, all of which are installment-based:

(1) *Credit card balance transfer products (“**KK Credit**”).* Our credit card balance transfer products allow credit card holders to transfer the outstanding balances of their credit cards to our credit products to bridge their short-term liquidity management needs. For the loans of KK Credit originated from January to June 2018, the weighted average term was approximately 10 months, the weighted average loan size was approximately RMB16,000, and the weighted average Nominal APR[(1)] and the weighted average Effective APR[(2)] were approximately 19.8% and approximately 34.2%, respectively

(2) *Consumption credit products.* Our consumption credit products provide consumers with a variety of installment credit solutions tailored for specific user cases. For the loans of consumption credit products originated from January to June 2018, the weighted average term was approximately 10 months, the weighted average loan size was approximately RMB2,000, and the weighted average Nominal APR and the weighted average Effective APR were approximately 21.5% and approximately 30.4%, respectively

(3) *Online-to-offline credit products.* Our online-to-offline credit products primarily serve consumers’ larger financing needs. For the loans of online-to-offline credit products originated from January to June 2018, the weighted average term was approximately 47 months, the weighted average loan size was approximately RMB125,000, and the weighted average Nominal APR and the weighted average Effective APR were approximately 15.7% and approximately 26.6%, respectively

Notes:

(1) Nominal APR is defined as annualized rate for borrowing, calculated by dividing average monthly payment from borrowers during the applicable period by the initial loan origination amount, multiplied by 12.

(2) Effective APR is defined as adjusted annualized internal rate of return at which the net present value of all ordinary cash outflows (e.g., the principal of loans) and ordinary cash inflows (e.g., the principal repayment, the interest income, the loan facilitation service fees, and other income) from a credit product or a group of credit products equals zero, assuming all the cash inflows other than interest income are received at the beginning of the relevant period.

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

	Six months ended June 30,			
	2018		2017	
Number of Transactions	***'000***	***%***	*'000*	*%*
Credit Card Balance Transfer Products	**376**	**35.1%**	620	43.3%
Consumption Credit Products	**681**	**63.5%**	785	54.9%
Online-to-Offline Credit Products	**15**	**1.4%**	25	1.8%
Total	**1,072**	**100.0%**	1,431	100.0%

	Six months ended June 30,			
	2018		2017	
Loan Origination Volume	***RMB million***	***%***	*RMB million*	*%*
Credit Card Balance Transfer Products	**6,136.3**	**63.7%**	5,121.0	54.6%
Consumption Credit Products	**1,663.4**	**17.3%**	2,769.7	29.5%
Online-to-Offline Credit Products	**1,826.8**	**19.3%**	1,483.5	15.8%
Total	**9,626.5**	**100.0%**	9,374.3	100.0%

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

	Six months ended June 30,			
	2018		2017	
Loan Origination Volume	***RMB million***	***%***	*RMB million*	*%*
Direct Lending	**894.7**	**9.3%**	517.0	5.5%
Trust Lending	**6,335.7**	**65.8%**	8,425.2	89.9%
Credit-enhanced loan facilitation	**2,319.0**	**24.1%**	351.3	3.7%
Pure Loan Facilitation	**77.1**	**0.8%**	80.7	0.9%
Total	**9,626.5**	**100.0%**	9,374.3	100.0%

Out of all the loans originated by us, the outstanding loan principal calculated using straight-line payment schedule is defined as nominal balance of loans to customers. The nominal balance of loans to customers was RMB10.64 billion, and RMB13.42 billion as of June 30, 2017 and 2018 respectively, representing year-on-year growth of 26.2%. The following table sets forth a breakdown by product line of the nominal balance of loans to customers as of the dates indicated:

	As of June 30,		As of December 31,	
	2018	2017	2017	2016
Nominal Loan Balance of Loans to Customers	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Credit Card Balance Transfer Products	**7,000.4**	4,635.9	7,580.2	2,102.2
Consumption Credit Products	**2,389.7**	2,023.6	3,596.8	795.1
Online-to-Offline Credit Products	**4,032.6**	3,978.2	3,555.6	4,014.8
Total	**13,422.7**	10,637.7	14,732.6	6,912.1

Out of all the loans originated by us, in connection with our trust lending and direct lending structure, the outstanding loan principal calculated using amortized cost model together with accrued interests is defined as gross loans to customers. The gross balance of loans to customers was RMB11.08 billion and RMB11.82 billion as of June 30, 2017 and 2018 respectively, representing year-on-year growth of 6.7%. The following table sets forth a breakdown by product line of the gross balance of loans to customers as of the dates indicated:

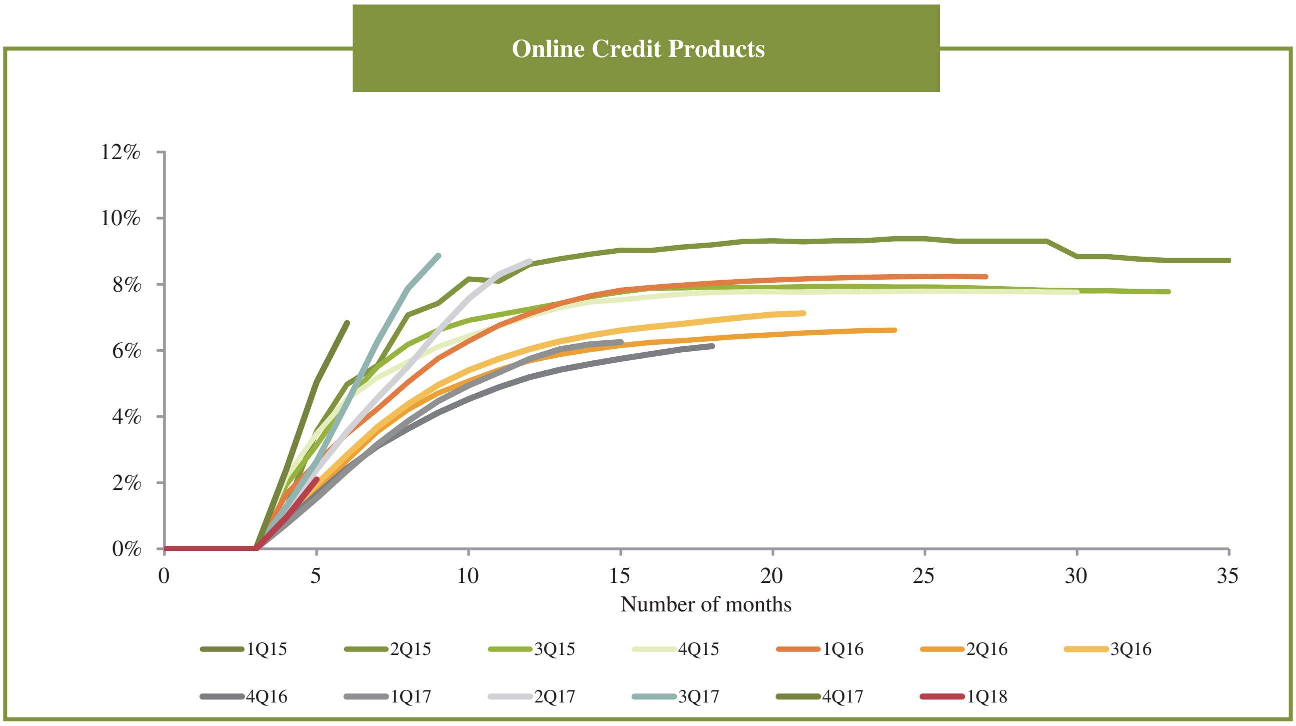
	As of June 30,		As of December 31,	
	2018	2017	2017	2016
Gross Loan Balance of Loans to Customers	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Credit Card Balance Transfer Products	**4,763.6**	4,443.6	5,297.0	1,989.2
Consumption Credit Products	**2,482.3**	2,110.7	3,866.5	828.9
Online-to-Offline Credit Products	**4,576.0**	4,521.6	4,113.0	4,538.1
Total	**11,822.0**	11,075.9	13,276.4	7,356.3

Asset Quality

In light of regulatory developments in our industry, we observed behavioral changes in certain borrowers in our targeted segment in response to a perceived decrease in credit supply for these borrowers following the issuance of Regulation and Rectification of "Cash Loan" Businesses (《關於規範整頓「現金貸」業務的通知》), or Circular 141. Based on these observations and to maintain the quality of our new loans, we have actively adjusted our business strategy to focus more on borrowers with better credit profiles by adjusting the risk assessment parameters in our Hummingbird system. Therefore, we ceased offering credit products to our Class I and Class II borrowers since the beginning of 2018. Leveraging our Hummingbird system and business strategies, our asset quality remained relatively stable. The following table sets forth our first-payment delinquency ratios for the periods indicated.

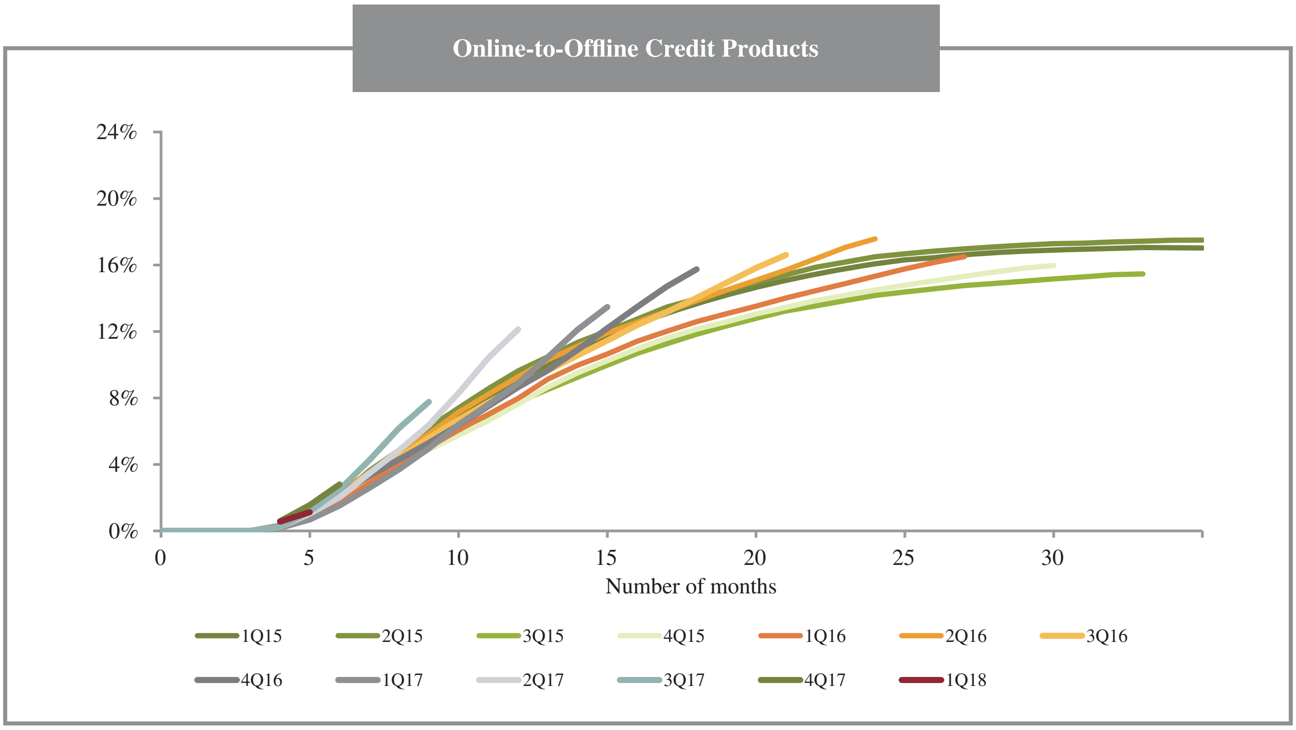
	Loan Origination Quarter					
	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2
First Payment Delinquency Ratio	1.2%	1.6%	1.8%	3.1%	1.5%	1.6%
— Class I	2.4%	3.3%	3.4%	6.3%	N/A	N/A
— Class II	1.7%	1.9%	2.4%	4.7%	N/A	N/A
— Class III	1.2%	1.6%	2.0%	3.5%	1.7%	2.3%
— Class IV	0.9%	1.0%	1.3%	2.6%	1.4%	1.4%
— Class V	0.6%	0.6%	0.8%	1.5%	1.0%	0.9%
— Class VI	0.3%	0.5%	0.5%	1.0%	0.6%	0.7%

The following diagrams set forth our latest Cohort-Based M3+ Delinquency Ratios[(1)] by product groups.



Note:

(1) Cohort-Based M3+ Delinquency Ratios is defined as the Cohort-Based M3+ Delinquent Loans divided by the aggregate loan origination volume within the applicable cohort, as of a specified date.



The following table sets forth certain asset quality information of our loans to customers for the periods indicated.

	As of June 30,		As of December 31,	
	2018	2017	2017	2016
M1-M3 Ratio[(1)]	**5.7%**	4.4%	9.3%	4.9%
Impairment Allowance Ratio[(2)]	**N/A**	12.2%	13.5%	15.5%
Loans to Customers at Fair Value through Profit or Loss/Gross Balance of Loans to Customers	**84.7%**	N/A	N/A	N/A
Net Balance of Loans to Customers/ Gross Balance of Loans to Customers	**N/A**	87.8%	86.5%	84.5%

Notes:

(1) Calculated by dividing loans to customers that have been delinquent for up to 3 months by the total ending balance of gross loans to customers that are not delinquent and have been delinquent for up to 6 months.

(2) Impairment allowance ratio is calculated by dividing ending balance of impairment allowance on loans to customers by the ending balance of gross loans to customers.

	As of June 30,		As of December 31,	
	2018	2017	2017	2016
Not delinquent[1]	**93.7%**	95.5%	90.3%	94.9%
Delinquent for				
1 month[2]	**2.5%**	2.2%	5.5%	2.2%
2 month[3]	**1.8%**	1.2%	2.2%	1.6%
3 month[4]	**2.0%**	1.0%	2.0%	1.3%

Notes:

(1) Calculated by dividing gross loans to customers that are not delinquent by the total ending balance of gross loans to customers that are not delinquent and have been delinquent for up to 3 months.

(2) Calculated by dividing gross loans to customers that are delinquent for 1 month by the total ending balance of gross loans to customers that are not delinquent and have been delinquent for up to 3 months.

(3) Calculated by dividing gross loans to customers that are delinquent for 2 months by the total ending balance of gross loans to customers that are not delinquent and have been delinquent for up to 3 months.

(4) Calculated by dividing gross loans to customers that are delinquent for 3 months by the total ending balance of gross loans to customers that are not delinquent and have been delinquent for up to 3 months.

Outlook and strategies

We are committed to further building and expanding our online consumer finance business to better serve our borrowers, funding partners and business partners, as well as to bring value to our shareholders. We intend to execute the following strategies to maintain our leading market position:

- Continue to strengthen our risk-based pricing capabilities
- Expand our borrower base by enriching our tailored product offerings that track our scorecard development
- Increase our value proposition to our existing borrowers
- Strengthen mutually beneficial relationships with our funding partners and broaden our capital light operation
- Continue to attract, retain and motivate high quality employees

MANAGEMENT DISCUSSION AND ANALYSIS

Total Income

We offer three lines of credit products: (1) credit card balance transfer products, (2) consumption credit products and (3) online-to-offline credit products, and derive our total income through (i) net interest type income, (ii) loan facilitation service fees, and (iii) other income. Our total income increased by 15.5% to RMB1,271 million for the six months ended June 30, 2018, compared to RMB1,100 million RMB for the six months ended June 30, 2017, primarily due to the increase in loan origination volume through our credit-enhanced loan facilitation 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 periods indicated.

	Six months ended June 30,		
	2018	2017	**Change**
Net Interest Type Income	***RMB'000***	*RMB'000*	*%*
Interest type income	**1,569,770**	N/A	—
Interest income	**—**	1,371,249	—
Less: interest expenses	**(513,956)**	(375,682)	36.8%
Total	**1,055,814**	995,567	6.1%

Our net interest type income increased by 6.1% from RMB996 million for the six months ended June 30, 2017 to RMB1,056 million for the six months ended June 30, 2018. The moderate increase in net interest type income was primarily due to the growth of gross loan balance of loans to customers and increase in interest expenses. For the six months ended June 30, 2018, we recorded interest type income of RMB1,570 million, which is generated from gross balance of loans to customers. Gross loan balance of loans to customers as of June 30, 2018 increased by 6.7% compared to the gross loan balance of loans to customers as of June 30, 2017. Interest expense increased by 36.8% from RMB376 million for the six months ended June 30, 2017 to RMB514 million for the six months ended June 30, 2018. The increase in interest expenses primarily resulted from the increase of average borrowing balance in the past year.

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

Interest type income/interest income	Six months ended June 30, 2018 RMB'000	%	2017 RMB'000	%
Credit Card Balance Transfer Products	**574,536**	**36.6%**	368,602	26.9%
Consumption Credit Products	**427,948**	**27.3%**	179,533	13.1%
Online-to-Offline Credit Products	**567,286**	**36.1%**	823,115	60.0%
Total	**1,569,770**	**100.0%**	1,371,249	100.0%

Loan facilitation service fee

Loan facilitation service fee increased by 108.8% from RMB27 million for the six months ended June 30, 2017 to RMB57 million for the six months ended June 30, 2018. The increase in loan facilitation service fee was driven by a significant increase in our loan origination volume through credit-enhanced loan facilitation structure. Loans originated under the form of credit-enhanced loan facilitation structure increased from RMB351 million to RMB2,319 million for the six months ended June 30, 2017 and the six months ended June 30, 2018, respectively. The following table sets forth a breakdown of our loan facilitation service fees for our credit-enhanced loan facilitation structure and our pure loan facilitation structure for the periods indicated.

Loan facilitation service fee	Six months ended June 30, 2018 RMB'000	2017 RMB'000	Change %
Credit-enhanced loan facilitation	**55,189**	5,279	945.5%
Pure loan facilitation	**1,991**	22,110	(91.0%)
Total	**57,180**	27,389	108.8%

We receive upfront payments at loan inception and subsequent payments over the term of the loan. For the six months ended June 30, 2018, the upfront loan facilitation fees increased by 76.2% from RMB23 million to RMB41 million from the corresponding period ended June 30, 2017. The following table sets forth the allocation of our loan facilitation service fees for the periods indicated.

Loan facilitation service fee	Six months ended June 30, 2018 RMB'000	2017 RMB'000	Change %
Upfront loan facilitation service fees	**40,848**	23,185	76.2%
Post facilitation service fees	**16,332**	4,204	288.6%
Total	**57,180**	27,389	108.8%

Other income

Other income increased by 103.5% from RMB77 million for the six months ended June 30, 2017 to RMB158 million for the six months ended June 30, 2018. The increase in other income was primarily due to an increase in overdue charges resulting from our enhanced efforts in collection on delinquent borrowers, and the user membership service we began to offer in 2018. The following table sets forth a breakdown of our other income for the periods indicated.

	Six months ended June 30,		
	2018	2017	**Change**
Other income	***RMB'000***	*RMB'000*	*%*
Overdue charges	**113,601**	74,157	53.2%
User membership fee	**67,742**	—	—
Gain/(loss) from guarantee contract	**(73,163)**	133	*
Others	**49,411**	3,141	*
Total	**157,591**	77,431	103.5%

Note:

* indicates that the ratio has exceeded the range of -1,000% to 1,000%.

Expense

Origination and servicing expense

Our origination and servicing expenses increased by 14.3% to RMB293 million for the six months ended June 30, 2018, compared to RMB257 million for the six months ended June 30, 2017, primarily due to the increase of loan vendor's charges, including credit record access charges and third-party loan servicing vendor charges, resulting from the growth of loan origination volume.

Sales and marketing expense

Our sales and marketing expenses increased by 195.6% to RMB102 million for the six months ended June 30, 2018, compared to RMB35 million for the six months ended June 30, 2017, primarily resulting from integration of user acquisition channels from outsourcing companies.

General and administrative expense

Our general and administrative expenses increased by 179.9% to RMB186 million for the six months ended June 30, 2018, compared to RMB66 million for the six months ended June 30, 2017, primarily due to (i) increase in personnel related expenses which include share-based compensation of RMB59 million for the six months ended June 30, 2018, compared to RMB5 million for the six months ended June 30, 2017 and (ii) RMB50 million listing expenses relating to the Listing.

Research and development expense

Our research and development expense decreased by 9.4% to RMB34 million for the six months ended June 30, 2018, compared to RMB37 million for the six months ended June 30, 2017, primarily due to a decrease in personnel expense.

Fair value losses

Our fair value losses and impairment losses together for the six months ended June 30, 2018 were RMB568 million. Our impairment losses for the six months ended June 30, 2017 were RMB564 million. Fair value losses primarily resulted from the change in value of our loans to customers measured at fair value. During the historical period, the ratios calculated by dividing loans to customers at fair value through profit or loss by gross balance of loans to customers as of June 30, 2018, or dividing net balance of loans to customers by gross balance of loans to customers as of December 31, 2016, June 30, 2017, and December 31, 2017, respectively, remained relatively stable. The following table sets forth such ratios for the periods indicated:

	As of June 30,		**As of December 31,**	
	2018	2017	2017	2016
Loans to Customers at Fair Value through Profit or Loss/Gross Balance of Loans to Customers	**84.7%**	N/A	N/A	N/A
Net Balance of Loans to Customers/ Gross Balance of Loans to Customers	**N/A**	87.8%	86.5%	84.5%

Net loss

Net loss for the six months ended June 30, 2018 increased by 213.9% year-on-year to RMB1,010 million, compared to RMB322 million for the six months ended June 30, 2017, mainly due to a fair value loss on the convertible redeemable preferred shares of RMB1,047 million and listing expenses of RMB50 million relating to the Listing.

Adjusted net profit

Our adjusted net profit increased by 6.6% to RMB96 million for the six months ended June 30, 2018, compared to RMB90 million for the six months ended June 30, 2017, primarily due to steady growth of our business scale.

Non-IFRS measures

To supplement our historical financial information, which are presented in accordance with International Financial Reporting Standards ("**IFRS**"), we also use adjusted operating profit and 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 adjusted operating profit and 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 you should not consider them in isolation from, or as substitutes for analysis of, our results of operations or financial position as reported under IFRS.

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Operating profit	**76,372**	111,252
Add:		
Share-based compensation expenses	**58,825**	5,058
Listing expenses	**49,870**	—
Adjusted Operating Profit	**185,067**	116,310

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Net loss	**(1,010,373)**	(321,835)
Add:		
Fair value loss of convertible redeemable preferred	**1,047,156**	406,453
Share-based compensation expenses	**58,825**	5,058
Adjusted Net Profit	**95,608**	89,676

Loans to customers at fair value through profit or loss

Our loans to customers at fair value through profit or loss decreased by 11.2% to RMB10,016 million as of June 30, 2018, compared to RMB11,284 million as of January 1, 2018, primarily due to changes of funding structures. Our loans to customers at fair value through profit or loss primarily represent the total balance of loans originated by us through our trust lending and direct lending structures.

	As at June 30, 2018		As at January 1, 2018	
	RMB'000	*%*	*RMB'000*	*%*
Loans to customers at fair value through profit or loss				
Credit Card Balance Transfer Products	**3,889,161**	**38.8%**	4,377,675	38.8%
Consumption Credit Products	**1,737,931**	**17.4%**	3,195,278	28.3%
Online-to-offline Credit Products	**4,388,638**	**43.8%**	3,710,830	32.9%
Total	**10,015,729**	**100.0%**	11,283,783	100.0%

Contract assets

Our contract assets increased by 2.0% to RMB70 million as of June 30, 2018 compared to RMB68 million as of June 30, 2017, in accordance with our latest asset quality.

	As at June 30, 2018	As at June 30, 2017	**Change**
	RMB'000	*RMB'000*	*%*
Contract Assets	**69,886**	68,492	2.0%

Guarantee Receivables and Guarantee Liabilities

Our guarantee receivables increased by 395.7% to RMB163 million as of June 30, 2018 compared to RMB33 million as of June 30, 2017. Our guarantee liabilities increased by 254.1% to RMB183 million as of June 30, 2018 compared to RMB52 million as of June 30, 2017. The change in guarantee receivables and guarantee liabilities are primarily due to the shift to credit-enhanced loan facilitation structure.

	As at June 30, 2018	As at June 30, 2017
	RMB'000	*RMB'000*
Guarantee receivables		
Opening balance	**130,073**	23,681
Changes on initial application of IFRS 9	**(15,209)**	N/A
Addition arising from new business	**198,122**	22,686
Impairment loss	**N/A**	(1,444)
Expected credit loss	**(23,170)**	N/A
Reverse due to early repayment	**(23,893)**	(4,324)
Payment received from borrowers	**(103,160)**	(7,763)
Ending balances	**162,763**	32,836

	As at June 30, 2018	As at June 30, 2017
	RMB'000	*RMB'000*
Guarantee liabilities		
Opening balance	**169,553**	31,276
Changes on initial application of IFRS 9	**65,299**	N/A
Addition arising from new business	**198,122**	22,686
Release of the margin	**(11,538)**	(133)
Expected credit loss	**84,701**	N/A
Payouts during the period, net	**(323,293)**	(2,186)
Ending balance	**182,844**	51,643

Borrowings

Our total borrowings, as recorded on our consolidated statements of financial position, comprises (i) payable to holders of trust plans and asset management plans, (ii) borrowings from corporations, (iii) borrowings from individuals, and (iv) bank borrowings. Our total borrowings decreased by 17% to RMB9,179 million as of June 30, 2018, compared to RMB11,063 million as of December 31, 2017, primarily due to (i) the repayment of expired debt and (ii) shift of funding structure to credit-enhanced loan facilitation structure. The following table sets forth a breakdown of our borrowings by nature as of the dates indicated.

	As at June 30, 2018		As at December 31, 2017	
	RMB'000	*%*	*RMB'000*	*%*
Borrowings				
Payable to holders of trust plans and asset management plans	**7,630,057**	**83.1%**	9,411,228	85.1%
Borrowings from individuals	**254,758**	**2.8%**	540,532	4.9%
Borrowings from corporations	**1,292,826**	**14.1%**	1,109,440	10.0%
Bank borrowings	**1,308**	**0.0%**	1,933	0.0%
Total	**9,178,949**	**100.0%**	11,063,133	100.0%

FINANCIAL INFORMATION

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended June 30,	
		2018	2017
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Interest type income	*4*	**1,569,770**	N/A
Interest income	*4*	**—**	1,371,249
Less: interest expenses	*4*	**(513,956)**	(375,682)
Net interest type income	*4*	**1,055,814**	995,567
Loan facilitation service fees	*5*	**57,180**	27,389
Other income	*6*	**157,591**	77,431
Total Income		**1,270,585**	1,100,387
Origination and servicing expenses	*7*	**(293,215)**	(256,526)
Sales and marketing expenses	*7*	**(102,025)**	(34,516)
General and administrative expenses	*7*	**(185,939)**	(66,429)
Research and development expenses	*7*	**(33,507)**	(36,984)
Credit impairment losses	*8*	**(27,003)**	(564,446)
Fair value change of loans to customers		**(540,583)**	N/A
Other losses, net	*9*	**(11,941)**	(30,234)
Operating profit		**76,372**	111,252
Share of net loss of associates accounted for using the equity method		**(4,082)**	(4,002)
Fair value change of convertible redeemable preferred shares	*17*	**(1,047,156)**	(406,453)
Loss before income tax		**(974,866)**	(299,203)
Income tax expense	*10*	**(35,507)**	(22,632)
Loss from continuing operations and loss for the period		**(1,010,373)**	(321,835)
Non-IFRS Measures			
Adjusted Operating Profit[(1)]		**185,067**	116,310
Adjusted Net Profit[(1)]		**95,608**	89,676

Note:

(1) Adjusted Operating Profit is defined as operating profit with share-based compensation expenses and listing expenses added back. Adjusted Net Profit is defined as loss for the period with fair value change of convertible redeemable preferred shares and share-based compensation expenses added back. For more details, please see the section headed "Management discussion and analysis — Non-IFRS Measures."

	Note	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Loss from continuing operations and loss for the period		**(1,010,373)**	(321,835)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of financial statements		**24,052**	52,555
Items that will not be reclassified to profit or loss			
Change in fair value attributable to change in the credit risk of financial liability designated at fair value through profit or loss		**(14,109)**	—
Total comprehensive loss for the period, net of tax		**(1,000,430)**	(269,280)
Loss per share for loss from continuing operations (expressed in RMB yuan)			
Basic loss per share	*11*	**(5.10)**	(2.25)
Diluted loss per share	*11*	**(5.10)**	(2.25)

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**As at June 30, 2018** *RMB'000* **(Unaudited)**	As at December 31, 2017 *RMB'000* (Audited)
Assets			
Cash and cash equivalents	*12*	**1,157,422**	568,196
Restricted cash	*12*	**135,737**	143,570
Loans to customers at amortised cost	*13*	**—**	11,479,696
Loans to customers at fair value through profit or loss	*13*	**10,015,729**	N/A
Contract assets	*14*	**69,886**	98,845
Guarantee receivables	*15*	**162,763**	130,073
Financial assets at fair value through profit or loss		**—**	110,545
Investments accounted for using the equity method		**26,052**	30,784
Deferred income tax assets		**337,934**	279,860
Intangible assets		**17,110**	13,488
Property and equipment		**72,709**	74,355
Other assets		**477,694**	507,596
Total assets		**12,473,036**	13,437,008
Liabilities			
Borrowings	*16*	**9,178,949**	11,063,133
Guarantee liabilities	*15*	**182,844**	169,553
Tax payable		**195,855**	108,338
Deferred income tax liabilities		**—**	122,314
Convertible redeemable preferred shares	*17*	**—**	3,042,173
Other liabilities		**444,923**	440,107
Total liabilities		**10,002,571**	14,945,618
Equity/(deficit)			
Share capital		**40,755**	394,462
Share premium		**5,487,894**	—
Reserves		**143,828**	60,951
Accumulated deficit		**(3,202,012)**	(1,964,023)
Total equity/(deficit)		**2,470,465**	(1,508,610)
Total liabilities and equity		**12,473,036**	13,437,008

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2018

		Six months ended June 30,	
		2018	2017
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Operating activities			
Cash received from/(used in) operating activities		**1,862,992**	(2,910,224)
Income tax paid		**(35,455)**	(38,177)
Net cash inflow/(outflow) from operating activities		**1,827,537**	(2,948,401)
Investing activities			
Proceeds from sale of property, plant and equipment		**103**	122
Payments for property and equipment		**(9,863)**	(14,370)
Payments for intangible assets		**(4,712)**	(3,983)
Expenditure of construction in progress		**(3,381)**	(4,825)
Payments for financial assets at fair value through profit or loss		**(120,000)**	—
Proceeds from financial assets at fair value through profit or loss		**231,904**	—
Net cash inflow/(outflow) from investing activities		**94,051**	(23,056)
Financing activities			
Proceeds from borrowings		**293,610**	1,020,845
Proceeds from trust plans		**2,050,110**	4,110,565
Proceeds from issuance of ordinary shares relating to the initial public offering		**1,094,149**	—
Interest expenses paid		**(517,168)**	(461,054)
Repayment of borrowings		**(394,256)**	(130,594)
Repayment of trust plans		**(3,831,281)**	(1,159,760)
Repayment of asset management plans		**—**	(11,984)
Payment of listing expenses		**(26,580)**	—
Net cash (outflow)/inflow from financing activities		**(1,331,416)**	3,368,018
Net increase in cash and cash equivalents		**590,172**	396,561
Cash and cash equivalents at the beginning of the period		**568,196**	289,889
Effects of exchange rate changes on cash and cash equivalents		**(945)**	1,171
Cash and cash equivalents at end of the period		**1,157,423**	687,621

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

NOTES

1 General Information

VCREDIT Holdings Limited (formerly known as Vision Capital Group Limited, the "**Company**" or "**VCREDIT**") 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 of the Cayman Islands, as amended or supplemented. The re-domiciliation was completed on February 26, 2018. The current address of the Company's registered office is at 2nd Floor, The Grand Pavilion Commercial Center, 802 West Bay Road, P.O. Box 10338 Grand Cayman KY1-1003, Cayman Islands.

The Company is an investment holding company. The Company together with its subsidiaries (the "**Group**") is a technology-driven consumer finance provider in the People's Republic of China ("**China**", or the "**PRC**"). The Group offers tailored consumer finance products to prime and near-prime borrowers who are underserved by traditional financial institutions. The Group offers consumer finance products by facilitating transactions between borrowers and financial institutions and, to an increasingly lesser extent, directly to borrowers.

The Company's 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 ("**IPO**"). Upon the completion of the IPO, all of the Company's outstanding convertible redeemable preferred shares were converted into ordinary shares on a one-to-one basis. As at June 30, 2018, the issued number of shares are 497,303,869, with par value of HK$0.1 per share.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), unless otherwise stated.

This interim condensed consolidated financial information have been approved and authorised for issue by the Board of Directors ("**Board**") of the Company on August 30, 2018.

2 Basis of Presentation

This condensed consolidated financial information for the six months ended June 30, 2018 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim financial reporting" issued by the International Accounting Standards Board ("**IASB**"). The condensed consolidation financial information should be read in conjunction with the consolidated financial statements for the years ended December 31, 2015, 2016 and 2017, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

3 Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those set out in the consolidated financial statements for the years ended December 31, 2015, 2016 and 2017, except for the adoption of IFRS 9, "Financial Instruments" as at January 1, 2018.

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening accumulated losses and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

4 Net interest type income

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest type income		
Loans to customers at fair value through profit or loss	**1,569,770**	N/A
Interest income		
Loans to customers at amortised cost	**—**	1,371,249
Less: Interest expense		
Trust senior tranche holders	**(431,134)**	(301,091)
Borrowings	**(78,914)**	(68,702)
Holders of assets management plans	**—**	(469)
Others	**(3,908)**	(5,420)
Net interest type income	**1,055,814**	995,567

5 Loan facilitation service fees

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Upfront loan facilitation service fees	**40,848**	23,185
Post loan facilitation service fees	**16,332**	4,204
	57,180	27,389

Note: The unsatisfied performance obligations as at June 30, 2018 is 24,287. Management expects that 89.6% of the transaction price allocated to the unsatisfied contracts as of June 30, 2018 will be recognized as revenue within the next twelve months.

6 Other income

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Overdue charges	**113,601**	74,157
User membership fees	**67,742**	—
Gain/(loss) from guarantee contract	**(73,163)**	133
Others	**49,411**	3,141
	157,591	77,431

7 Expenses by nature

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**(268,419)**	(223,951)
Marketing and advertising fees	**(98,686)**	(27,417)
Loan servicing expenses	**(96,149)**	(76,756)
Listing expenses	**(49,870)**	—
Office rental	**(32,681)**	(27,370)
Office expenses	**(29,598)**	(15,146)
Depreciation and amortization	**(15,850)**	(9,999)
Professional service fees	**(6,574)**	(9,323)
Business tax and surcharge	**(5,956)**	(3,438)
Others	**(10,903)**	(1,055)
	(614,686)	(394,455)

8 Credit impairment losses

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash and bank balances	**3**	—
Restricted cash	**1**	—
Loans to customers at amortised cost	**—**	(556,541)
Contract assets	**(2,775)**	(5,207)
Guarantee receivables	**(23,170)**	(1,444)
Other assets	**(1,062)**	(1,254)
	(27,003)	(564,446)

9 Other losses, net

	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Finance cost, net (i)	**(13,301)**	(2,731)
Gain from financial assets designated at fair value through profit or loss	**1,360**	—
Loss on early repayment	**—**	(27,503)
	(11,941)	(30,234)

(i) Finance cost, net

	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Exchange losses	**(12,398)**	(3,716)
Bank interest income	**3,387**	1,314
Bank charges	**(4,290)**	(329)
	(13,301)	(2,731)

10 Income tax expense

	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current income tax	**(144,766)**	(65,306)
Deferred income tax	**109,259**	42,674
	(35,507)	(22,632)

11 Loss per share

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

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss attributable to owners of the group	**(1,010,373)**	(321,835)
Weighted average number of ordinary shares in issue ('000)	**198,197**	142,857
Basic loss per share (expressed in RMB)	**(5.10)**	(2.25)
Diluted loss per share (RMB yuan)	**(5.10)**	(2.25)

(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. For the six months ended June 30, 2018 and 2017, the Group had two categories of potential ordinary shares, the shares options awarded and convertible redeemable preferred shares. As the Group incurred losses for the six months ended June 30, 2018 and 2017, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive losses per share for the six months ended June 30, 2018 are the same as basic loss per share of the respective years.

12 Cash and bank balances

(a) Cash and cash equivalents

	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash on hand	**21**	—
Cash at bank	**1,076,848**	502,413
Cash held through platform	**80,554**	65,783
Less: Expected credit loss allowance	**(1)**	—
	1,157,422	568,196

(b) Restricted cash

Pledged cash in banks	**135,756**	143,570
Less: Expected credit loss allowance	**(19)**	—
	135,737	143,570

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

13 Loans to customers at fair value through profit or loss

The composition of loans and receivables is as follows:

	June 30, 2018 *RMB'000* **(Unaudited)**	December 31, 2017 *RMB'000* (Audited)
Credit loans	**8,580,262**	N/A
Pledged loans	**1,435,467**	N/A
Loans to customers at fair value through profit or loss	**10,015,729**	N/A

	June 30, 2018 *RMB'000* **(Unaudited)**	December 31, 2017 *RMB'000* (Audited)
Loans to customers at amortised cost	**—**	13,276,407
Loans to customers — gross	**—**	13,276,407
Less: impairment allowances	**—**	(1,796,711)
Loans to customers, net	**—**	11,479,696

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

	June 30, 2018 *RMB'000* **(Unaudited)**
Within 1 year (including 1 year)	**5,483,749**
1 to 2 years (including 2 years)	**569,379**
2 to 5 years (including 5 years)	**3,962,601**
	10,015,729

The table below analyses the Group's loans to customers at fair value through profit or loss into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	June 30, 2018 *RMB'000* **(Unaudited)**
Overdue	**355,676**
Within 1 year (including 1 year)	**5,755,604**
1 to 2 years (including 2 years)	**1,395,872**
2 to 5 years (including 5 years)	**2,508,577**
	10,015,729

14 Contract assets

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

	June 30, 2018 *RMB'000* **(Unaudited)**	December 31, 2017 *RMB'000* (Audited)
Contract assets	**96,995**	108,791
Less: Impairment allowances	**(27,109)**	(9,946)
Contract assets, net	**69,886**	98,845

The activity in the total loss allowance for the six month ended June 30, 2017 and 2018 consisted of the following:

	Six months ended June 30,	
	2018 *RMB'000* **(Unaudited)**	2017 *RMB'000* (Unaudited)
Opening balance	**(9,946)**	(3,981)
Changes on initial application of IFRS 9	**(14,990)**	N/A
Provisions for the period	**(2,775)**	(5,207)
Write-off	**602**	2,501
Ending balance	**(27,109)**	(7,137)

Note: The Group receives upfront payments from borrowers at loan inception and subsequent payments over the term of the loan. 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 June 30, 2018 would be realized within the next twelve months as the weighted average term of the arrangements where the Group is not the loan originator were less than twelve months. The Group determined there is no significant financing component for its arrangements where the Group is not the loan originator.

15 Guarantee receivables and guarantee liabilities

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

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Guarantee receivables		
Opening balance	**130,073**	23,681
Changes on initial application of IFRS 9	**(15,209)**	N/A
Addition arising from new business	**198,122**	22,686
Impairment loss	**N/A**	(1,444)
Expected credit loss	**(23,170)**	N/A
Reverse due to early repayment	**(23,893)**	(4,324)
Payment received from borrowers	**(103,160)**	(7,763)
Ending balances	**162,763**	32,836

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Opening balance	**(3,065)**	(872)
Changes on initial application of IFRS 9	**(15,209)**	N/A
Provisions for the period	**(23,170)**	(1,444)
Write-offs	**1,313**	487
Ending balance	**(40,131)**	(1,829)

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

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guarantee liabilities		
Opening balance	**169,553**	31,276
Changes on initial application of IFRS 9	**65,299**	N/A
Addition arising from new business	**198,122**	22,686
Release of the margin	**(11,538)**	(133)
Expected credit loss	**84,701**	N/A
Payouts during the period, net	**(323,293)**	(2,186)
Ending balance	**182,844**	51,643

16 Borrowings

	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Payable to holders of trust plans and asset management plans	**7,630,057**	9,411,228
Borrowings from corporations	**1,292,826**	1,109,440
Borrowings from individuals	**254,758**	540,532
Bank borrowings	**1,308**	1,933
	9,178,949	11,063,133

Weighted average interest rates of borrowings

	June 30, 2018	December 31, 2017
Payable to holders of trust plans and asset management plans	**10.1%**	10.0%
Borrowings from Corporations	**10.0%**	10.0%
Borrowings from Individuals	**10.0%**	10.0%
Bank borrowings	**6.18%**	7.4%

17 Convertible redeemable preferred shares

The movement of the convertible redeemable preferred shares is set out as below:

(Unaudited)	
At January 1, 2017	**1,560,194**
Changes in fair value of convertible redeemable preferred shares	406,453
Currency translation differences	(42,209)
At June 30, 2017	**1,924,438**
(Unaudited)	
At January 1, 2018	**3,042,173**
Changes in fair value of convertible redeemable preferred shares	1,047,156
Change in fair value attributable to change in the credit risk of financial liability designated at fair value through profit or loss	14,109
Currency translation differences	(11,495)
Transfer to ordinary shares	(4,091,943)
At June 30, 2018	**—**

Upon the completion of the IPO on June 21, 2018, all the convertible redeemable preferred shares were automatically converted to ordinary shares. All rights of the preferred shares holders lapsed. There was no further fair value change charged to profit or loss thereafter.

18 Consolidated structured entities

The Group has consolidated certain structured entities which are primarily trust plans and asset management plans. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those trust plans where the Group provides financial guarantee, the Group 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 June 30, 2018, the trust plans and asset management plans consolidated by the Group amounted to RMB10.14 billion (December 31, 2017: RMB11.84 billion).

Interests held by other interest holders are included in payable to trust plans senior tranche holders and asset management plan holders.

19 Subsequent events

Pursuant to the partial exercise of the over-allotment option by the joint global coordinators of the IPO, the Company allotted and issued an additional 3,810,000 Shares at the offer price of HK$20 per Share, and raised funds of HK$73,908,132.60 on July 19, 2018.

OTHER INFORMATION

Foreign Exchange Exposure

Foreign currency transactions during the six months ended June 30, 2018 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 ruling at the end of the Reporting Period. 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 the foreign exchange rates ruling at the dates of transactions. Consolidated statements of financial position items are translated into RMB at the closing foreign exchange rates at the end of the Reporting Period. 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.

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.

SHARE CAPITAL

There was no movement in the share capital of the Company during the period commencing from the Listing Date and ending on June 30, 2018 (both dates inclusive) (the "**Relevant Period**").

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2018, the Group had a total of 1,697 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.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has, throughout the Relevant Period, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the CG Code.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to regulate dealing in securities by directors and senior management of the Company.

Each director of the Company has confirmed, following specific enquiry by the Company, that he or she has complied with the required standards set out in the Model Code during the Relevant Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

As at the Listing Date, the Company had outstanding 497,303,869 ordinary shares of HK$0.10 each in the share capital of the Company.

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

REVIEW OF INTERIM FINANCIAL RESULTS

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

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

Hong Kong, August 30, 2018

As at the date of this announcement, the Board comprises Mr. Ma Ting Hung as the chairman and a non-executive director; Mr. Liu Sai Wang Stephen and Mr. Liu Sai Keung Thomas as executive directors, Mr. Derek Chen, Ms. Liu Yang and Mr. Yip Ka Kay as non-executive directors; and Mr. Chen Penghui, Dr. Seek Ngee Huat and Mr. Wu Chak Man as independent non-executive directors.