VCREDIT 維信金科

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

INTERIM REPORT 2023

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ma Ting Hung *(Chairman)*
Mr. Liu Sai Wang Stephen
(Chief Executive Officer)
Mr. Liu Sai Keung Thomas
(Chief Operating Officer)

Non-Executive Director

Mr. Yip Ka Kay

Independent Non-Executive Directors

Mr. Chen Derek
Mr. Chen Penghui
Mr. Fang Yuan

AUDIT COMMITTEE

Mr. Fang Yuan *(Chairman)*
Mr. Chen Derek
Mr. Chen Penghui
Mr. Yip Ka Kay

REMUNERATION COMMITTEE

Mr. Chen Penghui *(Chairman)*
Mr. Chen Derek
Mr. Fang Yuan
Mr. Liu Sai Wang Stephen

NOMINATION COMMITTEE

Mr. Ma Ting Hung *(Chairman)*
Mr. Chen Derek
Mr. Chen Penghui
Mr. Fang Yuan

AUTHORISED REPRESENTATIVES

Mr. Ma Ting Hung
Ms. Lau Wing Yee

COMPANY SECRETARY

Ms. Lau Wing Yee

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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88 Queensway, Hong Kong
Telephone : (852) 2918 5500
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PRINCIPAL PLACE OF BUSINESS IN PRC

28/F, Tower 1, Landmark Centre
88 North Sichuan Road
Shanghai 200085
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central, Hong Kong

PRINCIPAL BANKER

China Construction Bank
(Suzhou Yuanqu Branch)

STOCK CODE

2003

WEBSITE

https://www.vcredit.com

Dear Shareholders,

The first half of 2023 has shown that recovery in the Chinese market is still at an early stage and whilst demand is gradually recovering, uncertainties remain within the macro and operating environment that will continue to present challenges to VCREDIT Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") and its business going forward. Although consumer sales and consumption enjoyed a rebound in line with growth in consumer sentiment during the first half of 2023, we anticipate a slow recovery in economy and credit demand during the rest of the year. Our performance for the six months ended June 30, 2023 (the "**Period**") demonstrates the resilience and flexibility of our business strategy, commercial model and operations.

As a reflection of our solid performance, we have recommended the payment of a dividend of HK15 cents per share of the Company ("**Shares**") for the Period, subject to approval of shareholders of the Company ("**Shareholders**").

OPERATIONAL PERFORMANCE

Our loan origination volume reached RMB36.20 billion for the Period, a new record in our history, representing an increase of 46.9% compared to RMB24.64 billion for the six months ended June 30, 2022 (the "**Corresponding Period**") and an increase of 31.4% compared to RMB27.55 billion for the six months ended December 31, 2022. As of June 30, 2023, our outstanding loan balance exceeded RMB31.38 billion, representing a 25.2% increase from RMB25.07 billion as of December 31, 2022.

The significant growth in loan volume is attributable to our ability to acquire and retain better quality customers. On the customer acquisition side, we continue to expand high-quality customer acquisition channels. We have established cooperation with well-known content platforms, photo editing applications, internet-based logistics platforms, and other premium channels. Through comprehensive user behavior analysis models and refined user segmentation, we are achieving better targeting of higher-quality customers. In the first half of 2023, our number of cumulative registered users increased by 7.1% compared to the previous period of six months ended December 31, 2022. For existing customers, we continue to focus on refining our offering by integrating user willingness models to enhance user engagement. Repeat borrowers accounted for 82.1% of the total loan volume in the first half of 2023.

While achieving business growth, we continue to adjust and optimize our risk management framework to address market and user behavior changes, ensuring our transition to higher quality borrowers does not impact our asset quality. We persist in refining multi-source scorecards and risk management policies, leveraging the robust risk identification capabilities of our models to more accurately assess customers' risk levels. Additionally, during the Period, we have undertaken several impactful model upgrades and tests aimed at achieving our long-term goal of optimal risk management. In the second quarter of 2023, we actively responded to compliance requirements and implemented forward-looking management in areas of post-loan collections and customer complaints. While we may face short term pressure from fluctuations in asset quality due to these adjustments, we firmly believe that these necessary changes are aimed at fostering long-term growth and ensuring sustainable operations. As a result of our risk mitigation efforts, our first payment default rate rose marginally to 0.64% in the second quarter of 2023, slightly higher than previous quarters, and our M1-M3 ratio and M3+ ratio remained relatively stable, standing at 4.09% and 2.26%, respectively, at the end of the Period.

In the first half of 2023, the global wave of artificial intelligence swept across the world. By utilizing artificial intelligence powered by large language models, we have introduced an AI-powered intelligent online customer service robot which can facilitate personalized interaction with users, further refining our user interaction experience and improving our customer retention rate. We will consistently explore the field of AI technology and drive the comprehensive digitization of consumer finance across various aspects.

Fostering a stable and diversified funding partner base is critical to our business. Our funding costs during the Period continued to present a declining trend as we maintained our efforts to optimize our funding structure and ensure sufficient funding supply. We are able to maintain healthy and long-term collaboration with our funding partners by offering a value proposition which includes efficient risk management and attractive risk-adjusted returns. By the end of the Period, we had established business cooperation with 96 external licensed funding partners, including 21 nationwide joint-stock commercial banks, consumer finance companies and trust institutions. During the Period, we have undertaken diversified forms of cooperation to ensure fund security and compliant operations, while achieving a win-win situation and stable growth for all stakeholders. In the end, the total loan volume facilitated through our loan facilitation structure amounted to RMB30.80 billion, 85.1% of total loan origination volume for the Period, representing an increase of 39.7% as compared with RMB22.05 billion for the six months ended December 31, 2022.

In addition to developing our existing business in China, we remain committed to innovation. We are continuously experimenting with diverse operational models and pursuing new possibilities in other markets. We have launched a consumer finance brand “CreFIT” in Hong Kong, which is tailored to the local market and will allow us to expand our business portfolio and presence. Furthermore, we agreed to acquire Banco Português de Gestão, S.A. (“**BPG**”), a credit institution registered with the Bank of Portugal. We look forward to achieving a breakthrough in these new endeavors and shall strive for the best returns for our Shareholders.

FINANCIAL PERFORMANCE

Our total income was RMB1,917.6 million for the Period, representing an increase of 21.2% as compared to RMB1,582.5 million for the Corresponding Period, and an increase of 24.8% as compared to RMB1,536.8 million for the six months ended December 31, 2022, primarily due to the increase in loan origination volume.

Our fair value losses of loans to customers increased to RMB333.5 million for the Period, as compared to RMB303.6 million and RMB268.2 million for the Corresponding Period and six months ended December 31, 2022, respectively. Our credit impairment losses increased to RMB148.3 million for the Period, as compared to RMB68.2 million and RMB61.4 million for the Corresponding Period and six months ended December 31,2022, respectively, primarily due to an increase in loan volume generated through our credit-enhanced and pure loan facilitation structures for the Period.

In line with the expansion of our loan origination volume, our operating expenses, excluding share-based compensation expenses, increased by 35.2% to RMB1,052.9 million for the Period, as compared to RMB778.6 million for the Corresponding Period, and an increase of 16.9%, as compared to RMB900.8 million for the six months ended December 31, 2022.

As a result, we recorded net profit and adjusted net profit of RMB302.1 million and RMB303.5 million, respectively, for the Period, an increase of 47.8% and 47.4%, respectively, as compared to RMB204.5 million and RMB205.9 million, respectively, for the six months ended December 31, 2022.

OUTLOOK AND STRATEGIES

Despite the acceleration of the economic recovery towards the end of the first quarter and the improvement in the purchasing managers' index for a number of sectors, the domestic macroeconomic environment remained challenging in the first half of the year. In June, the Ministry of Commerce announced that it would introduce targeted support initiatives to promote the automobile, household, branded consumption and catering sectors, and continue to organize consumption events. In the same month, the National Development and Reform Commission also indicated that it would urgently formulate and introduce policies to restore and expand consumption, further improve the consumption environment and unleash the potential of service consumption. With the early policies to stabilize economic growth gradually taking effect, China's consumer market is expected to continue a mild recovery in the second half of this year, and the consumer finance industry is also expected to be a beneficiary of the warming trend.

On the regulatory front, we expect further regulation impacting our industry and business operations. In May this year, the National Internet Finance Association of China held a working meeting in Beijing on the development of national standards for debt collection and the standardized and healthy development of the debt collection business, where participants discussed the core contents of the "Guidelines on Risk Control of Post-Loan Collection for Internet Financial Individuals with Online Consumer Credit" (《互聯網金融個人網絡消費信貸–貸後催收風控指引》), with the aim of formulating standards based on the nature of the collection business and protecting the legitimate rights and interests of creditors and debtors alike.

We have proactively implemented forward-looking adjustments in our post-loan collection and customer complaints management, established a Consumer Protection Committee, aimed at fostering a healthy consumption environment. In order to better comply with regulatory requirements, we have fully implemented the credit agency reform, namely "斷直連", to better safeguard customer privacy and information security. Adhering to the highest level of regulatory compliance and ensuring a sustainable business model has always been and will continue to be our top priority, as well as our core strength and competitive advantage.

I look forward to delivering more value to our stakeholders including our customers, Shareholders, employees and society.

Sincerely,

Liu Sai Wang Stephen
Executive Director and Chief Executive Officer

Hong Kong, August 24, 2023

Management Discussion and Analysis

FINANCIAL HIGHLIGHTS

	Six months ended				
	June 30, 2023	June 30, 2022	Change	December 31, 2022	Change
	RMB million	*RMB million*		*RMB million*	
Total Income	**1,917.6**	1,582.5	21.2%	1,536.8	24.8%
Interest type income	**774.2**	1,124.7	-31.2%	797.4	-2.9%
Less: interest expenses	**(175.6)**	(310.2)	-43.4%	(218.9)	-19.8%
Loan facilitation service fees	**1,105.3**	692.4	59.6%	872.0	26.8%
Other income	**213.7**	75.6	182.6%	86.3	147.6%
Operating Profit	**389.5**	430.4	-9.5%	264.7	47.1%
Net Profit	**302.1**	328.0	-7.9%	204.5	47.8%
Non-IFRS Adjusted Operating Profit (1)	**390.9**	433.8	-9.9%	266.3	46.8%
Non-IFRS Adjusted Net Profit (2)	**303.5**	331.5	-8.4%	205.9	47.4%

Notes:

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

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

BUSINESS REVIEW AND OUTLOOK

In the first half of 2023, the world ushered in a new round of technological revolution and business transformation. In the financial sector, the advances in digital technologies, artificial intelligence and big data continued to deepen. During the Period, we continued actively optimizing and innovating business strategies and models, enhancing technological capabilities and maintaining a focus on higher quality borrowers. Our performance during the Period demonstrates the resilience and flexibility of our business strategy, commercial model and operations.

Business Review

We delivered a robust operating performance and achieved strong growth during the Period, in line with expectations. In the first half of 2023, our loan origination volume reached RMB36.2 billion, representing growth of 31.4% as compared to the second half of 2022.

Simultaneously with achieving business growth, we continued to enhance our risk management framework to adapt to market dynamics and changes in user behavior, and sustain an ordered transition towards higher quality borrowers. We have continued to optimize our multi-source scorecard and risk control policies. We undertook a series of impactful model upgrades and complex testing to maintain our risk optimization goal. By leveraging the robust risk identification capabilities of our models, we continue to hone our ability to more accurately assess customer risk profiles. These updates equip us to achieve a balance between short-term risk and long-term returns. Additionally, we have proactively adjusted our post-loan management risk strategy and implemented forward-looking compliance changes to better align our operations with the regulatory landscape. In order to better comply with regulatory requirements, we have fully implemented the credit agency reform, namely "斷直連".

The rapid advancement of artificial intelligence is shaping and accelerating the digital transformation of consumer finance in the era of the digital economy. We are proactively embracing change by implementing revolutionary upgrades to our core business system. 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. Meanwhile, with the help of artificial intelligence big language model, we have launched an AI intelligent online customer service robot, which continuously improves the timeliness of user demand response and the convenience of process operation, further optimizing the user's interactive experience.

We continue to expand high-quality customer acquisition channels. We have formed cooperative agreements with well-known content platforms, photo editing applications, internet-based logistics platforms and other premium channels. By improving our user behavior analysis model and user profile segmentation, we can achieve greater accuracy in our push to high-quality customers. In the first half of 2023, our cumulative registered users increased by 7.1% as compared to the second half of 2022. For our existing customers, we have continued to improve their user experience by introducing an user willingness model to help raise our brand recognition and improve user loyalty. In the first half of 2023, repeat loan customers accounted for 82.1% of our total loan volume.

Our collaboration with financial institution funding partners, which facilitates our healthy and sustainable growth in line with regulatory requirements, has increased significantly. At the end of June 2023, we had effective relationships with 96 external funding partners, including 21 national joint-stock commercial banks, consumer finance companies and trusts, which enabled us to create a wide-ranging and varied funding framework to support our goals. By leveraging the funding flexibility and capital protection provided by third party guarantors and asset management companies, we have focused more on our pure loan facilitation model and moved towards an asset-light approach. At the same time, this has opened up more opportunities to actively explore potential technology collaboration initiatives with our funding partners and deepen our digital alliances with them. As a data-intelligence driven business, we have continued to improve the automation and stability of capital allocation through intelligent distribution routing, which improves operational efficiency while better optimizing our capital cost structure.

In addition to maintaining growth in our existing consumer finance business, we have made significant steps in line with our strategy to expand and diversify our business to different industries and regions and establish a diversified operating model. In the first half of 2023, we launched our new consumer finance brand "CreFIT" in Hong Kong, providing consumer finance products tailored for the local market. Furthermore, we have agreed to acquire BPG which is a credit institution registered with the Bank of Portugal, a move that will enable our expansion into Portugal and Europe. We look forward to achieving a breakthrough in these new endeavors and shall strive for the best 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 organizations) payable in respect of loans to customers ranged from 15.0% 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 Period. As at June 30, 2023, the aggregate principal amount outstanding from the five largest borrowers of the Group was RMB1,180,088 (representing 0.004% of the total loan balance of the Group as at June 30, 2023) and the principal amount outstanding from the largest borrower of the Group was RMB252,268 (representing approximately 0.001% of the total loan balance of the Group as at June 30, 2023). For the Period, the total number of transactions was 3.3 million. The average term of our credit products was approximately 10.0 months and the average loan size was approximately RMB10,886.

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

	Six months ended					
	June 30, 2023		December 31, 2022		June 30, 2022	
Loan Origination Volume	***RMB million***	**%**	*RMB million*	%	*RMB million*	%
Direct lending	**644.3**	**1.8%**	593.6	2.2%	664.7	2.7%
Trust lending	**4,751.6**	**13.1%**	4,908.2	17.8%	6,753.7	27.4%
Credit-enhanced loan facilitation	**25,721.1**	**71.1%**	17,318.7	62.8%	14,352.4	58.2%
Pure loan facilitation	**5,081.1**	**14.0%**	4,726.9	17.2%	2,870.9	11.7%
Total	**36,198.1**	**100.0%**	27,547.4	100.0%	24,641.7	100.0%

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

	As at June 30, 2023		As at December 31, 2022	
Outstanding Balance of Loans to Customers	*RMB million*	%	*RMB million*	%
Online consumption products	31,379.2	99.9%	25,066.3	99.9%
Online-to-offline credit products	2.5	0.1%	4.2	0.1%
Total	31,381.7	100.0%	25,070.5	100.0%

Asset Quality

Since the beginning of this year, with the recovery and normalization of social activities, the economy has shown a positive trend. However, in the medium term, the overall economic environment and consumer demand remain unstable. We have upgraded our risk models to enhance our risk identification capabilities. This enables us to accurately identify and manage potential risks, ensuring that our business is well-prepared to handle changes in the external environment.

By continuously optimizing our multi-source scorecards and credit policies, we are able to better assess the creditworthiness of potential customers. This allows us to acquire more credit-worthy customers with DSP (Demand Side Platform) channels, which ultimately contributes to a more stable business model in the long term.

To better balance short-term risks and long-term income, we have proactively adjusted our collection practices. By going above and beyond current compliance requirements and peer practices, we believe we are on the "high ground" in terms of coping with expected stricter compliance changes. In terms of relevant indicators of asset quality, we have maintained the first payment delinquency ratio (1) at 0.64% in 2023. Our M1-M3 ratio (2) for 2023 Q2 is 4.09%. The M3+ ratio (3) has been controlled at 2.26% in 2023 Q2, down from 2.49% in 2023 Q1.

Additionally, we are actively exploring partnerships with external data providers to expand our data sources. By leveraging alternative data, we can gain a more comprehensive understanding of our customers' creditworthiness. Furthermore, we are implementing high-impact testing to evaluate the effectiveness of our risk policies and products. This involves conducting controlled experiments to assess the impact of different variables and strategies on our portfolio performance. By continuously testing and refining our approaches, we can ensure that our risk management practices remain robust and adaptable to changing market conditions.

Overall, these measures ensure that our business is well-equipped to navigate the uncertainties of the external environment and maintain a stable and sustainable growth trajectory.

	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2
First payment delinquency ratio [(1)]	0.42%	0.43%	0.27%	0.23%	0.35%	0.43%	**0.53%**	**0.64%**
M1-M3 ratio [(2)]	2.91%	4.01%	2.83%	2.07%	2.33%	3.53%	**3.20%**	**4.09%**
M3+ ratio [(3)]	1.53%	2.39%	2.28%	2.06%	1.44%	1.77%	**2.49%**	**2.26%**

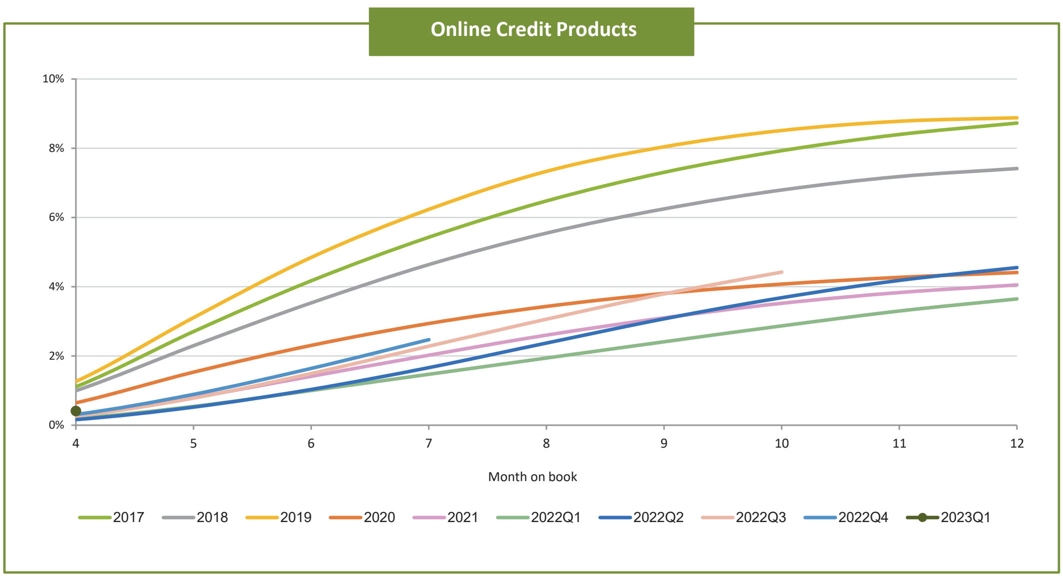
Notes:

(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 RMB2.5 million as at June 30, 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 RMB2.5 million as at June 30, 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 RMB2.5 million as at June 30, 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 and diversify 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 embracing the trends and innovation that are shaping our industry and society more broadly. We will also explore and expand in markets beyond China should appropriate opportunities arise.

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

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

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 21.2% to RMB1,917.6 million for the Period, compared to RMB1,582.5 million for the Corresponding Period, and increased by 24.8% compared to RMB1,536.8 million for the six months 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 periods indicated.

	Six months ended		
	June 30, 2023	December 31, 2022	June 30, 2022
Net Interest Type Income	***RMB'000***	*RMB'000*	*RMB'000*
Interest type income	**774,197**	797,477	1,124,663
Less: interest expenses	**(175,656)**	(218,979)	(310,181)
Total	**598,541**	578,498	814,482

For the Period, we recorded interest type income of RMB774.2 million, which was generated from loans to customers originated under direct lending and trust lending structures, a decrease by 31.2% compared to RMB1,124.7 million for the Corresponding Period and 2.9% compared to RMB797.4 for the six months ended December 31, 2022, primarily due to a decrease in the average outstanding loan balance of our trust lending structure and a decrease in average interest rates.

Interest expenses decreased by 43.4% to RMB175.6 million for the Period, compared to RMB310.2 million for the Corresponding Period, and decreased by 19.8% for the Period compared to RMB218.9 million for the six months ended December 31, 2022, primarily due to decreases in the average borrowing balance and the weighted average interest rate during the Period.

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

	Six months ended					
	June 30, 2023		December 31, 2022		June 30, 2022	
Interest Type Income	***RMB'000***	**%**	*RMB'000*	%	*RMB'000*	%
Online consumption products	**774,192**	**99.9%**	797,175	99.9%	1,124,297	99.9%
Online-to-offline credit products	**5**	**0.1%**	302	0.1%	366	0.1%
Total	**774,197**	**100.0%**	797,477	100.0%	1,124,663	100.0%

Loan Facilitation Service Fees

Loan facilitation service fees increased by 59.6% to RMB1,105.3 million for the Period, compared to RMB692.4 million for the Corresponding Period, and increased by 26.8% for the Period, compared to RMB872.0 million for the six months 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 periods indicated.

	Six months ended		
	June 30, 2023	December 31, 2022	June 30, 2022
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*	*RMB'000*
Credit-enhanced loan facilitation	**922,867**	734,806	620,280
Pure loan facilitation	**182,467**	137,167	72,106
Total	**1,105,334**	871,973	692,386

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

	Six months ended		
	June 30, 2023	December 31, 2022	June 30, 2022
Loan Facilitation Service Fees	***RMB'000***	*RMB'000*	*RMB'000*
Upfront loan facilitation service fees	**758,205**	618,853	473,976
Post loan facilitation service fees	**347,129**	253,120	218,410
Total	**1,105,334**	871,973	692,386

Other Income

Other income increased by 182.6% to RMB213.7 million for the Period, compared to RMB75.6 million for the Corresponding Period and increased by 147.6% compared to RMB86.3 million for the six months ended December 31, 2022. The increase in other income was primarily due to the change in asset quality and an increase in our credit-enhanced loan origination volume.

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

	Six months ended		
	June 30, 2023	December 31, 2022	June 30, 2022
Other Income	***RMB'000***	*RMB'000*	*RMB'000*
Gains from guarantee	**127,726**	8,569	3,708
Membership fees, referral fees and other service fees	**74,333**	57,901	27,950
Penalty and other charges	**8,386**	9,082	7,331
Government grants	**—**	—	36,010
Others	**3,287**	10,767	624
Total	**213,732**	86,319	75,623

Expenses

Origination and Servicing Expenses

Our origination and servicing expenses increased by 43.4% to RMB807.7 million for the Period, compared to RMB563.1 million for the Corresponding Period, due to an increase in loan origination volume and the strategy of targeting and retaining better-quality customers.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 29.8% to RMB21.4 million for the Period, compared to RMB16.5 million for the Corresponding Period, due to increases in employee benefit expenses required to further develop the business.

General and Administrative Expenses

Our general and administrative expenses increased by 7.4% to RMB167.2 million for the Period, compared to RMB155.7 million for the Corresponding Period, mainly due to increases in professional service fees required for optimization in our efficiency.

Research and Development Expenses

Our research and development expenses increased by 24.1% to RMB58.1 million for the Period, compared to RMB46.8 million for the Corresponding Period, mainly due to an increase in employee benefit expenses required to enhance technological capabilities.

Operating Profit

We recorded an operating profit of RMB389.5 million for the Period, a decrease of 9.5% compared to RMB430.4 million for the Corresponding Period, primarily due to an increase in our origination and servicing expenses as a result of an increase in loan origination scale and the strategy of targeting and retaining better-quality customers and an increase in our credit impairment losses as a result of an increase in loan origination volume, and an increase of 47.1% compared to RMB264.7 million for the six months ended December 31, 2022, primarily due to an increase in loan origination volume through our credit-enhanced and pure loan facilitation structures and optimisation in our customer acquisition efficiency.

Net Profit

We recorded a net profit of RMB302.1 million for the Period, a decrease of 7.9% compared to RMB328.0 million for the Corresponding Period, and an increase of 47.8% compared to RMB204.5 million for the six months ended December 31, 2022, which is consistent with our operating profit for the same period.

Non-IFRS Adjusted Operating Profit

Our Non-IFRS adjusted operating profit was RMB390.9 million for the Period, a decrease of 9.9% compared to RMB433.8 million for the Corresponding Period, and an increase of 46.8% compared to RMB266.3 million for the six months ended December 31, 2022.

Non-IFRS Adjusted Net Profit

Our Non-IFRS adjusted net profit was RMB303.5 million for the Period, a decrease of 8.4% compared to RMB331.5 million for the Corresponding Period, and an increase of 47.4% compared to RMB205.9 million for the six months ended December 31, 2022.

Non-IFRS Measures

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

	Six months ended June 30, 2023	December 31, 2022	June 30, 2022
	RMB'000	*RMB'000*	*RMB'000*
Operating Profit	**389,497**	264,768	430,352
Add:			
Share-based compensation expenses	**1,403**	1,480	3,485
Non-IFRS Adjusted Operating Profit	**390,900**	266,248	433,837
Non-IFRS Adjusted Operating Profit Margin (1)	**20.4%**	17.3%	27.4%

	Six months ended June 30, 2023	December 31, 2022	June 30, 2022
	RMB'000	*RMB'000*	*RMB'000*
Net Profit	**302,113**	204,473	327,998
Add:			
Share-based compensation expenses	**1,403**	1,480	3,485
Non-IFRS Adjusted Net Profit	**303,516**	205,953	331,483
Non-IFRS Adjusted Net Profit Margin (2)	**15.8%**	13.4%	20.9%

Notes:

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

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

Loans to Customers at Fair Value through Profit or Loss

Our loans to customers at fair value through profit or loss primarily represent the fair value of total balance of loans originated by us through our trust lending and direct lending structures. Our loans to customers at fair value through profit or loss decreased by 10.8% to RMB4,668.0 million as at June 30, 2023, compared to RMB5,230.5 million as at December 31, 2022, primarily due to a decrease in our trust lending loan origination volume.

	As at June 30, 2023		As at December 31, 2022	
	RMB'000	%	*RMB'000*	%
Online consumption products	**4,667,981**	**99.9%**	5,226,433	99.9%
Online-to-offline credit products	**18**	**0.1%**	4,038	0.1%
Total	**4,667,999**	**100.0%**	5,230,471	100.0%

Contract Assets

Our contract assets increased by 7.2% to RMB474.9 million as at June 30, 2023, compared to RMB443.1 million as at December 31, 2022, due to an increase in our credit-enhanced and pure loan origination volume by 39.7% to RMB30,802.2 million for the Period, compared to RMB22,045.6 million for the six months ended December 31, 2022.

	As at June 30, 2023	As at December 31, 2022
	RMB'000	*RMB'000*
Contract assets	548,200	496,681
Less: expected credit losses ("**ECL**") allowance	(73,262)	(53,535)
	474,938	443,146

Guarantee Receivables and Guarantee Liabilities

Our guarantee receivables increased by 60.4% to RMB1,263.1 million as at June 30, 2023, compared to RMB787.4 million as at December 31, 2022. Our guarantee liabilities increased by 37.1% to RMB1,563.7 million as at June 30, 2023, compared to RMB1,140.8 million as at December 31, 2022. The changes in guarantee receivables and guarantee liabilities are primarily due to an increase in our credit-enhanced loan origination volume by 48.5% to RMB25,721.1 million for the Period, compared to RMB17,318.7 million for the six months ended December 31, 2022.

	Six months ended June 30, 2023	2022
	RMB'000	*RMB'000*
Guarantee Receivables		
Opening balance	787,396	325,331
Addition arising from new loan facilitated	1,674,123	747,239
ECL	(100,129)	(39,933)
Reversal due to early repayment	(86,228)	(17,067)
Payment received from borrowers	(1,012,071)	(453,364)
Ending Balance	1,263,091	562,206

	Six months ended June 30, 2023	2022
	RMB'000	*RMB'000*
Guarantee Liabilities		
Opening balance	1,140,754	472,454
Addition arising from new loan facilitated	1,674,123	747,239
Release of the margin	(113,888)	(49,780)
ECL	(13,838)	46,072
Reversal due to early repayment	(86,228)	(17,067)
Payouts during the period, net	(1,037,213)	(465,953)
Ending Balance	1,563,710	732,965

Borrowings and Senior Notes

Our total borrowings and senior notes, as recorded in our interim condensed consolidated statement of financial position, comprise (i) payable to trust plan holders, (ii) bank borrowings and (iii) senior notes. Our payable to trust plan holders decreased by 16.3% to RMB3,464.4 million as at June 30, 2023, compared to RMB4,137.6 million as at December 31, 2022, primarily due to a decrease in loans originated by us through our trust lending structure.

As at June 30, 2023, the Group had a secured bank borrowing with a principal amount of RMB186.5 million guaranteed by deposits of RMB205.2 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 Period, 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 June 30, 2023		As at December 31, 2022	
	RMB'000	***%***	*RMB'000*	*%*
Payable to trust plan holders	**3,464,379**	**92.6%**	4,137,616	91.8%
Secured bank borrowings	**186,961**	**5.0%**	186,990	4.1%
Unsecured bank borrowings	**—**	**—**	6,720	0.2%
	3,651,340	**97.6%**	4,331,326	96.1%
Senior notes	**91,218**	**2.4%**	176,236	3.9%
Total	**3,742,558**	**100.0%**	4,507,562	100.0%

Weighted Average Interest Rates of Borrowings and Senior Notes	**As at June 30, 2023**	As at December 31, 2022
Payable to trust plan holders	**8.5%**	8.8%
Bank borrowings	**5.5%**	5.6%
Senior notes	**9.5%**	10.5%

Gearing ratio

As at June 30, 2023, our gearing ratio, calculated as total liabilities divided by total assets, was approximately 59.7%, representing a decrease of 2.4% as compared with 62.1% as at December 31, 2022.

As at June 30, 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 1.3x, as compared with 1.5x as at December 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operating activities and capital contribution from Shareholders.

Cash Flows

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

	Six months ended		
	June 30, 2023	December 31, 2022	June 30, 2022
	RMB'000	*RMB'000*	*RMB'000*
Net cash inflow from operating activities	**578,614**	1,424,275	1,618,670
Net cash inflow/(outflow) from investing activities	**47,651**	43,415	(219,524)
Net cash outflow from financing activities	**(959,371)**	(1,707,914)	(1,469,378)
Net decrease in cash and cash equivalents	**(333,106)**	(240,224)	(70,232)
Cash and cash equivalents at the beginning of the periods	**1,592,514**	1,843,129	1,908,110
Effects of exchange rate changes on cash and cash equivalents	**1,903**	(10,391)	5,251
Cash and cash equivalents at the end of the periods	**1,261,311**	1,592,514	1,843,129

Our cash inflow generated from operating activities primarily consists of principal and interest, loan facilitation service fees and other service fees received from the consumer finance products we offered. Our cash outflow used in operating activities primarily consists of loan volume originated from direct and trust lending structures, cash payment of guarantee indemnification, security deposits in financial institutions, employee salaries and benefits, taxes and surcharges, and other operating expenses. We had net cash inflow generated from operating activities of RMB578.6 million for the Period, a decrease of RMB1,040.1 million compared to net cash inflow generated from operating activities of RMB1,618.7 million for the Corresponding Period, primarily due to a decrease of RMB702.8 million in cash inflow from repayment of principal and interest as a result of a decrease in the average outstanding loan balance of our trust lending structure, and an increase in cash outflow from security deposits in financial institutions and origination and servicing expenses as a result of an increase in loan origination volume.

We had net cash inflow from investing activities of RMB47.7 million for the Period, compared to net cash outflow of RMB219.5 million for the Corresponding Period. For the Period, we had a net cash inflow increase primarily due to a decrease of RMB190.0 million in structured deposits partially offset by an increase of RMB136.4 million in money market funds, compared to a net cash outflow from an increase of RMB300.0 million in structured deposits partially offset by a decrease of RMB97.5 million in money market funds for the Corresponding Period.

We had net cash outflow from financing activities of RMB959.4 million for the Period, compared to net cash outflow of RMB1,469.4 million for the Corresponding Period. For the Period, we had net cash outflow from borrowings and trust plans of RMB683.9 million and payment of interest expenses of RMB171.6 million, compared to net cash outflow from borrowings and trust plans of RMB1,133.9 million and payment of interest expenses of RMB286.8 million for the Corresponding Period. Additionally, we had a net cash outflow of RMB88.4 million from repayment of senior notes, compared to a net cash outflow of RMB196.4 million for the Corresponding Period.

Capital Commitments

The Group did not have any significant capital commitments contracted for but not recognised as liabilities as at June 30, 2023.

Charges on Assets

As at June 30, 2023, the Group had cash deposits of RMB205.2 million pledged to banks as securities for banking facilities.

Contingencies

Save as disclosed in this unaudited interim report, the Group did not have any significant contingent liabilities as at June 30, 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 unaudited interim report, the Group did not hold any material investments or make any material acquisitions during the Period.

Future Plans for Material Investments and Capital Assets

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

INTERIM DIVIDEND

The board of directors of the Company (the "**Board**") has recommended the distribution of an interim dividend of HK15 cents per Share for the Period (for the six months ended June 30, 2022: an interim dividend of HK10 cents per Share) to Shareholders on the register of members of the Company (the "**Register of Members**") on Friday, October 20, 2023, amounting to approximately HK$73.4 million from the share premium account of the Company, subject to the approval of Shareholders at an extraordinary general meeting expected to be held on Thursday, October 12, 2023 (the "**EGM**"). If approved by Shareholders at the EGM, the interim dividend will be payable on or around Friday, November 10, 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will not be closed for the purpose of ascertaining the right of Shareholders to attend and vote at the EGM. To be eligible and attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, October 6, 2023.

To determine the entitlement to the proposed interim dividend, the Register of Members will be closed from Thursday, October 19, 2023 to Friday, October 20, 2023, both days inclusive, during which period no transfers of Shares shall be effected. The record date will be Friday, October 20, 2023. To be eligible to receive the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, October 18, 2023.

DIRECTORS' AND EMPLOYEES' REMUNERATION AND POLICY

The remuneration of directors ("**Directors**") and senior management of the Company is determined by the remuneration committee and the Board. No Director has waived or agreed to waive any emoluments.

As at June 30, 2023, the Group had a total of 809 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 (see section headed "Share Incentive Schemes" below).

CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Save as provided below, each Director has confirmed, following specific enquiry by the Company, that he has complied with the required standards set out in the Model Code throughout the Period.

On February 17, 2023, during the blackout period relating to the issue of the Company's annual results for the year ended December 31, 2022, CPED (KY) Limited ("**CPED (KY)**") transferred its 4,015,628 Shares (the "**Relevant Shares**") to Cavenham Private Equity and Directs ("**Cavenham Private**") pursuant to an intra-group reorganisation. As Mr. Yip Ka Kay ("**Mr. Yip**") is deemed to have a notifiable interest in the Relevant Shares through his ownership of shares in CPED (KY), the transfer of the Relevant Shares by CPED (KY) to Cavenhem Private was contrary to the provisions of the Model Code. The Company has reminded Mr. Yip, and all other Directors, of the dealing restrictions contained in the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange"**) pursuant to the Model Code, are as follows:

Long positions in Shares and underlying Shares:

Name of Directors	Nature of interest	Number of Shares	Percentage of total issued Shares(1)
Ma Ting Hung	Personal interest	18,127,000	39.85%
	Interest in controlled corporations(2)	176,922,097	
Liu Sai Wang Stephen	Personal interest	1,200,000	12.25%
	Interest in controlled corporations(3)	58,742,173	
Liu Sai Keung Thomas	Personal interest	600,000	1.52%
	Interest in controlled corporations(4)	6,828,585	
Yip Ka Kay	Interest in controlled corporations(5)	7,575,314	1.55%
Fang Yuan	Personal Interest	103,200	0.02%

Notes:

(1) The calculation is based on (i) the aggregate number of Shares and (ii) the total number of 489,459,789 Shares in issue, as at June 30, 2023.

(2) Ma Ting Hung controls 100%, and is a director, of each of Skyworld-Best Limited, Wealthy Surplus Limited and Glory Global International Limited, each of which has an interest in 84,719,154 Shares, 46,607,010 Shares and 45,595,933 Shares, respectively.

(3) Liu Sai Wang Stephen controls 50%, and is a director, of Magic Mount Limited, which has an interest in 27,093,858 Shares, and controls 100% of, and is a director of, each of Perfect Castle Development Limited and Union Fair International Limited. Perfect Castle Development Limited has an interest in 27,523,810 Shares and of which, 20,000,000 Shares have been lent under securities lending agreements. Union Fair International Limited has an interest in 4,124,505 Shares.

(4) Liu Sai Keung Thomas controls 100% of, and is a director of, International Treasure Limited which has an interest in 6,828,585 Shares.

(5) Yip Ka Kay is the sole director and the sole shareholder of NM Strategic Partners, LLC which manages NM Strategic Focus Fund L.P., which has an interest in 7,515,314 Shares.

Save as disclosed herein and so far as is known to the Directors, as at June 30, 2023, none of the Directors or the chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE INCENTIVE SCHEMES

Share Option Schemes

Pre-IPO Share Option Schemes

The Company has adopted pre-IPO share option schemes which were approved by the Board on March 1, 2018 (the "**2017 ESOP I**") and March 1, 2018 (the "**2017 ESOP II**", together with the 2017 ESOP I, the "**Pre-IPO Share Option Schemes**"), respectively. The Pre-IPO Share Option Schemes are not subject to the provisions of Chapter 17 of the Listing Rules.

The purpose of the Pre-IPO Share Option Schemes is to advance the interests of the Company and Shareholders by providing key employees, directors and consultants of the Group a performance incentive for the purpose of continuing and improving their services with the Group and a motivational force to improve the operating efficiency of the Group. The Pre-IPO Share Option Schemes also help to enhance the key employees', directors' and consultants' contribution to profits of the Group by encouraging capital accumulation and share ownership and direct participation in the success of the Group and are an effective tool to retain such key employees.

The following table discloses movements during the Period in the share options granted under the Pre-IPO Share Option Schemes:

Name or category of participant	Options outstanding as at June 30, 2023	Exercised during the Period	Lapsed during the Period	Date of grant	Exercise period	Exercise price per Share (US$)	Approximate percentage of issued Shares[1]
2017 ESOP I							
Director							
Liu Sai Wang Stephen[2]	0	Nil	8,954,665	10-05-2018	09-05-2019 to 09-05-2023	1.6123	0%
	0	Nil	8,954,665	10-05-2018	09-05-2020 to 09-05-2023	1.6123	
	0	Nil	8,954,667	10-05-2018	09-05-2021 to 09-05-2023	1.6123	
Other employees							
In aggregate	0	Nil	2,631,000	10-05-2018	09-05-2019 to 09-05-2023	1.6123	0%
	0	Nil	2,631,000	10-05-2018	09-05-2020 to 09-05-2023	1.6123	
	0	Nil	2,631,000	10-05-2018	09-05-2021 to 09-05-2023	1.6123	
2017 ESOP II							
Director							
Liu Sai Wang Stephen[2]	0	Nil	6,704,939	10-05-2018	09-05-2019 to 09-05-2023	1.6123	0%
	0	Nil	6,704,939	10-05-2018	09-05-2020 to 09-05-2023	1.6123	
	0	Nil	6,704,941	10-05-2018	09-05-2021 to 09-05-2023	1.6123	
Ma Ting Hung[3]	0	Nil	1,333,333	10-05-2018	09-05-2019 to 09-05-2023	1.6123	0%
	0	Nil	1,333,333	10-05-2018	09-05-2020 to 09-05-2023	1.6123	
	0	Nil	1,333,334	10-05-2018	09-05-2021 to 09-05-2023	1.6123	
Other employees							
In aggregate	0	Nil	333,333	10-05-2018	09-05-2019 to 09-05-2023	1.6123	0%
	0	Nil	333,333	10-05-2018	09-05-2020 to 09-05-2023	1.6123	
	0	Nil	333,334	10-05-2018	09-05-2021 to 09-05-2023	1.6123	

Notes:

(1) The percentage calculations are based on the total number of 489,459,789 Shares in issue as at June 30, 2023.

(2) Liu Sai Wang Stephen had an interest in an aggregate of 46,978,816 share options granted under the 2017 ESOP I and the 2017 ESOP II. The interest is held through Perfect Castle Development Limited, a company that is 100% controlled by Liu Sai Wang Stephen.

(3) Ma Ting Hung has an interest in 4,000,000 share options granted under the 2017 ESOP II. The interest is held through Skyworld-Best Limited, a company that is 100% controlled by Ma Ting Hung.

No share options have been granted under the Pre-IPO Share Option Schemes after the listing of the Shares on the Stock Exchange on June 21, 2018 (the "**Listing Date**") and, save as disclosed above, no share option granted under the Pre-IPO Share Option Schemes was exercised, lapsed or cancelled during the Period. The Company will not grant any further share options under the Pre-IPO Share Option Schemes.

Post-IPO Share Option Scheme

The Company adopted a post-IPO share option scheme on May 10, 2018 (the "**Post-IPO Share Option Scheme**"), pursuant to which the total number of Shares which may be issued upon the exercise of all outstanding share options granted under the Post-IPO Share Option Scheme is 49,730,386 shares, being not more than 10% of the Shares in issue on the Listing Date. The Post-IPO Share Option Scheme is subject to the provisions of Chapter 17 of the Listing Rules.

The purpose of the Post-IPO Share Option Scheme is to provide eligible persons, including the Group's employees, directors, officers, consultants, advisors, distributors, contractors, customers, suppliers, agents, business partners and service providers, with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to eligible persons.

No share options have been granted or agreed to be granted under the Post-IPO Share Option Scheme as at June 30, 2023.

Share Award Scheme

The Company adopted the VCREDIT No. 1 Share Award Scheme on January 11, 2019 (the "**Share Award Scheme No. 1**"), pursuant to which the Company may grant share awards ("**Awards**") in respect of up to 24,974,369 Shares. The Company also adopted the VCREDIT No. 2 Share Award Scheme on May 27, 2021 (the "**Share Award Scheme No. 2**", together with the Share Award Scheme No. 1, the "**Share Award Schemes**"). Pursuant to the Share Award Scheme No. 2, the Company may grant Awards in respect of up to 49,305,718 Shares. The Share Award Schemes are discretionary schemes of the Company. The purpose of the Share Award Schemes is to align the interests of eligible persons with those of the Group and to help encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The Share Award Schemes are subject to the provisions of Chapter 17 of the Listing Rules.

During the Period, Awards in respect of a total of 200,000 Shares were awarded to an eligible person pursuant to the Share Award Scheme No. 1. As of June 30, 2023, Awards in respect of a total of 8,820,360 Shares have been awarded to eligible persons under the Share Award Scheme No. 1, and of which 1,800,000 Shares have been awarded to connected persons. As at June 30, 2023, 17,340,509 Shares (including forfeited Shares) remain available for future grants of Awards under the Share Award Scheme No. 1, representing 3.54% of the Shares in issue as at June 30, 2023.

As at June 30, 2023, the trustees of the trusts established to administer the Share Award Scheme No. 1 held a total of 1,168,100 Shares which can be applied to satisfy Awards that may be granted under the Share Award Scheme No. 1 to non-connected persons.

The movements during the Period in the Awards granted under the Share Award Scheme No. 1 are as follows:

			Number of Shares underlying Awards				
Grantees	Date of Award	Originally Granted	As at January 1, 2023	Granted during the Period	Vested during the Period	Forfeited/ Lapsed during the Period	As at June 30, 2023
Directors							
Liu Sai Wang Stephen	26-03-2019	1,200,000(1)	300,000	Nil	300,000	Nil	0
Liu Sai Keung Thomas	26-03-2019	600,000(1)(a)	150,000	Nil	150,000	Nil	0
Other Employees							
Non-connected Persons	26-03-2019	4,645,360(1)(a)	784,890	Nil	747,390	37,500	0
Non-connected Person	08-07-2020	200,000(1)(b)	50,000	Nil	Nil	Nil	50,000
Non-connected Person	08-07-2020	250,000(1)(c)	62,500	Nil	Nil	Nil	62,500
Non-connected Person	08-07-2020	200,000(1)(d)	50,000	Nil	Nil	Nil	50,000
Non-connected Person	19-07-2021	120,000(1)(e)	90,000	Nil	30,000	Nil	60,000
Non-connected Person	19-07-2021	120,000(1)(f)	90,000	Nil	0	90,000	0
Non-connected Person	19-07-2021	400,000(1)(g)	300,000	Nil	100,000	Nil	200,000
Non-connected Person	02-09-2021	200,000(1)(h)	150,000	Nil	Nil	Nil	150,000
Non-connected Person	01-04-2022	200,000(1)(i)	150,000	Nil	Nil	Nil	150,000
Non-connected Person	03-10-2022	200,000(1)(j)	200,000	Nil	Nil	Nil	200,000
Non-connected Person	30-06-2023	200,000(1)(k)	Nil	200,000	Nil	Nil	200,000

Notes:

(1) The Shares shall vest in tranches as follows:

No.	First Tranche	Second Tranche	Third Tranche	Fourth Tranche
(a)	one-quarter, on March 25, 2020	one-quarter, on March 25, 2021	one-quarter, on March 25, 2022	one-quarter, on March 25, 2023
(b)	one-quarter, on September 2, 2020	one-quarter, on September 2, 2021	one-quarter, on September 2, 2022	one-quarter, on September 2, 2023
(c)	one-quarter, on November 4, 2020	one-quarter, on November 4, 2021	one-quarter, on November 4, 2022	one-quarter, on November 4, 2023
(d)	one-quarter, on November 18, 2020	one-quarter, on November 18, 2021	one-quarter, on November 18, 2022	one-quarter, on November 18, 2023
(e)	one-quarter, on March 1, 2022	one-quarter, on March 1, 2023	one-quarter, on March 1, 2024	one-quarter, on March 1, 2025
(f)	one-quarter, on May 6, 2022	one-quarter, on May 6, 2023	one-quarter, on May 6, 2024	one-quarter, on May 6, 2025
(g)	one-quarter, on June 1, 2022	one-quarter, on June 1, 2023	one-quarter, on June 1, 2024	one-quarter, on June 1, 2025
(h)	one-quarter, on August 9, 2022	one-quarter, on August 9, 2023	one-quarter, on August 9, 2024	one-quarter, on August 9, 2025
(i)	one-quarter, on September 28, 2022	one-quarter, on September 28, 2023	one-quarter, on September 28, 2024	one-quarter, on September 28, 2025
(j)	one-quarter, on October 3, 2023	one-quarter, on October 3, 2024	one-quarter, on October 3, 2025	one-quarter, on October 3, 2026
(k)	one-quarter, on July 1, 2024	one-quarter, on July 1, 2025	one-quarter, on July 1, 2026	one-quarter, on July 1, 2027

(2) The closing price of the Shares on June 29, 2023, being the date immediately before the date on which the Awards were granted, was HK$2.97 per Share.

(3) A total of 1,327,390 Shares vested during the Period. The weighted average closing price of these Shares before the relevant vesting dates during the Period is HK$2.58.

(4) No Awards were cancelled during the Period.

As of June 30, 2023, no Awards have been granted pursuant to the Share Award Scheme No. 2. A total of 49,305,718 Shares remain available for future grants of Awards under the Share Award Scheme No. 2, representing 10.07% of the Shares in issue as at June 30, 2023.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, the interests and short positions of the substantial shareholders of the Company and other persons in Shares or underlying Shares, as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/Nature of interest	Number of Shares Long Position	Number of Shares Short Position	Percentage of total issued Shares [1]
Ma Ting Hung	Personal interest	18,127,000		39.85%
	Interest in controlled corporations [2]	176,922,097		
Skyworld-Best Limited	Beneficial interest [2]	84,719,154		17.31%
Wealthy Surplus Limited	Beneficial interest [2]	46,607,010		9.52%
Glory Global International Limited	Beneficial interest [2]	45,595,933		9.32%
Liu Sai Wang Stephen	Personal interest	1,200,000		12.25%
	Interest in controlled corporations [3]	58,742,173		
Perfect Castle Development Limited	Beneficial interest [3]	27,523,810		5.62%
Kwok Lim Ying	Interest in a controlled corporation [4]	27,093,858		5.54%
Magic Mount Limited	Beneficial interest [3] [4]	27,093,858		5.54%
Kwok Peter Viem	Interest in a controlled corporation [5]	70,740,770		14.45%
	Interest in a controlled corporation [5]		*20,000,000*	4.09%
Kwok Chang Shiu Feng	Interest in a controlled corporation [5]	70,740,770		14.45%
	Interest in a controlled corporation [5]		*20,000,000*	4.09%
High Loyal Management Limited	Beneficial interest [5]	70,740,770		14.45%
	Beneficial interest [5]		*20,000,000*	4.09%
Cavamont Holdings Limited	Interest in a controlled corporation [6]	41,339,885		8.45%
Cavamont Investments Limited	Interest in a controlled corporation [7]	41,339,885		8.45%
Cavenham Private Equity and Directs	Interest in controlled corporations [7]	41,339,885		8.45%
David Bonderman	Interest in a controlled corporation [8]	31,011,598		6.34%
James George Coulter	Interest in a controlled corporation [8]	31,011,598		6.34%
TPG Group Holdings (SBS) Advisors, Inc.	Interest in a controlled corporation [9]	31,011,598		6.34%
TPG Group Holdings (SBS) Advisors, LLC	Interest in a controlled corporation [10]	31,011,598		6.34%
TPG Group Holdings (SBS), L.P.	Interest in a controlled corporation [11]	31,011,598		6.34%
TPG Holding III-A, Inc.	Interest in a controlled corporation [12]	31,011,598		6.34%
TPG Holdings III-A, L.P.	Interest in a controlled corporation [13]	31,011,598		6.34%
TPG Holdings III, LP	Interest in a controlled corporation [14]	31,011,598		6.34%
TPG Growth III SF AIV GenPar Advisors, Inc.	Interest in a controlled corporation [15]	31,011,598		6.34%
TPG Growth III SF AIV GenPar, LP	Interest in a controlled corporation [16]	31,011,598		6.34%
TPG Growth III SF Finance, Limited Partnership	Interest in a controlled corporation [17]	31,011,598		6.34%
TPG Growth III SF Pte. Ltd	Beneficial interest	31,011,598		6.34%

Notes:

(1) The calculation is based on (i) the aggregate number of Shares and (ii) the total number of 489,459,789 Shares in issue, as at June 30, 2023.

(2) Ma Ting Hung controls 100% of each of Skyworld-Best Limited, Wealthy Surplus Limited and Glory Global International Limited.

(3) Liu Sai Wang Stephen controls 100% of each of Perfect Castle Development Limited and Union Fair International Limited, and 50% of Magic Mount Limited. Perfect Castle Development Limited has an interest in 27,523,810 Shares, and amongst which, 20,000,000 Shares have been lent under securities lending agreements. Union Fair International Limited has an interest in 4,124,505 Shares.

(4) Kwok Lim Ying controls 50% of Magic Mount Limited.

(5) Kwok Peter Viem and Kwok Chang Shiu Feng each controls 50% of High Loyal Management Limited. The short position disclosed by High Loyal Management Limited relates to 20,000,000 borrowed Shares (with an obligation to return the Shares) under securities lending agreements.

(6) Cavamont Holdings Limited controls 100% of Cavamont Investments Limited ("**Cavamont Investments**").

(7) Cavamont Investments controls 100% of Cavenham Private.

(8) David Bonderman and James George Coulter each controls 50% of TPG Group Holdings (SBS) Advisors, Inc.

(9) TPG Group Holdings (SBS) Advisors, Inc. controls 100% of TPG Group Holdings (SBS) Advisors, LLC.

(10) TPG Group Holdings (SBS) Advisors, LLC controls 100% of TPG Group Holdings (SBS), L.P.

(11) TPG Group Holdings (SBS), L.P. controls 100% of TPG Holdings III-A, Inc.

(12) TPG Holdings III-A, Inc. controls 100% of TPG Holdings III-A, L.P.

(13) TPG Holdings III-A, L.P. controls 100% of TPG Holdings III, LP.

(14) TPG Holdings III, LP controls 100% of TPG Growth III SF AIV GenPar Advisors, Inc.

(15) TPG Growth III SF AIV GenPar Advisors, Inc. controls 100% of TPG Growth III SF AIV GenPar, LP.

(16) TPG Growth III SF AIV GenPar, LP controls 100% of TPG Growth III SF Finance, Limited Partnership.

(17) TPG Growth III SF Finance, Limited Partnership controls 100% of TPG Growth III SF Pte. Ltd.

Save as disclosed herein and in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above, and so far as is known to the Directors, as at June 30, 2023, no person had an interest or a short position in the Shares or underlying Shares required to be recorded in the register to be kept under section 336 of the SFO.

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 Period.

REVIEW OF ACCOUNTS

The audit committee has reviewed this interim report with senior management of the Company.

Report on Review of Interim Financial Information

To the Board of Directors of VCREDIT Holdings Limited
(registered by way of continuation in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 69, which comprises the interim condensed consolidated statement of financial position of VCREDIT Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at June 30, 2023 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company (the "**Directors**") are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 24, 2023

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2023

		Six months ended June 30,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Interest type income	*6*	**774,197**	1,124,663
Less: interest expenses	*6*	**(175,656)**	(310,181)
Net interest type income	*6*	**598,541**	814,482
Loan facilitation service fees	*7*	**1,105,334**	692,386
Other income	*8*	**213,732**	75,623
Total income		**1,917,607**	1,582,491
Origination and servicing expenses	*9*	**(807,664)**	(563,118)
Sales and marketing expenses	*9*	**(21,443)**	(16,520)
General and administrative expenses	*9*	**(167,171)**	(155,659)
Research and development expenses	*9*	**(58,067)**	(46,806)
Credit impairment losses	*10*	**(148,258)**	(68,185)
Fair value change of loans to customers	*5.2.1*	**(333,450)**	(303,649)
Other gains, net	*11*	**7,943**	1,798
Operating profit		**389,497**	430,352
Share of net loss of associates accounted for using the equity method		**(1,525)**	–
Profit before income tax		**387,972**	430,352
Income tax expense	*12*	**(85,859)**	(102,354)
Profit for the period		**302,113**	327,998
Profit for the period attributable to:			
Owners of the Company		**302,109**	328,001
Non-controlling interests		**4**	(3)
		302,113	327,998

	Notes	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange difference on translation of financial statements		**(161)**	(4,866)
Total comprehensive income for the period, net of tax		**301,952**	323,132
Total comprehensive income attributable to:			
Owners of the Company		**301,948**	323,135
Non-controlling interests		**4**	(3)
		301,952	323,132
Basic earnings per share (RMB yuan)	13	**0.62**	0.67
Diluted earnings per share (RMB yuan)	13	**0.62**	0.67

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

Interim Condensed Consolidated Statement of Financial Position

As at June 30, 2023

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Assets			
Cash and cash equivalents	14(a)	1,261,303	1,592,365
Restricted cash	14(b)	598,640	514,941
Loans to customers at fair value through profit or loss	15	4,667,999	5,230,471
Contract assets	16	474,938	443,146
Guarantee receivables	17	1,263,091	787,396
Financial investments at fair value through profit or loss	18	182,364	243,526
Investments accounted for using the equity method	19	19,364	20,889
Deferred income tax assets	20	437,870	342,458
Right-of-use assets		69,561	28,247
Intangible assets		38,584	38,441
Property and equipment		43,309	42,406
Other assets	21	1,071,059	819,150
Total assets		10,128,082	10,103,436
Liabilities			
Tax payable		263,068	199,748
Guarantee liabilities	17	1,563,710	1,140,754
Lease liabilities		69,817	27,789
Borrowings	22	3,651,340	4,331,326
Senior notes	23	91,218	176,236
Other liabilities	24	404,774	401,842
Total liabilities		6,043,927	6,277,695
Equity			
Share capital	25	40,067	40,067
Share premium	25	5,311,233	5,355,195
Treasury shares	26	(7,045)	(16,182)
Reserves		748,374	757,248
Accumulated losses		(2,011,521)	(2,313,630)
Non-controlling interests		3,047	3,043
Total equity		4,084,155	3,825,741
Total liabilities and equity		10,128,082	10,103,436

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company							
				Reserves				
	Share capital RMB'000 Note 25	Share premium RMB'000 Note 25	Treasury shares RMB'000 Note 26	Share-based payment reserves RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)								
Balance at January 1, 2023	40,067	5,355,195	(16,182)	684,114	73,134	(2,313,630)	3,043	3,825,741
Profit for the period	–	–	–	–	–	302,109	4	302,113
Exchange difference on translation of financial statements	–	–	–	–	(161)	–	–	(161)
Total comprehensive income for the period	–	–	–	–	(161)	302,109	4	301,952
Transactions with owners in their capacity as owners								
Shares purchased for share awards	–	–	(314)	–	–	–	–	(314)
Share-based payment	–	–	–	1,403	–	–	–	1,403
Dividends declared	–	(44,627)	–	–	–	–	–	(44,627)
Vesting of share awards	–	665	9,451	(10,116)	–	–	–	–
Total transactions with owners in their capacity as owners	–	(43,962)	9,137	(8,713)	–	–	–	(43,538)
Balance at June 30, 2023	40,067	5,311,233	(7,045)	675,401	72,973	(2,011,521)	3,047	4,084,155

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company							
				Reserves				
	Share capital	Share premium	Treasury shares	Share-based payment reserves	Translation reserve	Accumulated losses	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 25	*Note 25*	*Note 26*					
(Unaudited)								
Balance at January 1, 2022	40,145	5,461,908	(29,084)	691,301	72,513	(2,846,096)	3,038	3,393,725
Profit for the period	–	–	–	–	–	328,001	(3)	327,998
Exchange difference on translation of financial statements	–	–	–	–	(4,866)	–	–	(4,866)
Total comprehensive income for the period	–	–	–	–	(4,866)	328,001	(3)	323,132
Transactions with owners in their capacity as owners								
Shares cancelled	(4)	(150)	154	–	–	–	–	–
Share-based payment	–	–	–	3,485	–	–	–	3,485
Dividends declared	–	(62,675)	–	–	–	–	–	(62,675)
Vesting of share awards	–	(50)	11,207	(11,157)	–	–	–	–
Total transactions with owners in their capacity as owners	(4)	(62,875)	11,361	(7,672)	–	–	–	(59,190)
Balance at June 30, 2022	40,141	5,399,033	(17,723)	683,629	67,647	(2,518,095)	3,035	3,657,667

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Notes	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Operating activities			
Cash generated from operating activities		**664,899**	1,661,429
Income tax paid		**(86,285)**	(42,759)
Net cash inflow from operating activities		**578,614**	1,618,670
Investing activities			
Payments for property and equipment		**(12,474)**	(7,357)
Payments for intangible assets		**(3,244)**	(1,113)
Proceeds from/(Payments for) financial investments at fair value through profit or loss, net		**63,369**	(211,054)
Net cash inflow/(outflow) from investing activities		**47,651**	(219,524)
Financing activities			
Proceeds from issuance of senior notes		**–**	162,242
Repayment of borrowings, net		**(683,900)**	(1,133,917)
Including: repayment of trust plan holders, net		**(677,200)**	(1,133,917)
Repurchase of senior notes		**(88,400)**	(196,446)
Interest expenses paid		**(171,577)**	(286,804)
Payments for shares repurchased		**(314)**	–
Payments for lease liabilities		**(15,180)**	(14,453)
Net cash outflow from financing activities		**(959,371)**	(1,469,378)
Net decrease in cash and cash equivalents		**(333,106)**	(70,232)
Cash and cash equivalents at the beginning of the period	*14(a)*	**1,592,514**	1,908,110
Effects of exchange rate changes on cash and cash equivalents		**1,903**	5,251
Cash and cash equivalents at the end of the period	*14(a)*	**1,261,311**	1,843,129

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

1 GENERAL INFORMATION

VCREDIT Holdings Limited (the "**Company**") was incorporated in the British Virgin Islands (the "**BVI**") on July 24, 2007 as an exempted company with limited liability under the laws of the BVI.

Pursuant to a shareholders' resolution dated February 6, 2018, the Company re-domiciled to the Cayman Islands by way of continuation as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented. The re-domiciliation was completed on February 26, 2018. The current address of the Company's registered office is at 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 Company together with its subsidiaries (the "**Group**") is currently primarily a technology-driven consumer financial service provider in the People's Republic of China ("**China**", or the "**PRC**"), offering tailored consumer finance products to prime and near-prime borrowers who are underserved by traditional financial institutions. The Group also offers consumer finance products by facilitating transactions between borrowers and financial institutions or lending to borrowers.

The Company'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 (the "**IPO**"). Upon the completion of the IPO, all of the Company's outstanding convertible redeemable preferred shares were converted into the Company's ordinary shares on a one-to-one basis. As at June 30, 2023, the number of ordinary shares of the Company in issue was 489,459,789, with a par value of HK$0.10 per share.

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

The interim condensed consolidated financial information has been approved and authorised for issue by the board of directors of the Company (the "**Board**") on August 24, 2023.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2023 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim financial reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information is to be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), and any public announcements made by the Group during the six months ended June 30, 2023.

3 MATERIAL ACCOUNTING POLICIES

3.1 New standards and amendments – applicable January 1, 2023

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2022, except for the adoption of new or amended standards and interpretations that became applicable for annual reporting periods commencing on or after January 1, 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The following new standards and interpretations apply for the first time to the financial reporting periods commencing on or after January 1, 2023:

		Notes
IFRS 17	Insurance Contracts	(a)
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	(b)
Amendments to IAS 8	Definition of Accounting Estimates	(c)
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	(d)
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules	(e)

(a) 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 short-duration contracts, which are often written by non-life insurers.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 New standards and amendments – applicable January 1, 2023 (continued)

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

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.

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 1 January 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.

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

The 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.

(c) *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.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 New standards and amendments – applicable January 1, 2023 (continued)

(d) 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. They will typically apply to transactions such as leases of lessees and decommissioning obligations, 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.

The cumulative effect of recognising these adjustments is recognised in 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.

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

(e) 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.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for June 30, 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	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 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

5 RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

There have been no significant changes in the risk management policies since December 31, 2022.

Measurement of expected credit losses ("ECL")

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default and Loss Given Default. This is consistent with the models applied in the consolidated financial statements for the year ended December 31, 2022.

The assessment of ECL incorporates forward-looking information in respect of PD. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for its credit exposures.

Key economic variable	Scenario	As at June 30, 2023	As at December 31, 2022
Consumer Price Index ("**CPI**")	Base	**1.02%**	1.90%
	Upside	**1.73%**	2.00%
	Downside	**0.50%**	1.18%
Gross Domestic Product ("**GDP**")	Base	**5.10%**	4.88%
	Upside	**6.00%**	5.00%
	Downside	**5.02%**	4.43%

5 RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

Measurement of expected credit losses ("ECL") (continued)

The Group uses economic variable assumptions when determining expected CPI and GDP. The weightings assigned to each economic scenario at June 30, 2023 were as follows, which were the same as at December 31, 2022:

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

Sensitivity analysis

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

For CPI and GDP, assuming a 10% increase in the weight of the upside scenario and a 10% reduction in the weight of the base scenario, the Group's ECL allowance as at June 30, 2023 would be reduced by RMB23.79 million (December 31, 2022: RMB2.88 million); assuming a 10% increase in the weight of the downside scenario and a 10% reduction in the weight of the base scenario, the Group's ECL allowance as at June 30, 2023 would be increased by RMB11.67 million (December 31, 2022: RMB17.87 million).

5.2 Fair value measurement of financial instruments

5.2.1 Fair value hierarchy

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

5 RISK MANAGEMENT (continued)

5.2 Fair value measurement of financial instruments (continued)

5.2.1 *Fair value hierarchy* (continued)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value as at June 30, 2023 and December 31, 2022, respectively, on a recurring basis:

	Valuation techniques	As at June 30, 2023 Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)					
Assets					
Loans to customers at fair value through profit or loss	Discounted cash flow method (i)	–	–	4,667,999	4,667,999
Financial investments at fair value through profit or loss					
– Unlisted equity investments	Market comparable companies	–	–	14,969	14,969
– Unlisted equity investments	Net asset value	–	–	17,725	17,725
– Structured deposits	Discounted cash flow method (i)	–	10,000	–	10,000
– Convertible promissory notes	The Binominal Model	–	–	2,168	2,168
– Money market funds	Quoted market price	136,400	–	–	136,400
– Revenue based financing product	Discounted cash flow method (i)	–	–	1,102	1,102
		136,400	10,000	4,703,963	4,850,363

5 RISK MANAGEMENT (continued)

5.2 Fair value measurement of financial instruments (continued)

5.2.1 *Fair value hierarchy* (continued)

	Valuation techniques	As at December 31, 2022			
		Level 1	Level 2	Level 3	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Audited)					
Assets					
Loans to customers at fair value through profit or loss	Discounted cash flow method (i)	–	–	5,230,471	5,230,471
Financial investments at fair value through profit or loss					
– Unlisted equity investments	Market comparable companies	–	–	13,800	13,800
– Unlisted equity investments	Net asset value	–	–	17,637	17,637
– Structured deposits	Discounted cash flow method (i)	–	200,000	–	200,000
– Convertible promissory note	The Binominal Model	–	–	2,089	2,089
– Wealth management product	Quoted market price	–	10,000	–	10,000
		–	210,000	5,263,997	5,473,997

(i) The key unobservable input used in the discounted cash flow method is the risk-adjusted discount rate.

5 RISK MANAGEMENT (continued)

5.2 Fair value measurement of financial instruments (continued)

5.2.1 *Fair value hierarchy* (continued)

The following table presents the changes in level 3 asset instruments for the six months ended June 30, 2023 and 2022, respectively:

	Loans to customers at fair value through profit or loss RMB'000 (Unaudited)	Financial investments at fair value through profit or loss RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At January 1, 2023	5,230,471	33,526	5,263,997
Additions	5,395,855	1,293	5,397,148
Derecognition	(5,624,877)	(117)	(5,624,994)
Losses recognised in profit or loss within fair value change of loans to customers (i)	(333,450)	–	(333,450)
Exchange difference	–	1,262	1,262
At June 30, 2023	4,667,999	35,964	4,703,963
At January 1, 2022	7,322,034	36,270	7,358,304
Additions	7,418,714	9,612	7,428,326
Derecognition	(7,985,653)	–	(7,985,653)
Losses recognised in profit or loss within fair value change of loans to customers (i)	(303,649)	–	(303,649)
Losses recognised in profit or loss within other gains, net	–	(1,645)	(1,645)
Exchange difference	–	1,515	1,515
At June 30, 2022	6,451,446	45,752	6,497,198

(i) Losses recognised in profit or loss include unrealised gains attributable to balances held as at June 30, 2023 of RMB23.79 million (June 30, 2022: RMB51.91 million).

5 RISK MANAGEMENT (continued)

5.2 Fair value measurement of financial instruments (continued)

5.2.1 *Fair value hierarchy* (continued)

There were no transfers between the levels of the fair value hierarchy in the six months ended June 30, 2023. There were no changes made to any of the valuation techniques applied in the six months ended June 30, 2023.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

5.2.2 *Fair value measurements using significant unobservable inputs*

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

As at June 30, 2023, the level 3 instruments were mainly loans to customers at fair value through profit or loss. As the loans to customers are not traded in an active market, its fair value has been determined using the discounted cash flow method whereby the discount rate adjustment technique is applied. The discount rate used to determine the present value was a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the assets as at each reporting date. The management determined the risk-free interest rates based on the yield of China Government Bonds with a maturity equal to periods from the respective reporting date to expected cash flow date. The determination of risk premiums to derive the risk-adjusted discount rates involved critical estimates and judgements.

5 RISK MANAGEMENT (continued)

5.2 Fair value measurement of financial instruments (continued)

5.2.2 *Fair value measurements using significant unobservable inputs* (continued)

The table below illustrates the impact on profit before income tax for the six months ended June 30, 2023 and 2022, if the risk-adjusted discount rate had increased/decreased by 100 basis points with all other variables held constant.

Expected changes in profit before income tax	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
+100 basis points	**(12,932)**	(17,467)
-100 basis points	**13,094**	17,679

5.2.3 *Fair values of other financial instruments*

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

5.3 Operation risk

Operation risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. The Group is exposed to many types of operation risks in the conduct of its business. The Group attempts to manage operation risk by establishing clear policies and requiring well documented business processes to ensure that transactions are properly authorised, supported and recorded.

China Banking and Insurance Regulatory Commission, jointly with other regulatory authorities, issued the Circular on Issuing Supplementary Provisions on Supervision of Financing Guarantee Companies (the "**Circular**") on October 24, 2019 to further regulate certain financial guarantee activities. The Group has acknowledged the requirements set forth in the Circular and noted the potential non-compliance risk to the current business model for its trust scheme operations going forward. Such potential non-compliance could subject the Group to penalties and/or it being required to change its current business models.

The Group is working to amend its current business plans, including increasing the proportion of business through its own financial guarantee company and restructuring future credit enhancement arrangements, to cope with the implications of the Circular. Taking into consideration current market practice and the implementation status of the related regulatory requirements, the Group has assessed that the potential impact of changes to its future business plans is not significant and does not believe that it is probable there will be a material outflow of resources during the process of complying with the new regulations. The Group will pay close attention to market developments and will continue to monitor the impact to its operations and financial position.

6 NET INTEREST TYPE INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest type income		
Loans to customers at fair value through profit or loss	**774,197**	1,124,663
Less: interest expenses		
Payable to trust plan holders	**(161,938)**	(273,282)
Senior notes	**(8,563)**	(36,898)
Bank borrowings	**(5,154)**	–
Others	**(1)**	(1)
	(175,656)	(310,181)
Net interest type income	**598,541**	814,482

7 LOAN FACILITATION SERVICE FEES

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Upfront loan facilitation service fees	**758,205**	473,976
Post loan facilitation service fees	**347,129**	218,410
	1,105,334	692,386

Note: The Group considers the upfront loan facilitation services and post loan facilitation services as distinct performance obligations. Upfront loan facilitation service fees are recognised at loan inception. Post loan facilitation service fees are recognised over the term of the loan, which approximates the pattern of when the underlying services are performed. The unsatisfied performance obligations as at June 30, 2023 were RMB343.82 million. Management expects that 98.92% of the transaction price allocated to the unsatisfied contracts as at June 30, 2023 will be recognised as revenue within the next 12 months (As at June 30, 2022: the unsatisfied performance obligations were RMB186.94 million, and management expects that 99.96% of the transaction price allocated to the unsatisfied contracts will be recognised as revenue within the next 12 months).

8 OTHER INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gains from guarantee	**127,726**	3,708
Membership fees, referral fees and other service fees	**74,333**	27,950
Penalty and other charges	**8,386**	7,331
Government grants	**–**	36,010
Others	**3,287**	624
	213,732	75,623

9 EXPENSES BY NATURE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loan origination and servicing expenses	**(744,021)**	(496,552)
Employee benefit expenses	**(199,147)**	(176,542)
Office expenses	**(38,032)**	(16,320)
Professional service fees	**(28,645)**	(42,329)
Depreciation of right-of-use assets	**(15,124)**	(12,873)
Depreciation and amortisation	**(11,925)**	(12,574)
Tax and surcharge	**(11,769)**	(7,877)
Branding expenses	**(5,008)**	(4,072)
Others	**(674)**	(12,964)
Total origination and servicing expenses, sales and marketing expenses, general and administrative expenses, and research and development expenses	**(1,054,345)**	(782,103)

10 CREDIT IMPAIRMENT LOSSES

	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Guarantee receivables	(100,129)	(39,933)
Contract assets	(43,790)	(29,915)
Other assets	(4,445)	1,667
Restricted cash	(35)	(51)
Cash and cash equivalents	141	47
	(148,258)	(68,185)

11 OTHER GAINS, NET

	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Bank interest income	11,341	9,142
Exchange gains/(losses)	1,148	(9,256)
Gains/(losses) from financial assets at fair value through profit or loss	945	(615)
(Losses)/gains from repurchase of senior notes	(1,283)	4,123
Interest expense on lease liabilities	(1,664)	(1,088)
Bank charges	(2,544)	(508)
	7,943	1,798

12 INCOME TAX EXPENSE

	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax	(181,271)	(153,005)
Deferred income tax	95,412	50,651
	(85,859)	(102,354)

12 INCOME TAX EXPENSE (continued)

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

	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit before income tax:	**387,972**	430,352
Tax calculated at PRC statutory income tax rate of 25%	**(96,993)**	(107,588)
Tax effects of:		
– Expenses not deductible for income tax purpose	**(898)**	(1,058)
Share-based compensation	**(351)**	(871)
Others	**(547)**	(187)
– Differential income tax rates applicable to the Company and subsidiaries (i)	**17,295**	18,748
– Withholding tax on distributed profits	**(3,836)**	(10,000)
– No recognition of deferred tax assets on tax losses	**(1,427)**	(2,456)
Income tax expense	**(85,859)**	(102,354)

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

Cayman Islands

The Company re-domiciled to the Cayman Islands by way of continuation as an exempted company with limited liability from the BVI prior to listing. The Company is governed by the laws of the Cayman Islands after completion of the continuation. Accordingly the Company is not subject to income tax under Cayman Islands' law.

China

Under the PRC Enterprise Income Tax Law (the "**EIT Law**"), domestically owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%.

On October 23, 2014, the Group's subsidiary Vision Credit Financial Technology Co., Ltd., qualified as a High and New Technology Enterprise ("**HNTE**") and was entitled to a preferential income tax rate of 15% for consecutive three years. Vision Credit Financial Technology Co., Ltd. renewed the HNTE status in 2017 and 2020 and will continue to enjoy the preferential income tax rate of 15% from November 2020 to November 2023. Currently, Vision Credit Financial Technology Co., Ltd. is preparing for further application of HNTE qualification.

In addition, certain PRC subsidiaries of the Group are subject to "Low-profit Small Enterprises" under the EIT Law, whose preferential income tax rate was 20%.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries incorporated in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax. Commencing from the year of assessment of 2018/2019, the first HK$2.00 million of profits earned by the Company's subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e. 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate.

Withholding Tax on Undistributed Profits

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

Deferred income tax liability on withholding tax is accrued based on the best estimation when the Group has a plan to require its PRC subsidiaries to distribute their retained earnings.

13 EARNINGS PER SHARE

	Six months ended June 30, 2023 (Unaudited)	2022 (Unaudited)
Earnings attributable to owners of the Company (RMB'000)	**302,109**	328,001
Weighted average number of ordinary shares for calculation of the basic earnings per share ('000)	**487,763**	487,038
Weighted average number of ordinary shares for calculation of the diluted earnings per share ('000)	**489,923**	490,290
Basic earnings per share (RMB yuan)	**0.62**	0.67
Diluted earnings per share (RMB yuan)	**0.62**	0.67

(a) 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 ordinary shares outstanding during the period.

(b) For the six months ended June 30, 2023 and 2022, respectively, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and share awards granted by the Company (collectively forming the denominator for computing diluted earnings per share). No adjustment is made to earnings (numerator).

	Six months ended June 30, 2023 Number of ordinary shares ('000) (Unaudited)	2022 Number of ordinary shares ('000) (Unaudited)
Weighted average number of ordinary shares for calculation of the basic earnings per share	**487,763**	487,038
Adjustments for share options and share awards granted	**2,160**	3,252
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	**489,923**	490,290

14 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Cash at bank	1,252,856	1,585,539
Cash held through platform[i]	8,451	6,947
Cash on hand	4	28
Less: ECL allowance	(8)	(149)
	1,261,303	1,592,365

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

(b) Restricted cash

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Deposits to funding partners[ii]	393,646	309,912
Deposits for borrowings[iii]	205,190	205,190
Less: ECL allowance	(196)	(161)
	598,640	514,941

(ii) Deposits to funding partners are deposited in designated bank accounts that are restricted by the loan facilitation service contracts between the funding partners and the Group. According to these contracts, the Group cannot withdraw restricted cash without permission of the funding partners.

(iii) Deposits for borrowings are pledges for secured borrowings (refer to Note 22).

15 LOANS TO CUSTOMERS AT FAIR VALUE THROUGH PROFIT OR LOSS

Loans to customers are mandatorily measured at fair value through profit or loss in accordance with IFRS 9. The composition of loans is as follows:

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Unsecured	**4,667,981**	5,226,433
Pledged (i)	**18**	4,038
	4,667,999	5,230,471

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

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Within 1 year (including 1 year)	**4,643,936**	5,227,719
1 to 2 years (including 2 years)	**24,045**	885
2 to 5 years (including 5 years)	**18**	1,867
	4,667,999	5,230,471

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

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Overdue (ii)	**59,957**	76,646
Within 1 year (including 1 year)	**4,584,357**	5,153,636
1 to 2 years (including 2 years)	**23,685**	189
	4,667,999	5,230,471

(i) The collateral for the pledged loans consists of residential properties.

(ii) As at June 30, 2023, the fair value of loans to customers which have been delinquent up to 30 days was RMB27.78 million, and the fair value of loans to customers which have been delinquent for 31-180 days was RMB32.18 million (December 31, 2022: RMB27.42 million and RMB49.23 million, respectively).

16 CONTRACT ASSETS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Contract assets	548,200	496,681
Less: ECL allowance	(73,262)	(53,535)
	474,938	443,146

Movement of gross carrying amount

Contract assets	Six months ended June 30, 2023			
	Current RMB'000 (Unaudited)	1–30 days past due RMB'000 (Unaudited)	30–180 days past due RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance at January 1, 2023	476,995	4,744	14,942	496,681
New assets originated	953,017	–	–	953,017
Transfer for the period	(44,714)	6,734	37,980	–
Assets derecognised (including final repayment)	(875,475)	(1,404)	(556)	(877,435)
Assets written off	–	–	(24,063)	(24,063)
Ending balance at June 30, 2023	509,823	10,074	28,303	548,200

Contract assets	Six months ended June 30, 2022			
	Current RMB'000 (Unaudited)	1–30 days past due RMB'000 (Unaudited)	30–180 days past due RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance at January 1, 2022	316,143	6,787	28,654	351,584
New assets originated	497,532	–	–	497,532
Transfer for the period	(23,108)	(1,484)	24,592	–
Assets derecognised (including final repayment)	(408,273)	(2,492)	(3,211)	(413,976)
Assets written off	–	–	(34,470)	(34,470)
Ending balance at June 30, 2022	382,294	2,811	15,565	400,670

16 CONTRACT ASSETS (continued)

Movement of ECL allowance

ECL allowance	Six months ended June 30, 2023			
	Current	1–30 days past due	30–180 days past due	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2023	(35,504)	(3,994)	(14,037)	(53,535)
New assets originated	(71,487)	–	–	(71,487)
Transfer for the period	3,376	(5,167)	(36,130)	(37,921)
Assets derecognised (including final repayment)	66,089	1,077	529	67,695
Changes to risk parameters (model inputs)	(1,498)	1,108	(1,687)	(2,077)
Assets written off	–	–	24,063	24,063
Ending balance at June 30, 2023	(39,024)	(6,976)	(27,262)	(73,262)

ECL allowance	Six months ended June 30, 2022			
	Current	1–30 days past due	30–180 days past due	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2022	(20,502)	(5,437)	(27,289)	(53,228)
New assets originated	(49,541)	–	–	(49,541)
Transfer for the period	1,722	1,160	(23,055)	(20,173)
Assets derecognised (including final repayment)	30,418	1,947	3,010	35,375
Changes to risk parameters (model inputs)	5,731	190	(1,497)	4,424
Assets written off	–	–	34,470	34,470
Ending balance at June 30, 2022	(32,172)	(2,140)	(14,361)	(48,673)

16 CONTRACT ASSETS (continued)

ECL allowance	**Six months ended June 30, 2023 Current RMB'000 (Unaudited)**	**1–30 days past due RMB'000 (Unaudited)**	**30–180 days past due RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
ECL charged for the period	**(3,520)**	**(2,982)**	**(37,288)**	**(43,790)**

ECL allowance	Six months ended June 30, 2022 Current RMB'000 (Unaudited)	1–30 days past due RMB'000 (Unaudited)	30–180 days past due RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
ECL charged for the period	(11,670)	3,297	(21,542)	(29,915)

Note: The Group recognises upfront loan facilitation service fees at loan inception and post loan facilitation service fees 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, 2023 would be realised within the next 12 months as the weighted average term of the arrangements where the Group is not the loan originator was less than 12 months. The Group determined there is no significant financing component for its arrangements where the Group is not the lender.

17 GUARANTEE RECEIVABLES AND GUARANTEE LIABILITIES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Guarantee receivables	**1,415,173**	874,014
Less: ECL allowance	**(152,082)**	(86,618)
	1,263,091	787,396

A summary of the Group's guarantee receivables movement for the six months ended June 30, 2023 and 2022 is presented below:

	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Guarantee receivables		
Opening balance	**787,396**	325,331
Addition arising from new loan facilitated	**1,674,123**	747,239
ECL	**(100,129)**	(39,933)
Reversal due to early repayment	**(86,228)**	(17,067)
Payment received from borrowers	**(1,012,071)**	(453,364)
Ending balance	**1,263,091**	562,206

17 GUARANTEE RECEIVABLES AND GUARANTEE LIABILITIES (continued)

Movement of gross carrying amount

Guarantee receivables	**Six months ended June 30, 2023**			
	Stage 1	**Stage 2**	**Stage 3**	
		1–30 days	**30–180 days**	
	Current	**past due**	**past due**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Opening balance at January 1, 2023	**839,670**	**10,383**	**23,961**	**874,014**
New financial assets originated	**1,674,123**	**–**	**–**	**1,674,123**
Transfer for the period:				
From stage 1 to stage 2	**(26,290)**	**26,290**	**–**	**–**
From stage 1 to stage 3	**(51,488)**	**–**	**51,488**	**–**
From stage 2 to stage 1	**158**	**(158)**	**–**	**–**
From stage 2 to stage 3	**–**	**(9,668)**	**9,668**	**–**
From stage 3 to stage 2	**–**	**35**	**(35)**	**–**
Assets derecognised (including final repayment)	**(1,093,872)**	**(3,611)**	**(816)**	**(1,098,299)**
Assets written off	**–**	**–**	**(34,665)**	**(34,665)**
Ending balance at June 30, 2023	**1,342,301**	**23,271**	**49,601**	**1,415,173**

Guarantee receivables	Six months ended June 30, 2022			
	Stage 1	Stage 2	Stage 3	
		1–30 days	30–180 days	
	Current	past due	past due	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2022	345,677	6,857	24,437	376,971
New financial assets originated	747,239	–	–	747,239
Transfer for the period:				
From stage 1 to stage 2	(4,189)	4,189	–	–
From stage 1 to stage 3	(16,293)	–	16,293	–
From stage 2 to stage 1	153	(153)	–	–
From stage 2 to stage 3	–	(4,667)	4,667	–
From stage 3 to stage 2	–	3	(3)	–
Assets derecognised (including final repayment)	(465,328)	(1,913)	(3,190)	(470,431)
Assets written off	–	–	(25,550)	(25,550)
Ending balance at June 30, 2022	607,259	4,316	16,654	628,229

17 GUARANTEE RECEIVABLES AND GUARANTEE LIABILITIES (continued)

Movement of ECL allowance

ECL allowance	**Six months ended June 30, 2023**			
	Stage 1	**Stage 2**	**Stage 3**	
		1–30 days	**30–180 days**	
	Current	**past due**	**past due**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Opening balance at January 1, 2023	**(56,689)**	**(7,944)**	**(21,985)**	**(86,618)**
New financial assets originated	**(120,954)**	**–**	**–**	**(120,954)**
Transfer for the period:				
From stage 1 to stage 2	**1,779**	**(18,998)**	**–**	**(17,219)**
From stage 1 to stage 3	**3,484**	**–**	**(47,091)**	**(43,607)**
From stage 2 to stage 1	**(11)**	**114**	**–**	**103**
From stage 2 to stage 3	**–**	**6,986**	**(8,842)**	**(1,856)**
From stage 3 to stage 2	**–**	**(25)**	**32**	**7**
Assets derecognised (including final repayment)	**74,018**	**2,609**	**746**	**77,373**
Changes to risk parameters (model inputs)	**7,341**	**1,430**	**(2,747)**	**6,024**
Assets written off	**–**	**–**	**34,665**	**34,665**
Ending balance at June 30, 2023	**(91,032)**	**(15,828)**	**(45,222)**	**(152,082)**

ECL allowance	Six months ended June 30, 2022			
	Stage 1	Stage 2	Stage 3	
		1–30 days	30–180 days	
	Current	past due	past due	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance at January 1, 2022	(23,834)	(5,195)	(22,611)	(51,640)
New financial assets originated	(68,170)	–	–	(68,170)
Transfer for the period:				
From stage 1 to stage 2	307	(3,216)	–	(2,909)
From stage 1 to stage 3	1,195	–	(15,084)	(13,889)
From stage 2 to stage 1	(11)	117	–	106
From stage 2 to stage 3	–	3,583	(4,321)	(738)
From stage 3 to stage 2	–	(2)	3	1
Assets derecognised (including final repayment)	34,140	1,469	2,953	38,562
Changes to risk parameters (model inputs)	9,137	(114)	(1,919)	7,104
Assets written off	–	–	25,550	25,550
Ending balance at June 30, 2022	(47,236)	(3,358)	(15,429)	(66,023)

17 GUARANTEE RECEIVABLES AND GUARANTEE LIABILITIES (continued)

ECL allowance	**Six months ended June 30, 2023**			
	Stage 1	**Stage 2**	**Stage 3**	
		1–30 days	**30–180 days**	
	Current	**past due**	**past due**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
ECL charged for the period	**(34,343)**	**(7,884)**	**(57,902)**	**(100,129)**

ECL allowance	Six months ended June 30, 2022			
	Stage 1	Stage 2	Stage 3	
		1–30 days	30–180 days	
	Current	past due	past due	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ECL charged for the period	(23,402)	1,837	(18,368)	(39,933)

A summary of the Group's guarantee liabilities movement for the six months ended June 30, 2023 and 2022 is presented below:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Guarantee liabilities		
Opening balance	**1,140,754**	472,454
Addition arising from new loan facilitated	**1,674,123**	747,239
Release of the margin	**(113,888)**	(49,780)
ECL	**(13,838)**	46,072
Reversal due to early repayment	**(86,228)**	(17,067)
Payouts during the period, net	**(1,037,213)**	(465,953)
Ending balance	**1,563,710**	732,965

Note: The outstanding loan balance for which the Group provided financial guarantee in Stage 1, Stage 2 and Stage 3 were RMB20,383.06 million, RMB162.70 million and RMB943.05 million, respectively, as at June 30, 2023 (December 31, 2022: RMB15,032.16 million, RMB42.39 million and RMB318.60 million, respectively).

18 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2023 *RMB'000* **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Money market funds	**136,400**	–
Unlisted equity investments	**32,694**	31,437
Structured deposits	**10,000**	200,000
Convertible promissory notes	**2,168**	2,089
Revenue based financing product	**1,102**	–
Wealth management product	**–**	10,000
	182,364	243,526

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at June 30, 2023 *RMB'000* **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Investments accounted for using the equity method	**19,364**	20,889

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

	Six months ended June 30, 2023 ***RMB'000***
(Unaudited)	
Opening balance	**20,889**
Share of net losses	**(1,525)**
Ending balance	**19,364**

The Group had no investments accounted for using the equity method for the six months ended June 30, 2022.

20 DEFERRED INCOME TAX

	As at June 30, 2023		As at December 31, 2022	
	Deductible/ (taxable) temporary differences	**Deferred income tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Deferred income tax assets				
ECL allowance	**1,054,356**	**253,984**	906,098	216,919
Fair value change of loans to customers	**680,739**	**97,312**	663,185	135,475
Guarantee liabilities	**2,637,484**	**619,727**	1,703,619	386,261
Tax losses	**16,973**	**4,243**	17,980	4,495
Others	**20,754**	**3,113**	118,178	17,727
	4,410,306	**978,379**	3,409,060	760,877
Deferred income tax liabilities				
Unrealised gains [(i)]	**(2,378,244)**	**(539,843)**	(1,889,886)	(417,753)
Others	**(2,663)**	**(666)**	(2,663)	(666)
	(2,380,907)	**(540,509)**	(1,892,549)	(418,419)
Net deferred income tax assets	**2,029,399**	**437,870**	1,516,511	342,458

(i) Unrealised gains mainly arise from the timing difference of revenue recognition between the Group and its subsidiaries.

20 DEFERRED INCOME TAX (continued)

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

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Deferred income tax assets	437,870	342,458
Deferred income tax liabilities	–	–
Net deferred income tax assets	437,870	342,458

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

	ECL allowance RMB'000 (Unaudited)	Fair value change of loans to customers RMB'000 (Unaudited)	Guarantee liabilities RMB'000 (Unaudited)	Unrealised gains RMB'000 (Unaudited)	Tax losses RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at January 1, 2023	216,919	135,475	386,261	(417,753)	4,495	17,061	342,458
Recognised in the profit or loss	37,065	(38,163)	233,466	(122,090)	(252)	(14,614)	95,412
As at June 30, 2023	253,984	97,312	619,727	(539,843)	4,243	2,447	437,870
As at January 1, 2022	184,532	202,207	200,370	(328,905)	5,906	23,946	288,056
Recognised in the profit or loss	17,046	(109,589)	122,574	21,573	(912)	(41)	50,651
As at June 30, 2022	201,578	92,618	322,944	(307,332)	4,994	23,905	338,707

Deferred income tax assets are recognised for tax losses carried forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at June 30, 2023 and December 31, 2022, the Group did not recognise deferred income tax assets in respect of cumulative tax losses amounting to RMB40.57 million and RMB39.14 million, respectively.

21 OTHER ASSETS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Security deposits in financial institutions	721,671	524,655
Due from business partners	285,362	211,450
Prepaid expense	41,936	68,066
Rental deposits	8,293	9,817
Prepayment of equity investment [i]	7,688	–
Others	19,536	14,144
	1,084,486	828,132
Less: ECL allowance	(13,427)	(8,982)
	1,071,059	819,150

(i) On May 5, 2023, the Company and the sellers (Fundação Oriente and Sociedade Transnacional de Desenvolvimento de Participações (S.G.P.S.), S.A.), each as an independent third party, entered into the sale and purchase agreement in respect of the acquisition of 98.87% of the issued shares of Banco Português de Gestão, S.A. ("**BPG**") and subordinated debt issued by BPG in the principal amount of EUR3.00 million (the "**BPG Transaction**"). Pursuant to the sale and purchase agreement, the Company also conditionally agreed to acquire the remaining 1.09% of the issued shares of BPG from minority shareholders of BPG.

The maximum aggregate amount payable by the Company in respect of the BPG Transaction is EUR35.00 million and a cash down payment of EUR1.00 million has been paid to the sellers upon signing of the sale and purchase agreement.

As the completion of the BPG Transaction is subject to the satisfaction or waiver (as applicable) of certain conditions precedent, the BPG Transaction may or may not proceed.

22 BORROWINGS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Secured		
Bank borrowings(i)	186,961	186,990
Unsecured		
Payable to trust plan holders	3,464,379	4,137,616
Bank borrowings	–	6,720
	3,651,340	4,331,326

(i) As at June 30, 2023, the Group had a principal amount of RMB186.53 million secured bank borrowing guaranteed by deposits (refer to Note 14(b)), which were the same as at December 31, 2022. The term of the borrowing is twelve months, whose interest rate is 5.50% per annum.

Effective interest rates of borrowings

	As at June 30, 2023 (Unaudited)	As at December 31, 2022 (Audited)
Payable to trust plan holders	5.10%~10.50%	6.60%~10.50%
Bank borrowings	5.50%	5.50%~7.14%

Contractual maturities of borrowings

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Within 1 year (including 1 year)	2,103,820	2,035,366
1 to 2 years (including 2 years)	1,547,520	2,295,960
	3,651,340	4,331,326

22 BORROWINGS (continued)

Borrowings by repayment schedule

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Within 1 year (including 1 year)	3,571,940	4,231,926
1 to 2 years (including 2 years)	79,400	99,400
	3,651,340	4,331,326

23 SENIOR NOTES

	Senior notes due 2025 Unlisted RMB'000
(Unaudited)	
As at January 1, 2023	176,236
Accrued interest	8,027
Discount amortisation	536
Interest paid	(8,398)
Repurchase of principal [(i)]	(87,117)
Exchange difference	1,934
As at June 30, 2023	91,218

	Senior notes due 2022 (Stock Code: 40498) RMB'000	Senior notes due 2025 [(ii)] Unlisted RMB'000	Total RMB'000
(Unaudited)			
As at January 1, 2022	523,542	–	523,542
Issuance	–	162,242	162,242
Accrued interest	25,831	602	26,433
Discount amortisation	10,427	38	10,465
Interest paid	(19,413)	–	(19,413)
Repurchase of principal	(200,569)	–	(200,569)
Exchange difference	21,109	5,269	26,378
As at June 30, 2022	360,927	168,151	529,078

23 SENIOR NOTES (continued)

(i) The Company repurchased the principal amount of HK$100 million of the senior notes due 2025 on June 16, 2023. All of the repurchased senior notes were subsequently cancelled following repurchase. After cancellation of the repurchased notes, the aggregate principal amount of the senior notes remaining outstanding was HK$100 million, representing 50.0% of the original principal amount of the senior notes.

(ii) On June 16, 2022, the Company completed the issue and placing of the senior notes in the aggregate principal amount of HK$200 million due 2025, with a coupon rate of 9.5% per annum. The senior notes due 2025 constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Company which will at all times rank pari passu without any preference or priority among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company.

24 OTHER LIABILITIES

	As at June 30, 2023 *RMB'000* **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Accrued service fees	**218,661**	206,528
Employee benefit liability	**48,761**	59,293
Dividends payable	**45,130**	–
Due to business partners	**42,882**	85,746
Contract liabilities	**24,693**	25,707
Repayment from borrowers to be settled	**24,647**	24,565
Others	**–**	3
	404,774	401,842

25 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares *('000)*	**Share capital** *RMB'000*	**Share premium** *RMB'000*
(Unaudited)			
As at January 1, 2023	**489,459**	**40,067**	**5,355,195**
Vesting of share awards	**–**	**–**	**665**
Dividends declared	**–**	**–**	**(44,627)**
As at June 30, 2023	**489,459**	**40,067**	**5,311,233**
As at January 1, 2022	490,355	40,145	5,461,908
Shares cancelled	(45)	(4)	(150)
Vesting of share awards	–	–	(50)
Dividends declared	–	–	(62,675)
As at June 30, 2022	490,310	40,141	5,399,033

26 TREASURY SHARES

	As at June 30, 2023		As at December 31, 2022	
	Shares'000 (Unaudited)	**RMB'000 (Unaudited)**	Shares'000 (Audited)	RMB'000 (Audited)
Treasury shares	**(1,168)**	**(7,045)**	(2,377)	(16,182)

These shares are held by the VCREDIT No. 1 Share Award Scheme Trusts for the purpose of share award scheme mentioned in the Note 27, except for those shares repurchased and not yet cancelled by the Company.

Movements in treasury shares during the half-year are as follows:

	Six months ended June 30,			
	2023		2022	
	Shares'000 (Unaudited)	**RMB'000 (Unaudited)**	Shares'000 (Unaudited)	RMB'000 (Unaudited)
Opening balance	**(2,377)**	**(16,182)**	(4,108)	(29,084)
Vesting of share awards	**1,327**	**9,451**	1,536	11,207
Acquisition of shares by the VCREDIT No. 1 Share Award Scheme Trusts	**(118)**	**(314)**	–	–
Shares cancelled	**–**	**–**	45	154
Ending balance	**(1,168)**	**(7,045)**	(2,527)	(17,723)

27 SHARE-BASED PAYMENTS

Share options

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

	Exercise Price in US$ per Share Option		Number of Share Options ('000)	
	2017 ESOP I	**2017 ESOP II**	**2017 ESOP I**	**2017 ESOP II**
(Unaudited)				
Outstanding balance as at January 1, 2023	**1.6123**	**1.6123**	**34,757**	**25,115**
Forfeited, expired or lapsed during the period	**1.6123**	**1.6123**	**(34,757)**	**(25,115)**
Outstanding balance as at June 30, 2023	**–**	**–**	**–**	**–**

27 SHARE-BASED PAYMENTS (continued)

Share options (continued)

	Exercise Price in US$ per Share Option			Number of Share Options ('000)		
	2016 ESOP	2017 ESOP I	2017 ESOP II	2016 ESOP	2017 ESOP I	2017 ESOP II
(Unaudited)						
Outstanding balance as at January 1, 2022	0.8735	1.6123	1.6123	516	34,802	25,115
Forfeited, expired or lapsed during the period	0.8735	1.6123	–	(516)	(45)	–
Outstanding balance as at June 30, 2022	–	1.6123	1.6123	–	34,757	25,115

Share award schemes

Movement in the number of share awards for the six months ended June 30, 2023 and 2022 is as follows:

	Six months ended June 30,	
	2023	2022
	Number of share awards *('000)*	Number of share awards *('000)*
(Unaudited)		
Opening balance	**2,377**	3,963
Granted	**200**	200
Vested	**(1,327)**	(1,536)
Forfeited, expired or lapsed	**(127)**	(187)
Ending balance	**1,123**	2,440

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

28 RELATED PARTY TRANSACTIONS

All related party transactions that took place in the half-year to June 30, 2023 were similar in nature to those disclosed in the annual financial statements for the year ended December 31, 2022.

29 CONTINGENT LIABILITY

Other than as disclosed in previous notes, the Group did not have any significant contingent liabilities as at June 30, 2023.

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

As at June 30, 2023, remaining injected funds of the trust plans consolidated by the Group amounted to RMB3,882.70 million (December 31, 2022: RMB4,601.21 million).

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

31 COMMITMENTS

Other than as disclosed in previous notes, the Group did not have any other significant commitments as at June 30, 2023.

32 DIVIDENDS

During the six months ended June 30, 2023, a final dividend of HK10 cents per share for the year ended December 31, 2022, amounting to approximately HK$48.95 million, was declared and subsequently paid in July 2023. As at June 30, 2023, the Group recognised dividends payable of approximately RMB45.13 million. The dividends were paid from the share premium account of the Company (Note 25) in accordance with articles 13(h) and 154 of the Articles of Association and the Companies Act (2021 Revision) of the Cayman Islands.

On August 24, 2023, the Board recommended the distribution of an interim dividend of HK15 cents per share for the six months ended June 30, 2023 (for the six months ended June 30, 2022: an interim dividend of HK10 cents per share), to shareholders of the Company, amounting to approximately HK$73.42 million from the share premium account of the Company, subject to the approval of the shareholders of the Company at an extraordinary general meeting expected to be held on or around, October 12, 2023. If approved by shareholders at the extraordinary general meeting, the interim dividend will be payable on or around, November 10, 2023. The recommended interim dividend for the six months ended June 30, 2023, and the recommended interim dividend for the six months ended June 30, 2022 were not recognised as a liability as at June 30, 2023 and 2022, respectively.

33 SUBSEQUENT EVENTS

Since the end of the reporting period, the Board proposed an interim dividend. Further details are disclosed in Note 32.